



**A MARKET VALUATION OF**  
**FRED WESSELS HOMES &**  
**EDGAR BLACKSHEAR HOMES REDEVELOPMENT**  
**200 East Broad Street & 939 Wheaton Street**  
**Savannah, Chatham County, Georgia**

**Effective Date: July 27, 2015**

**Report Date: August 21, 2015**

*Prepared For*

**Mr. Evan Bilton**  
**Hunt Companies**  
**1020 19<sup>th</sup> Street NW, Suite 420**  
**Washington, District of Columbia 20036**

*Prepared By*

**Novogradac & Company LLP**  
**2325 Lakeview Parkway, Suite 450**  
**Alpharetta, GA 30009**  
**678-867-2333**

August 21, 2015

Mr. Evan Bilton  
Hunt Companies  
1020 19<sup>th</sup> Street NW, Suite 420  
Washington, District of Columbia 20036

Re: Appraisal of Fred Wessels Homes & Edgar Blackshear Homes Redevelopment  
200 E. Broad Street & 939 Wheaton Street, Savannah, Chatham County, Georgia

Dear Mr. Bilton:

We are pleased to present our findings with respect to the value of the above-referenced development, Fred Wessels Homes & Edgar Blackshear Homes (“Subject”). The Subject consists of components of two existing Public Housing communities, Fred Wessels Homes and Edgar Blackshear Homes, which are proposed for low-income housing tax credit (LIHTC) rehabilitation. The Subject will offer a combined 280 one, two, three, and four-bedroom units. All of the units will operate under the Rental Assistance Demonstration (RAD) and LIHTC programs and will be income restricted at up to 60 percent area median income (AMI), or less. We are performing concurrent market studies and have previously completed two market studies and two appraisals of the subject property within the three year period immediately preceding acceptance of this appraisal assignment

As requested, we provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value.
- Market Value “As Is.”
- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” –assuming restricted rents.
- Hypothetical Market Value “As Complete and Stabilized” –assuming unrestricted rents.
- Prospective Market Value at loan maturity.
- Valuation of Tax Credits.
- Favorable Financing.

Our valuation report is for use by the client and their advisors, as well as Georgia Department of Community Affairs (DCA) for LIHTC application purposes. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without the express written consent of Novogradac and Company LLP (“Novogradac”).

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 an appraisal 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.<sup>1</sup>

This report complies with FIRREA (1989) regulations.

**“As If Vacant” Land Value**

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of July 27, 2015, is:

**THREE MILLION ONE HUNDRED THOUSAND DOLLARS  
(\$3,100,000)**

**“As Is” Value**

The Subject’s market value of the real estate “As Is”, as of July 27, 2015 is:

**TWENTY MILLION SEVEN HUNDRED THOUSAND DOLLARS  
(\$20,700,000)**

**Upon Completion Assuming Restricted Rents**

The Subject’s hypothetical market value of the real estate assuming proposed restricted rental rates, “Upon Completion,” as of July 27, 2015, is:

**THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$13,300,000)**

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<sup>1</sup> 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990

**Upon Completion Assuming Unrestricted Rents**

The Subject's hypothetical market value of the real estate assuming unrestricted operation "Upon Completion," as of July 27, 2015, is:

**TWENTY FIVE MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$25,800,000)**

**As Complete and Stabilized Restricted**

The Subject's hypothetical estimated market value "As Complete and Stabilized" assuming proposed restricted rental rates, as of July 27, 2015, is:

**FOURTEEN MILLION DOLLARS**  
**(\$14,000,000)**

**As Complete and Stabilized Unrestricted**

The Subject's hypothetical estimated market value "As Complete and Stabilized" assuming unrestricted market rental rates, as of July 27, 2015, is:

**TWENTY SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS**  
**(\$27,400,000)**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2044, as of July 27, 2015, is:

**NINETEEN MILLION THREE HUNDRED THOUSAND DOLLARS**  
**(\$19,300,000)**

**Prospective Market Value as Proposed Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2044, as of July 27, 2015, is:

**THIRTY SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS**  
**(\$37,200,000)**

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a ten-year period, on a cash equivalent basis and the date of completion, as of July 27, 2015, is:

*Federal*  
**NINE MILLION FOUR HUNDRED THOUSAND DOLLARS**  
**(\$9,400,000)**

*State*

**THREE MILLION NINE HUNDRED THOUSAND DOLLARS**  
**(\$3,900,000)**

**Favorable Financing**

The market value of the favorable financing provided to the Subject, as of July 27, 2015, is:

**FIVE MILLION NINE HUNDRED THOUSAND DOLLARS**  
**(\$5,900,000)**

**Extraordinary Assumptions**

*It is an extraordinary assumption of this report that the Subject's public housing restrictions 'as is' would be disposed. The Subject currently operates as a public housing development under a flat rent schedule. This rent schedule is not market-oriented; the Subject essentially operates on a breakeven basis, and not in a profit-generating manner. As a result, the current rent structure is not an accurate basis upon which to value the property.*

*It is reasonable to assume that any potential buyer would not purchase a property that is not sustainable or does not allow for a reasonable profit. Therefore, our estimate of as is value assumes achievable market rents in the as is condition. Further, we assume that the restrictions affiliated with a public housing development are removed and that the Subject operates with market rents and market-based operating expenses. Based on these assumptions, the Subject, in its as is condition, would be sustainable and operate with a reasonable profit.*

*Additionally, according to the sponsor's attorney, the Subject is eligible by right (being a housing authority entity) to be fully tax exempt following rehabilitation. Therefore, it is an extraordinary assumption that the Subject will benefit from a full tax exemption as a restricted housing authority entity.*

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

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

Fred Wessels Homes & Edgar Blackshear Homes Redevelopment  
Appraisal  
August 2015

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 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,  
Novogradac & Company LLP



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## **EXECUTIVE SUMMARY**

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

Fred Wessels Homes (Site A) and Edgar Blackshear Homes (Site B) are two existing Public Housing properties in Savannah, Chatham County. The Subject is proposed to be renovated with Low Income Housing Tax Credit (LIHTC) funds and 221(d)(4) financing, and will offer units to households earning 60 percent of the area median income (AMI) or less. Further, the developer anticipates receiving Project-Based Vouchers (PBV) for the 280 existing Public Housing units through the Rental Assistance Demonstration (RAD) program, which will allow the Subject to convert from a traditional Public Housing development to a long-term PBV Housing Assistance Payment (HAP) contract. According to the RAD program, the length of the HAP contract will be 20 years, and it will be subject to annual appropriations. Further, for Public Housing conversions like the Subject, at the end of the 20-year contract term, HUD will renew the contract for an additional term, subject to the terms and conditions applicable at the time of renewal.

Site A (Wessels) was originally constructed in 1954 and was substantially rehabilitated and updated in 1992, with mechanical, electrical and plumbing systems updated in 2010. Site A consists of 32 residential buildings, one community building, and one administrative building and a total of 250 residential units; there are 28 two-story garden-style residential buildings and four two-story townhome-style residential buildings. A total of 26 buildings with 206 units at Site A will be rehabilitated, while the remaining 44 units are not considered in our NOI and valuation analyses. The rehabilitation at Site A will be conducted with existing tenants being relocated into vacant units, and then relocated into a renovated unit.

Site B (Blackshear) was originally constructed in 1984. Site B consists of 53 residential duplex and single-family home rental buildings with 100 units, as well as one community center. There will be 40 buildings including one that will be demolished, with 74 units at Site B that are part of the proposed rehabilitation. The remaining 26 units at Site B are not considered in our NOI and valuation analyses, although there will be a Use Agreement in place that allows the Subject's tenants to utilize the existing community building. The rehabilitation at Site B will also be conducted with



The Scope of renovations will be significant for the two Subject sites. Rehabilitation is expected to be completed by October 2016 at Sites A and B. The estimated total hard cost of the rehabilitation of the two sites will reportedly be \$12,353,292, or \$44,119 per unit. As part of the rehabilitation, the three and four-bedroom garden units at Site A and all of the three and four-bedroom units at Site B will have additional baths added. Some other key aspects of the rehabilitation will include the construction of new playground and picnic area with gazebo, roof shingle replacement, interior unit upgrades, repair and repainting of building exteriors, replacement of windows, replace existing vinyl flooring and add carpet in bedrooms, drywall repairs and interior unit painting, replacement of blinds, new kitchen cabinets and countertops, new appliances as needed, bathroom fixture and cabinet replacement, and installation of portable fire extinguishers in units. The proposed renovations will require phased relocation of residents out of units to be renovated into unoccupied units, and then relocation into renovated units. This relocation will be coordinated with the Housing Authority of Savannah.

**Parcel ID Number:**

The Subject consists of portions of parcel IDs #2-0014-03-001 and #2-0034-02-008.

**Land Area:**

According to the sponsor's surveys, Sites A and B are 11.81 and 11.52 acres, respectively, for the underlying land that includes the 280 units proposed for rehabilitation and which are the subject of this report. Together Sites A and B have a combined 23.33 acres (or 1,016,255 square feet).

**Legal Interest Appraised:**

The property interest appraised is fee simple estate for the 'as is' scenario and leasehold estate for the as proposed scenarios, subject to any and all encumbrances, if applicable for each value estimate.

**Unit Mix:**

The current unit mix and unit sizes are as follows:

**WESSELS - UNIT MIX AND SQUARE FOOTAGE  
(BEFORE REHABILITATION)**

Unit Type	Number of Units	Unit Size (SF)	Net Area
1BR/1BA Garden	40	619	24,760
2BR/1BA Garden	82	780	63,960
2BR/1BA Townhome	16	798	12,768
3BR/1BA Garden	56	990	55,440
3BR/1BA Townhome	8	1,012	8,096
4BR/1BA Garden	4	1,142	4,568
<b>Total</b>	<b>206</b>		<b>169,592</b>

**BLACKSHEAR - UNIT MIX AND SQUARE FOOTAGE  
(BEFORE REHABILITATION)**

Unit Type	Number of Units	Unit Size (SF)	Net Area
1BR/1BA Duplex	7	600	4,200
2BR/1BA Duplex	21	735	15,435
3BR/1BA Duplex	40	888	35,520
3BR/1BA SFH	1	888	888
4BR/1.5BA SFH	5	1,248	6,240
<b>Total</b>	<b>74</b>		<b>62,283</b>

Site A (Wessels) has approximately 169,592 square feet of net leasable residential space. Site B (Blackshear) has approximately 62,283 square feet of net leasable residential space. As part of the rehabilitation, the three and four-bedroom garden units at Site A and all of the three and four-bedroom units at Site B will have additional baths added. The modification will result in slightly larger three-bedroom units. The following illustrates the unit sizes following rehabilitation.

**WESSELS - UNIT MIX AND SQUARE FOOTAGE  
(AFTER REHABILITATION)**

Unit Type	Number of Units	Unit Size (SF)	Net Area
1BR/1BA Garden	40	619	24,760
2BR/1BA Garden	82	780	63,960
2BR/1BA Townhome	16	798	12,768
3BR/2BA Garden	56	1,030	57,680
3BR/1BA Townhome	8	1,012	8,096
4BR/2BA Garden	4	1,142	4,568
<b>Total</b>	<b>206</b>		<b>171,832</b>

**BLACKSHEAR - UNIT MIX AND SQUARE FOOTAGE  
(AFTER REHABILITATION)**

<b>Unit Type</b>	<b>Number of Units</b>	<b>Unit Size (SF)</b>	<b>Net Area</b>
1BR/1BA Duplex	7	600	4,200
2BR/1BA Duplex	21	735	15,435
3BR/2BA Duplex	40	937	35,520
3BR/2BA SFH	1	937	888
4BR/2.5BA SFH	5	1,248	6,240
<b>Total</b>	<b>74</b>		<b>64,292</b>

**Current Rents:**

Based on a rent roll dated July 24, 2015, the current rents at both Subject sites are based on 30 percent of resident incomes, as the Subject operates as Public Housing. The average tenant-paid rent at Site A is \$145 and the average tenant-paid rent at Site B is \$271.

**Current Occupancy:**

Site A (Wessels) is currently 89.0 percent occupied. Current occupancy is low due to holding units vacant in anticipation of the proposed renovations. According to data provided by HUD's Physical Inventory Center (PIC), the Site A has historically operated with an average physical vacancy and collection loss of approximately 4.8 to 2.1 percent over the past three years. The averages exclude the time period during the recent capital improvements.

Site B (Blackshear) is currently 88.0 percent occupied. According to data provided by HUD's Physical Inventory Center (PIC), the Site B has historically operated with an average physical vacancy and collection loss of approximately 2.7 to 1.2 percent over the past three years.

**Proposed Rents:**

The borrower intends to substantially rehabilitate the Subject utilizing LIHTC funds. Additionally, as previously noted, the Subject will be converted under the RAD program from Public Housing to a PBV HAP contract. It should be noted that under the RAD program, the Subject's rents are established by a Commitment to Enter into a Housing Assistance Payments contract (CHAP) that is issued to the owner upon selection for RAD.

## GROSS POTENTIAL CHAP RENTAL REVENUE - AS RENOVATED

Wessels-Blackshear						
Unit Type	Number of Units	RAD CHAP Rents	Size	\$/PSF	Monthly Gross Potential Rent	Annual Gross Potential Rent
1BR/1BA Duplex	7	\$464	600	\$0.77	\$3,248	\$38,976
2BR/1BA Duplex	21	\$515	735	\$0.70	\$10,815	\$129,780
3BR/2BA Duplex	40	\$670	937	\$0.72	\$26,800	\$321,600
3BR/2BA SFH	1	\$670	937	\$0.72	\$670	\$8,040
4BR/2.5BA SFH	5	\$680	1,248	\$0.54	\$3,400	\$40,800
1BR/1BA Garden	40	\$464	619	\$0.75	\$18,560	\$222,720
2BR/1BA Garden	82	\$515	780	\$0.66	\$42,230	\$506,760
2BR/1BA Townhome	16	\$515	798	\$0.65	\$8,240	\$98,880
3BR/2BA Garden	56	\$670	1,030	\$0.65	\$37,520	\$450,240
3BR/1BA Townhome	8	\$670	1,012	\$0.66	\$5,360	\$64,320
4BR/2BA Garden	4	\$680	1,142	\$0.60	\$2,720	\$32,640
<b>Grand Total</b>	<b>280</b>				<b>\$159,563</b>	<b>\$1,914,756</b>

Based on the detailed analysis contained in this report, the proposed CHAP rents for the one, two, three, and four-bedroom units are below the achievable market rents and conform to RAD guidelines. Further, tenants in the RAD units will continue to pay 30 percent of their income to rent, not to exceed the lesser of the net CHAP or LIHTC maximum allowable rents.

#### Ownership History of the Subject:

Ownership of the Subject is vested in the Housing Authority of Savannah. There have been no transfers of the Subject property over the past three years. According to the developer, the Subject land will remain under Housing Authority ownership, while the improvements will be transferred to a new ownership entity. A purchase agreement has not yet been finalized.

#### Highest and Best Use "As If Vacant":

Based on the recent development patterns, the highest and best use "as if vacant" would be to construct a 470-unit multifamily development (236 and 234 units on Sites A and B, respectively) with subsidy or gap financing, such as LIHTC.

#### Highest and Best Use "As Improved":

The Subject property currently operates as an affordable multifamily property in average condition. The property currently generates positive income and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as an affordable multifamily housing development.

## INDICATIONS OF VALUE

Our valuation considers the Subject's scattered site design. The Fred Wessels Homes site and Edgar Blackshear site are located within generally the neighborhood approximately 0.5 miles apart. As detailed in this report, the Subject sites offers convenient access to common amenities and is considered to have similar functionality as non-scattered site properties. Therefore, we have determined that the scattered site design has no significant impact on our value conclusions.

## AS IF VACANT LAND

Scenario	Units	Price Per Unit	Indicated Value (Rounded)
Land Value	470	\$6,500	\$3,100,000

## DIRECT CAPITALIZATION ANALYSIS - "AS IS"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is	6.0%	\$1,240,725	\$20,700,000

## DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"

Scenario	Loss To Lease	Indicated Value (Rounded)
As Complete Restricted	\$741,684	\$13,300,000
As Complete Unrestricted	\$1,562,970	\$25,800,000

## DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Proposed Restricted	6.0%	\$838,914	\$14,000,000
As Proposed Unrestricted	6.0%	\$1,646,680	\$27,400,000

## EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is	8.0	\$2,531,123	\$20,200,000
As Proposed Restricted	7.5	\$1,853,598	\$13,900,000
As Proposed Unrestricted	9.5	\$2,950,643	\$28,000,000

## NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Is	280	\$75,000	\$21,000,000
As Proposed Restricted	280	\$50,000	\$14,000,000
As Proposed Unrestricted	280	\$100,000	\$28,000,000

## VALUE AT LOAN MATURITY - RESTRICTED

Year	Indicated Value (Rounded)	
Restricted	30 years	\$19,300,000

## VALUE AT LOAN MATURITY - UNRESTRICTED

Year	Indicated Value (Rounded)	
Unrestricted	30 years	\$37,200,000

## TAX CREDIT VALUATION

Credit Amount	Price Per Credit	Indicated Value (Rounded)	
Federal LIHTC	\$9,477,696	0.99	\$9,400,000
State LIHTC	\$9,477,696	0.41	\$3,900,000

## FAVORABLE FINANCING VALUATION

Indicated Value (Rounded)	
Restricted & Unrestricted	\$5,900,000

**Extraordinary Assumptions**

*It is an extraordinary assumption of this report that the Subject's public housing restrictions 'as is' would be disposed. The Subject currently operates as a public housing development under a flat rent schedule. This rent schedule is not market-oriented; the Subject essentially operates on a breakeven basis, and not in a profit-generating manner. As a result, the current rent structure is not an accurate basis upon which to value the property.*

*It is reasonable to assume that any potential buyer would not purchase a property that is not sustainable or does not allow for a reasonable profit. Therefore, our estimate of as is value assumes achievable market rents in the as is condition. Further, we assume that the restrictions affiliated with a public housing development are removed and that the Subject operates with market rents and market-based operating expenses. Based on these assumptions, the Subject, in its as is condition, would be sustainable and operate with a reasonable profit.*

*Additionally, according to the sponsor's attorney, the Subject is eligible by right (being a housing authority entity) to be fully tax exempt following rehabilitation. Therefore, it is an extraordinary assumption that the Subject will benefit from a full tax exemption as a restricted housing authority entity.*

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

**Exposure Time:** Nine – 12 Months

**Marketing Period:** Nine – 12 Months

## **FACTUAL DESCRIPTION**

## FACTUAL DESCRIPTION

### APPRAISAL ASSIGNMENT AND VALUATION APPROACH

As requested, the appraisers provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value.
- Market Value “As Is.”
- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” –assuming restricted rents.
- Hypothetical Market Value “As Complete and Stabilized” –assuming unrestricted rents.
- Prospective Market Value at loan maturity.
- Valuation of Tax Credits.
- Favorable Financing.

In determining the value estimates, the appraisers employed the 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 cost approach is not developed since most investors and developers do not utilize this method.

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 sites are located at 200 E. Broad Street (Site A) and 939 Wheaton Street (Site B) in Savannah, Chatham County, Georgia. The Subject consists of portions of parcel IDs #2-0014-03-001 and #2-0034-02-008.

### Intended Use and Intended User

Hunt Companies is the client in this engagement. We understand that they will use this document for submittal to the Georgia Department of Community Affairs (DCA) for application to receive low

income housing tax credits (LIHTCs). 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, state lending authorities, LIHTC construction and permanent lenders, and LIHTC syndicators. As our client, Hunt Companies, owns this report and permission must be granted from them before another third party can use this document. 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 for the 'as is' scenario and leasehold for the as proposed scenarios, subject to any and all encumbrances, if applicable for each value estimate.

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

The site was inspected on July 27, 2015. In general, we have prepared this report based on our analysis of current market conditions relative to the Subject.

### **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. Additional scope of work items are discussed in various sections throughout this report.

### **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 appraisals 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 of Subject**

Ownership of the Subject is vested in the Housing Authority of Savannah. There have been no transfers of the Subject property over the past three years. According to the developer, the Subject land will remain under Housing Authority ownership, while the improvements will be transferred to a new ownership entity. A purchase agreement has not yet been finalized.

# **REGIONAL AND LOCAL AREA ANALYSIS**

## REGIONAL AND LOCAL AREA ANALYSIS

### ECONOMIC ANALYSIS

The Savannah MSA is comprised of Bryan, Chatham, and Effingham Counties, and is the third largest metropolitan area in the state of Georgia. Savannah is located approximately 20 miles inland from the Atlantic Ocean and immediately south of Georgia/South Carolina border. The city is home to the headquarters of JCB Inc., a manufacturer of heavy construction and agricultural equipment, and Gulfstream Aerospace Corporation, a manufacturer of business aircraft. Savannah's location on the Atlantic coast provides for both a thriving tourism industry as well as the fourth largest port in the United States. According to the Savannah Area Chamber of Commerce, the Port of Savannah is the fastest growing port in the United States. The Savannah Harbor Expansion Project will further expand the port enabling it to accommodate larger shipping vessels. Working with the U.S. Army Corps of Engineers, the Savannah Harbor Expansion Project received the last of all required federal and state regulatory approvals in 2013. The project is currently ready to move to construction. In addition to the port, both Norfolk Southern Railroad and CSX Transportation have terminals in Savannah providing the city with both port and rail capabilities. Savannah also has excellent access to major interstates, including Interstate 95, which runs south to Miami, Florida and north to the Maine-Canada border.

### Major Employers

The following chart identifies the major employers in the MSA.

<b>MAJOR Savannah</b>			
#	Compan	Industr	Number of Employee
1	Gulfstream Aerospace Corporation	Manufacturing	10,12
2	Memorial University Medical Center	Healthcare	5,00
3	Savannah-Chatham County Board Of Education	Educatio	4,80
4	Ft. Stewart/Hunter Army Airfield	Government	4,63
5	St. Jospeh's/Candler Health System	Healthcare	3,30
6	City of Savannah	Government	2,79
7	Chatham County	Government	1,60
8	Savannah College of Art and Design	Educatio	1,59
9	Georgia Ports Authority	Shipping Authority	98
10	Armstrong Atlantic State University	Educatio	60

Source: Savannah Economic Development Authority, 12/2014; Novogradac & Company LLP 7/2015

As indicated in the table above, the major employers in Savannah are varied and represent a wide range of industries. The largest public sector employer is Savannah-Chatham County Board of Education, which employs 4,808 people. Gulfstream Aerospace Corporation is the largest employer in the area with more than 10,100 employees. Local employment seems to be concentrated in the health care and education sectors. With Savannah being a port city, several companies involving cargo handling are also significant employers in the region.

Chatham County is also home to the Hunter Army Air Field. Currently, Hunter Army Airfield has approximately 5,000 soldiers, airmen and coast guardsmen on station. It is home of the aviation units of the 3rd Infantry Division (Mechanized) headquartered at Fort Stewart. There are

also a number of non-divisional units assigned to Hunter as well. The Coast Guard Air Station Savannah is also located on Hunter Army Airfield, and provides search and rescue coverage of the coastal areas of Georgia and South Carolina. The Hunter Army Airfield is located approximately seven miles south of the Subject.

It is also important to mention that Fort Stewart, the largest Army installation east of the Mississippi River, is located approximately 13 miles west of the Subject. As of the census of 2000, there were 11,205 people, 1,849 households, and 1,791 families residing at the base.

The tourism industry plays a major role in the Savannah area. The Savannah Convention and Visitor’s Bureau reported approximately 12.4 million visitors in 2012, up 2.5 percent from 2011. Approximately 7.0 million were overnight visitors with the rest being day-trippers. Hotel room and occupancy rates were up from the previous year. Visitor spending was approximately \$2 billion in 2012 and the area’s lodging, dining, entertainment, and visitor-related transportation sectors employed over 17,000 people.

**Expansions/Contractions**

The following table illustrates business closures and layoffs within the city of Savannah from 2013 to June 2015, according to the Georgia Department of Labor’s Worker Adjustment and Retraining Notification (WARN) filings.

**SAVANNAH, GEORGIA LAYOFFS/CLOSURES 2013 - YTD 2015**

<b>Effective</b>	<b>Compan</b>	<b>City</b>	<b>Layoff/Closur</b>	<b>Number</b>
6/30/201	First	Savannah	Closur	564
3/20/201	L-3 Army Sustainment Division	Savannah	Layoff	82
9/1/201	United Arab Shipping Company	Savannah	Layoff	82
4/5/201	Veolia Transportation	Savannah	Closur	205
1/4/201	Roadlink Workforce Solutions	Savannah	Layoff	42
<b>TOTAL</b>				<b>97</b>

Source: Georgia Department of Labor, July 2015

As illustrated in the previous table, the city of Savannah experienced five WARN filings from 2013 to YTD 2015 for a total of 975 jobs affected.

**Savannah Economic Development Authority**

According Leia Dedic, Economic Research Manager at the Savannah Economic Development Authority, 2013 and 2014 were positive years in terms of job growth and expansions in the Savannah area. In 2014, there were 15 new projects that created approximately 668 new jobs and have brought over \$305 million in investment to the Savannah Area. Following are some job expansions that have been announced since January 2015.

- OA Logistics, a distribution company based in Pooler, GA announced in February that it would be expanding its east coast operations by constructing a new \$1.1 million distribution center in Savannah. The expansion is projected to bring 200 to 300 jobs over the next 16 to 18 months.

- PolyCase Ammunition, an ammunition manufacturer announced in January it would be expanding its current operation by \$10 million, creating 100 new jobs in the Savannah area. No further details were available.
- BRAM Industries, an Israeli-based plastic manufacturing company, has recently announced its plans to invest \$3 million in its first U.S. manufacturing plant at the Commerce Center in Savannah. The new facility is anticipated to create 60 new jobs in the area.

### Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA and nation from 2005 to April 2015.

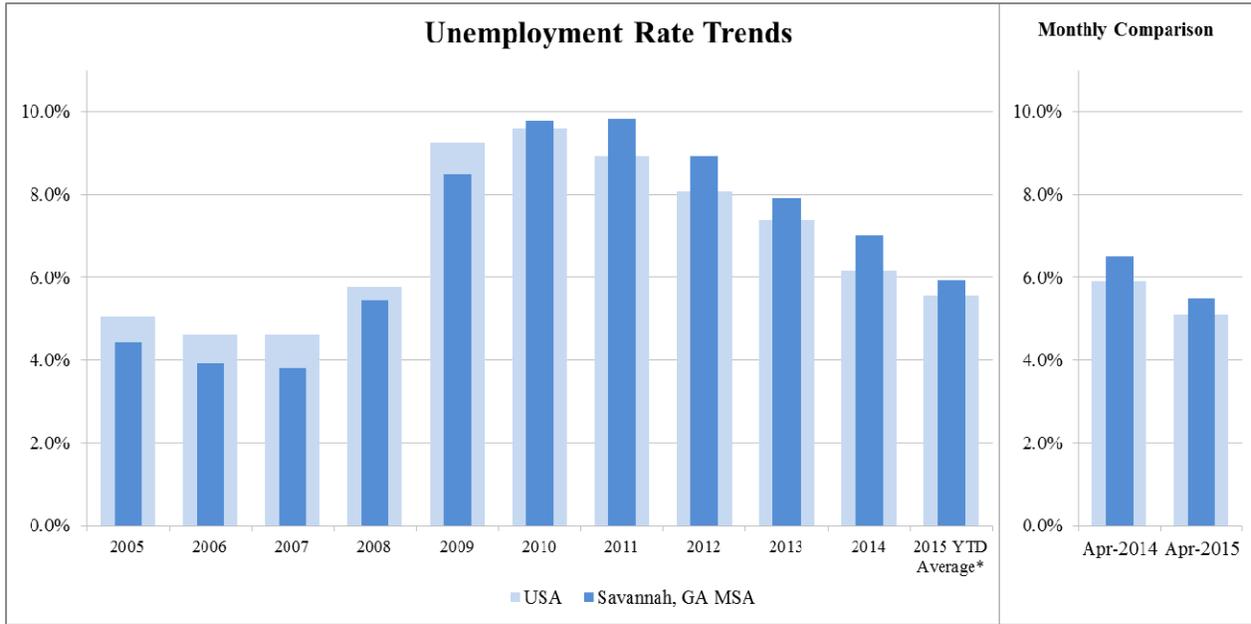
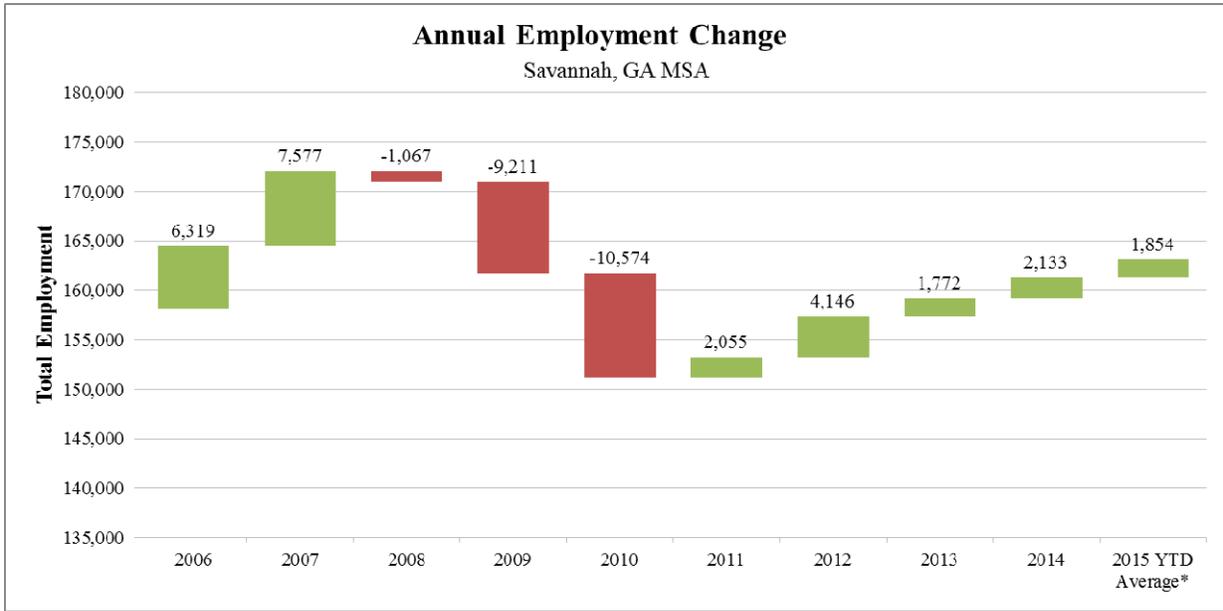
EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)								
Year	Savannah, GA MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2005	158,112	-	4.4%	-	141,730,000	-	5.1%	-
2006	164,431	4.0%	3.9%	-0.5%	144,427,000	1.9%	4.6%	-0.5%
2007	172,008	4.6%	3.8%	-0.1%	146,047,000	1.1%	4.6%	0.0%
2008	170,941	-0.6%	5.5%	1.7%	145,363,000	-0.5%	5.8%	1.2%
2009	161,731	-5.4%	8.5%	3.0%	139,878,000	-3.8%	9.3%	3.5%
2010	151,157	-6.5%	9.8%	1.3%	139,064,000	-0.6%	9.6%	0.3%
2011	153,212	1.4%	9.8%	0.1%	139,869,000	0.6%	9.0%	-0.7%
2012	157,358	2.7%	8.9%	-0.9%	142,469,000	1.9%	8.1%	-0.9%
2013	159,129	1.1%	7.9%	-1.0%	143,929,000	1.0%	7.4%	-0.7%
2014	161,262	1.3%	7.0%	-0.9%	146,305,000	1.7%	6.2%	-1.2%
2015 YTD Average*	163,117	1.1%	5.9%	-1.1%	147,848,200	1.1%	5.6%	-0.6%
Apr-2014	160,912	-	6.5%	-	145,767,000	-	5.9%	-
Apr-2015	165,588	2.9%	5.5%	-1.0%	148,587,000	1.9%	5.1%	-0.8%

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

\*2015 data is through April

Total employment in the MSA increased from 2005 through 2007, but then experienced a decline between 2008 and 2010, when total employment decreased due to the recession. The decrease in total employment 2009 and 2010 were 1.6 and 5.9 percentage points greater than the decrease experienced by the nation as a whole over the same time period. However, total employment has been increasing every year since 2010, adding over 14,000 jobs to the local economy as of year-to-date 2015. From April 2014 to April 2015, total employment in the MSA increased 2.9 percentage points, slightly above the reported 1.9 percent increase in the nation over the same time period.

From April 2014 to April 2015, unemployment in the MSA decreased by 100 basis points. Additionally, as of April 2015, the unemployment rate in the MSA was 40 basis points above that of the nation during at the same time. Overall, it appears that the MSA was impacted by the recent national recession. However, the MSA appears to be steadily recovering, as evidenced by the recent decrease in unemployment rates and increasing total employment, although total employment in the MSA is still not above pre-recession levels.



**Employment by Industry**

The following table illustrates employment by industry for the PMA as of 2014.

**2014 EMPLOYMENT BY INDUSTRY**

Industry	<u>PMA</u>		<u>USA</u>	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Accommodation/Food Services	4,999	15.4%	10,849,114	7.6%
Health Care/Social Assistance	4,834	14.9%	20,080,547	14.0%
Retail Trade	3,652	11.2%	16,592,605	11.6%
Educational Services	3,103	9.5%	12,979,314	9.1%
Manufacturing	2,514	7.7%	15,162,651	10.6%
Transportation/Warehousing	2,206	6.8%	5,898,791	4.1%
Admin/Support/Waste Mgmt Svcs	1,779	5.5%	6,316,579	4.4%
Public Administration	1,685	5.2%	6,713,073	4.7%
Other Services (excl Publ Adm)	1,681	5.2%	7,850,739	5.5%
Construction	1,545	4.7%	8,291,595	5.8%
Prof/Scientific/Tech Services	1,330	4.1%	9,808,289	6.8%
Arts/Entertainment/Recreation	887	2.7%	3,151,821	2.2%
Finance/Insurance	684	2.1%	6,884,133	4.8%
Real Estate/Rental/Leasing	507	1.6%	2,627,562	1.8%
Wholesale Trade	502	1.5%	3,628,118	2.5%
Information	366	1.1%	2,577,845	1.8%
Utilities	146	0.4%	1,107,105	0.8%
Agric/Forestry/Fishing/Hunting	104	0.3%	1,800,354	1.3%
Mgmt of Companies/Enterprises	16	0.0%	97,762	0.1%
Mining	0	0.0%	868,282	0.6%
<b>Total Employment</b>	<b>32,540</b>	<b>100.0%</b>	<b>143,286,279</b>	<b>100.0%</b>

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

As depicted in the previous table, employment in the PMA is concentrated in the healthcare/social assistance, retail trade, and accommodation/food services sectors, with 41.5 percent of the population employed in these industries. The retail trade and accommodation/food services industries are generally sensitive to economic recessions, while health care/social assistance sector tends to be more stable. The PMA employs a significantly greater percentage of workers in the accommodation/food services sector and a slightly greater percentage in the healthcare/social assistance sector as compared to the nation. However, the nation employs a slightly greater percentage of persons in the retail trade sectors than the PMA.

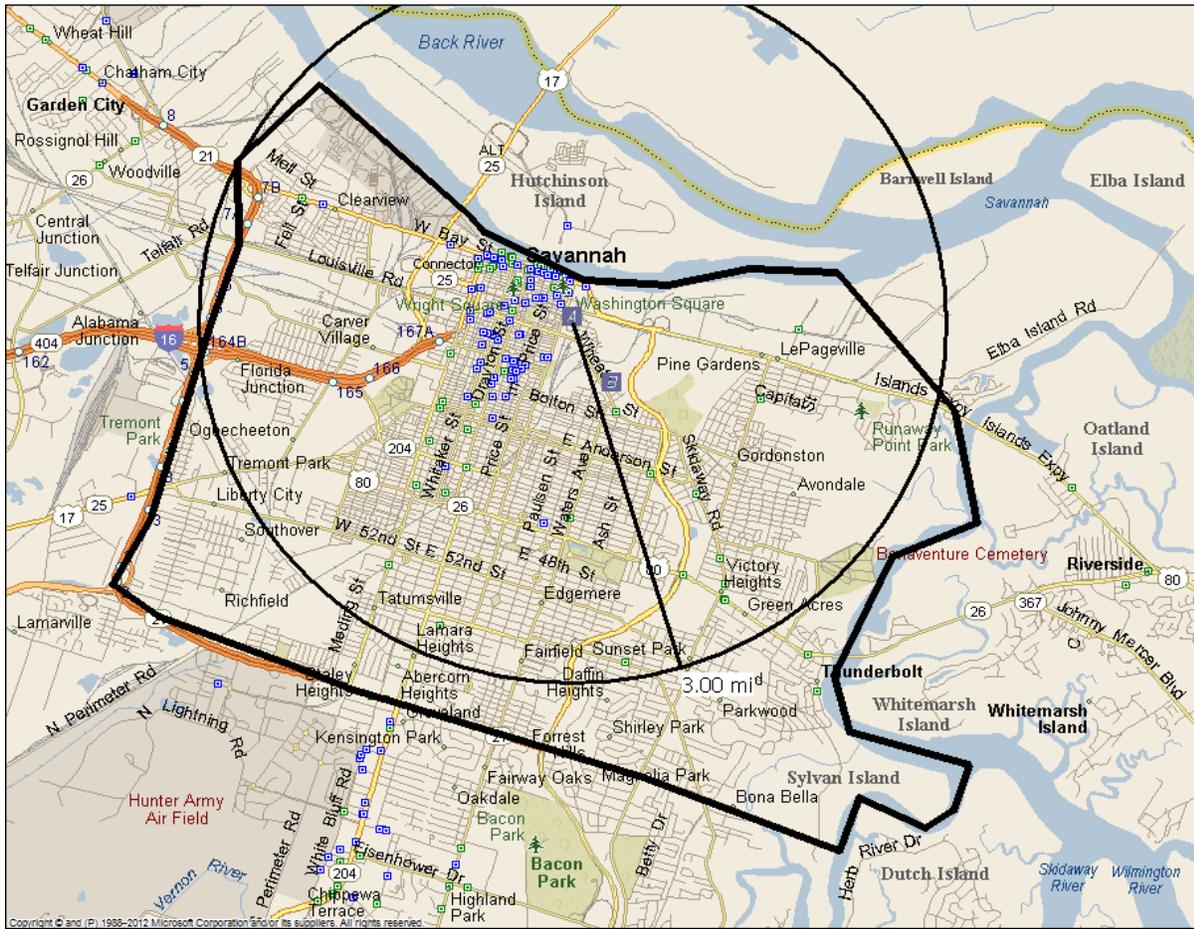
**Conclusion**

Total employment in the MSA increased from 2005 through 2007, but then experienced a decline between 2008 and 2010, when total employment decreased due to the recession. The decrease in total employment 2009 and 2010 were 1.6 and 5.9 percentage points greater than the decrease experienced by the nation as a whole over the same time period. However, total employment has been increasing every year since 2010, adding over 14,000 jobs to the local economy as of year-to-date 2015. From April 2014 to April 2015, total employment in the MSA increased 2.9 percentage points, slightly above the reported 1.9 percent increase in the nation over the same time period.

The PMA's leading industries include accommodation/food services, health care/social assistance, retail trade, and educational services. Together, these four industries make up almost 51 percent of total employment in the PMA. The PMA is overly represented in sectors such as accommodation/food services and underrepresented in the manufacturing sector compared to the nation as a whole. Overall, the mix of industries in the local economy indicates a relatively diversified work force that is somewhat susceptible to cyclical employment shifts. Note that the demand for affordable housing in Savannah has remained high through the recession and during this recent recovery period.

According to Leia Dedic, Economic Research Manager at the Savannah Economic Development Authority, 2013 and 2014 were positive years in terms of job growth and expansions in the Savannah area. In 2014, there were 15 new projects that created approximately 668 new jobs and have brought over \$305 million in investment to the Savannah Area. Thus far in 2015, there have been two major job announcements that could bring 300 to 460 new jobs to the region.

## Primary Market Area Map



The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied, to determine if the Primary Market Area (PMA) and the Savannah, Georgia MSA, which consists of Chatham, Bryan, and Effingham Counties, are areas of growth or contraction.

The boundaries of the PMA are as follows:

- North – West Bay Street and the Savannah River
- East - Harry Truman Parkway
- South - West Derenne Avenue
- West- Interstate 16

The area consists of the central portion of Savannah and was defined based on interviews with the local housing authority, property managers at comparable properties, and the Subject's property manager, as well as based on our knowledge of the area. We have estimated that approximately 15 percent of the Subject's tenants originate from outside these boundaries. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2014 market study guidelines, we have not accounted for leakage in our demand analysis found later in this report. The furthest PMA boundary from the Subject is 4.6 miles.

## Population Trends

The following tables illustrate (a) Total Population, (b) Population by Age Group, and (c) Number of Elderly and Non-Elderly within population in MSA, the PMA and nationally from 2000 through 2019.

### TOTAL POPULATION

Year	PMA		Savannah, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	-
2000	83,353	-	292,995	-	281,421,906	-
2010	82,144	-0.1%	347,611	1.9%	308,745,538	1.0%
2015	84,388	0.5%	366,935	1.1%	314,467,933	0.4%
Projected Mkt Entry October 2016	85,353	0.9%	374,725	1.7%	318,022,883	0.9%
2019	87,475	0.7%	391,863	1.4%	325,843,774	0.7%

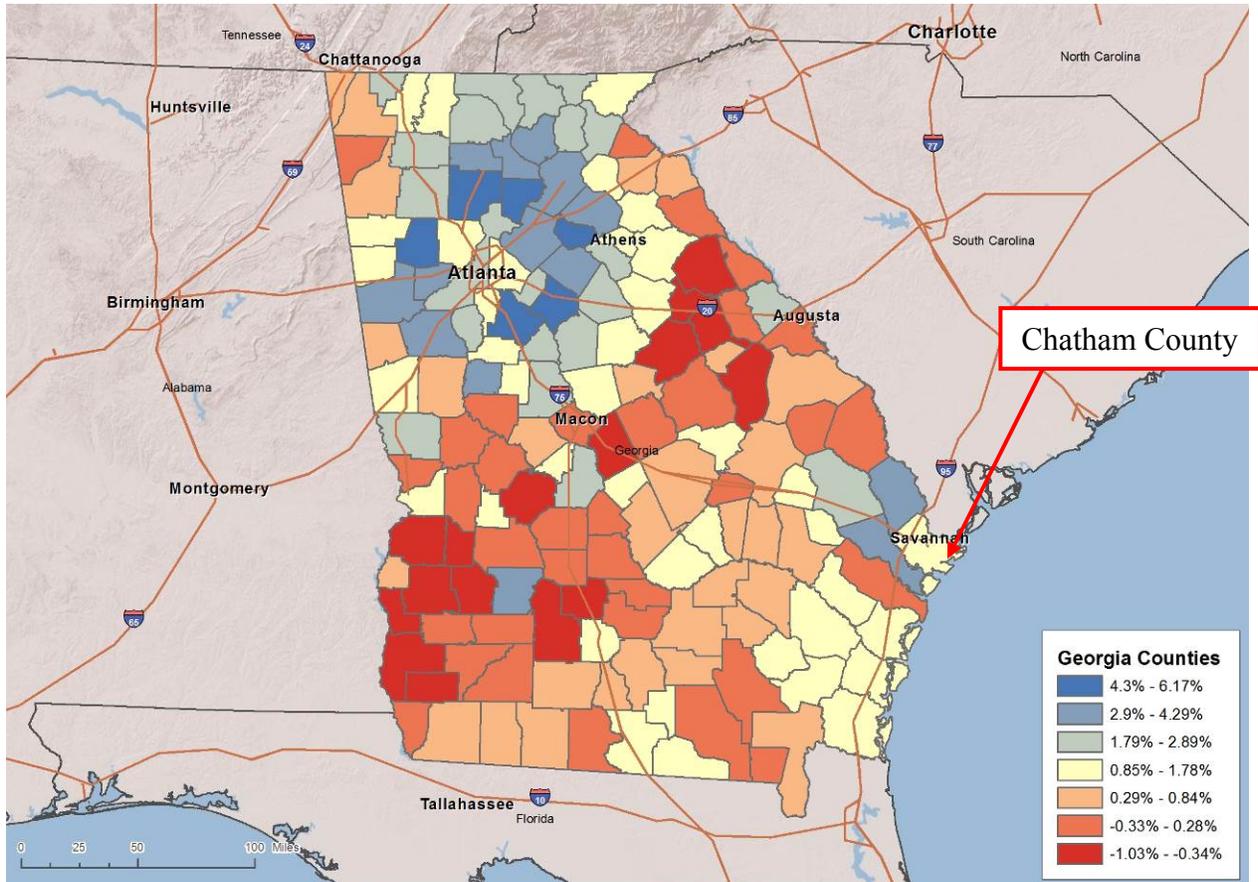
Source: ESRI Demographics 2015, Novogradac & Company LLP, March 2015

### POPULATION BY AGE GROUP

Age Cohort	PMA				
	2000	2010	2015	Projected Mkt Entry October 2016	2019
0-4	5,795	5,684	5,585	5,656	5,812
5-9	6,328	4,954	5,136	5,127	5,108
10-14	6,275	4,468	4,660	4,732	4,889
15-19	6,677	7,518	6,967	7,033	7,179
20-24	7,445	10,336	10,580	10,346	9,832
25-29	6,041	6,590	6,805	6,856	6,967
30-34	5,302	5,181	5,603	5,693	5,890
35-39	5,558	4,270	4,439	4,607	4,978
40-44	5,587	4,331	4,332	4,322	4,299
45-49	5,230	4,892	4,421	4,415	4,401
50-54	4,823	5,146	5,034	4,891	4,577
55-59	3,656	4,706	5,111	5,142	5,210
60-64	3,150	4,244	4,573	4,722	5,051
65-69	2,864	3,010	3,801	3,942	4,253
70-74	2,827	2,207	2,635	2,930	3,579
75-79	2,527	1,778	1,829	2,000	2,376
80-84	1,795	1,408	1,362	1,399	1,479
85+	1,473	1,421	1,515	1,539	1,593
<b>Total</b>	<b>83,353</b>	<b>82,144</b>	<b>84,388</b>	<b>85,352</b>	<b>87,473</b>

Source: ESRI Demographics 2015, Novogradac & Company LLP, March 2015

Overall population growth in the PMA was less than the MSA and the nation from 2000 to 2015. Total population in the PMA is projected to increase at a 0.9 percent annual rate from 2015 to the market entry date in 2017, a growth rate below that of the Savannah MSA and similar to the nation as a whole during the same time period. The slow projected growth in the general population is typical of densely populated urban areas such as the PMA. The significant population growth between the ages of 20 and 24 is attributed to a growing base of young professionals in the city of Savannah, as the city has become a popular destination for recent college graduates according to local chamber of commerce sources. In 2015, approximately half of the PMA's population is between the ages of 20 and 54, which is the main age range of most tenants at the Subject currently.



2000 - 2010 Population Annual Growth Rate



## Household Trends

## TOTAL NUMBER OF HOUSEHOLDS

Year	PMA		Savannah, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	33,245	-	111,910	-	105,991,193	-
2010	31,419	-0.5%	131,868	1.8%	116,716,292	1.0%
2015	32,374	0.6%	139,752	1.1%	118,979,182	0.4%
Projected Mkt Entry October 2016	32,811	1.1%	142,888	1.8%	120,380,967	0.9%
2019	33,771	0.9%	149,787	1.4%	123,464,895	0.8%

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

## AVERAGE HOUSEHOLD SIZE

Year	PMA		Savannah, GA MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.44	-	2.54	-	2.58	-
2010	2.43	0.0%	2.53	0.0%	2.58	0.0%
2015	2.41	-0.1%	2.52	-0.1%	2.58	0.0%
Projected Mkt Entry October 2016	2.41	-0.1%	2.52	0.0%	2.58	0.0%
2019	2.40	-0.1%	2.52	0.0%	2.57	0.0%

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

As the previous table illustrates, the PMA was an area with a slowly declining base of households from 2000 through 2010. However, since 2010 this trend has shifted and the number of households in the PMA is projected to increase by 1.1 percent annually through the projected market entry date and through 2017. Over that period, the number of households in the PMA is expected to grow at a slower rate than the MSA, but at a faster rate than the nation as a whole. The increasing number of households in the PMA bodes well for the Subject's potential as a family project.

The average household size in the PMA, at 2.41, is slightly smaller than, although fairly similar to, the average household sizes in the MSA and nation. The Subject offers one, two, three, and four-bedroom units targeted to a wide audience of renters. The average household size in the PMA is appropriate for the Subject's proposed unit mix.

## Households by Tenure

The table below depicts household growth by tenure from 2000 through 2019.

## TENURE PATTERNS - TOTAL POPULATION

Year	PMA		Savannah, GA MSA		Savannah, GA MSA		Savannah, GA MSA	
	Owner-Occupied Units	Renter-Occupied Units						
2000	16,161	48.6%	17,084	51.4%	71,465	63.9%	40,445	36.1%
2010	14,324	45.6%	17,095	54.4%	81,490	61.8%	50,378	38.2%
2015	13,779	42.6%	18,595	57.4%	82,808	59.3%	56,944	40.7%
Projected Mkt Entry October 2016	13,946	42.5%	18,865	57.5%	84,671	59.3%	58,217	40.7%
2019	14,313	42.4%	19,458	57.6%	88,768	59.3%	61,019	40.7%

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

The share of renter households in the PMA is above the share of owner households, while in the MSA, the share of owner households is significantly higher than the share of renter households. The percentage of renter-occupied housing is well above the national average of approximately 32 percent. The percentage of renter-occupied units in the PMA is expected to increase slightly through 2019.

**Households by Income**

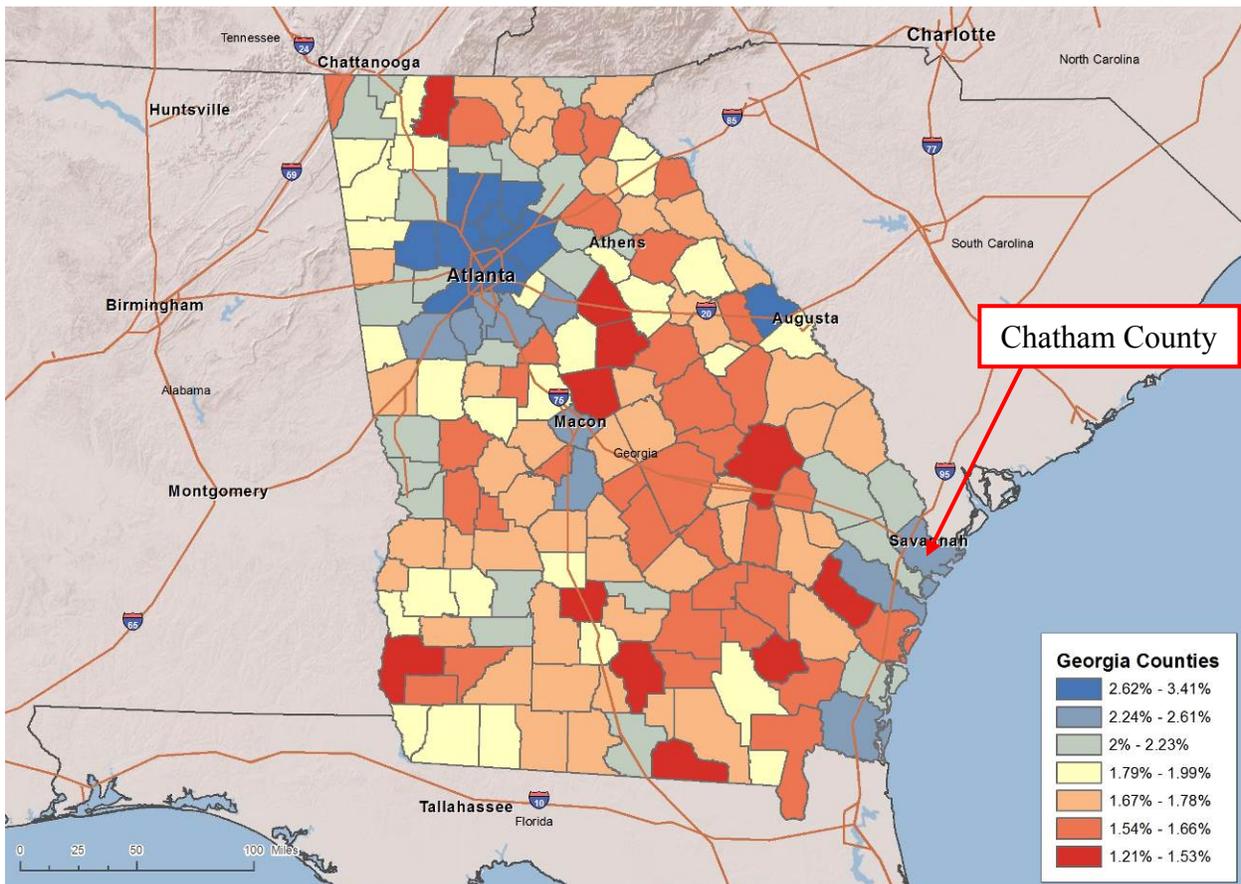
The following table depicts household income in 2010, 2015, 2017, and 2019 for the PMA.

**HOUSEHOLD INCOME DISTRIBUTION - PMA**

Income Cohort	2010		2015		Projected Mkt Entry October 2016		2019	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,638	17.9%	6,441	19.9%	6,562	20.0%	6,829	20.2%
\$10,000-19,999	5,801	18.5%	6,420	19.8%	6,541	19.9%	6,806	20.2%
\$20,000-29,999	4,796	15.3%	5,276	16.3%	5,353	16.3%	5,521	16.3%
\$30,000-39,999	3,543	11.3%	3,681	11.4%	3,725	11.4%	3,821	11.3%
\$40,000-49,999	2,591	8.2%	2,583	8.0%	2,611	8.0%	2,675	7.9%
\$50,000-59,999	2,252	7.2%	2,148	6.6%	2,167	6.6%	2,208	6.5%
\$60,000-74,999	2,120	6.7%	1,909	5.9%	1,919	5.8%	1,941	5.7%
\$75,000-99,999	2,003	6.4%	1,637	5.1%	1,646	5.0%	1,664	4.9%
\$100,000-124,999	1,061	3.4%	968	3.0%	969	3.0%	972	2.9%
\$125,000-149,999	644	2.0%	538	1.7%	540	1.6%	543	1.6%
\$150,000-199,999	452	1.4%	370	1.1%	373	1.1%	378	1.1%
\$200,000+	518	1.6%	402	1.2%	405	1.2%	411	1.2%
<b>Total</b>	<b>31,419</b>	<b>100.0%</b>	<b>32,374</b>	<b>100.0%</b>	<b>32,811</b>	<b>100.0%</b>	<b>33,771</b>	<b>100.0%</b>

Source: Ribbon Demographics 2015, Novogradac & Company LLP, March 2015

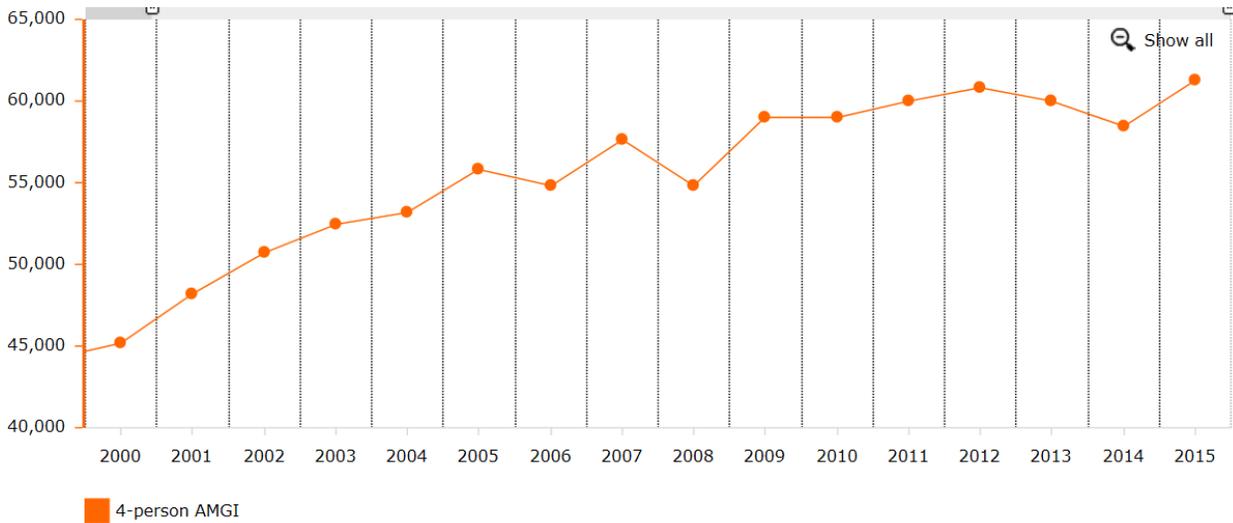
Households earning under \$40,000 in the PMA comprise more than 67 percent of all income cohorts. The Subject will target households earning between \$18,549 and \$42,720 under the LIHTC program and households with incomes as low as \$0 with the RAD program rental assistance; therefore, the Subject should be well-positioned to service this market. It should be noted that the area four-person median income (AMI) in the Savannah MSA declined from \$60,800 in 2012 to \$58,500 in 2014, but it rebounded in 2015 to \$61,300.



2000 - 2010 MHI Annual Growth Rate



For Section 42 LIHTC rent determination purposes, the AMI is used. The following chart illustrates the AMI level for a four-person household in the Savannah MSA.



Novogradac & Company LLP, 4/2015

Overall, the AMI has increased by an average 2.1 percent annually between 2000 and 2015, and is at its peak in 2015. It should be noted that the AMI in the Savannah MSA decreased slightly in 2013 and 2014, but increased in 2015 to above the 2012 level.

**Conclusion**

Total population in the PMA is projected to increase at a slow annual rate from 2015 to market entry and 2019, at a growth rate below that of the Savannah MSA and similar to the nation as a whole during the same time period.

The share of renter-occupied units in the PMA is significantly higher than in the MSA, as the PMA includes densely populated areas of Savannah with numerous rental properties. The percentage of renter-occupied units in the PMA is expected to increase slightly through 2019.

Households earning under \$40,000 in the PMA comprise more than two-thirds of all income cohorts. The Subject will target households earning between \$18,549 and \$42,720 (absent of subsidies), therefore, the Subject should be well-positioned to service this market.

Overall, the demographic data points to a growing population with several households within the income band that the Subject would target under the LIHTC program, without consideration of the RAD program rental assistance.

## NEIGHBORHOOD ANALYSIS

**Date of Site Visit and****Name of Site Inspector:**

Ed Mitchell and Jimmy McCune have visited the sites. The most recent inspection was on July 27, 2015.

**Physical Features of the Site:**

The following illustrates the physical features of **Site A** (Fred Wessels Homes) and **Site B** (Edgar Blackshear Homes).

*Frontage:*

Site A has frontage along Wilder Drive, Arnold Street, East Oglethorpe Avenue, Burney Drive, President Street, Randolph Street, Liberty Street, and Broad Street.

Site B has frontage along Wheaton Street, Stirling Street, Edinburgh Street, Pounder Street, Rierdon Street, and Bouhan Street.

*Visibility/Views:*

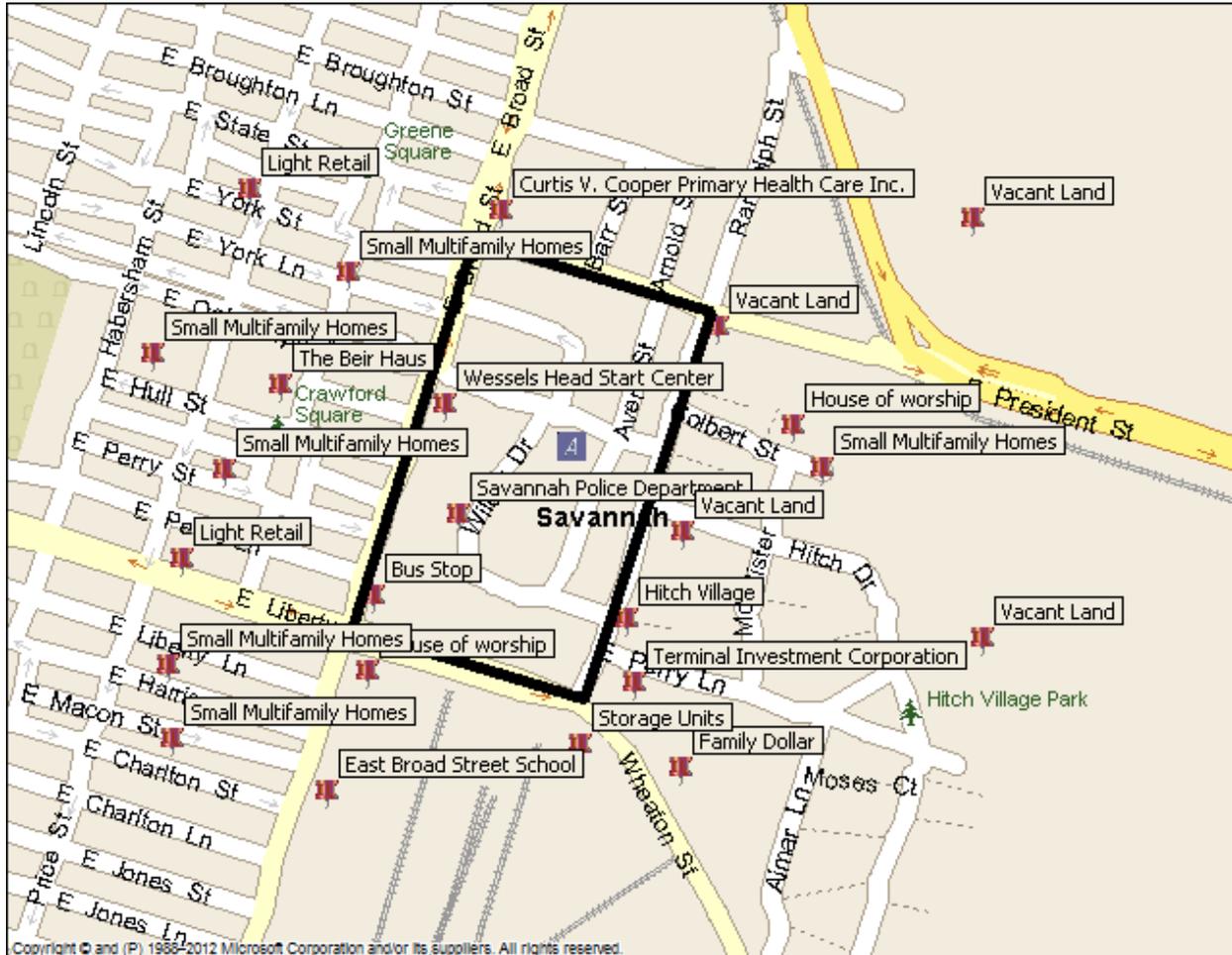
Site A has good visibility from Randolph Street, East Broad Street, East Oglethorpe Avenue, Liberty Street, and East President Street. Views from Site A are of vacant land that will be part of the Hitch Village Phase I, II, and III project (mixed-income with 230 planned units), small multifamily developments, vacant land, East Broad Street School, a house of worship, and various commercial/retail developments. Overall, views from Site A are considered good.

Site B has excellent visibility from Wheaton Street, Stirling Street, Edinburgh Street, Pounder Street, Rierdon Street, and Bouhan Street. Views from Site B include small multifamily developments, vacant land, Spencer Elementary School, and various commercial/retail developments. Overall, views from Site B are considered good.

*Surrounding Uses:*

The following map and pictures illustrate the surrounding land uses for Sites A and B.

## Site A



Site A surrounding uses consist of vacant land, multifamily developments, vacant land that will be used to develop Hitch Village Phase I, II, and III, a 230-unit planned mixed-income project first allocated tax credits in 2014, houses of worship, and commercial/retail facilities. The multifamily developments in the Subject neighborhood appear to be in average to good condition. Site A is located in the northeastern quadrant of the central business district. There are various commercial/retail uses in Site A's neighborhood. Commercial occupancy appeared to be 95 percent. Site A is considered "very walkable" by Walkscore with a rating of 75. Site A is considered a desirable location for family rental housing. Site A has good proximity to locational amenities.

## Site B

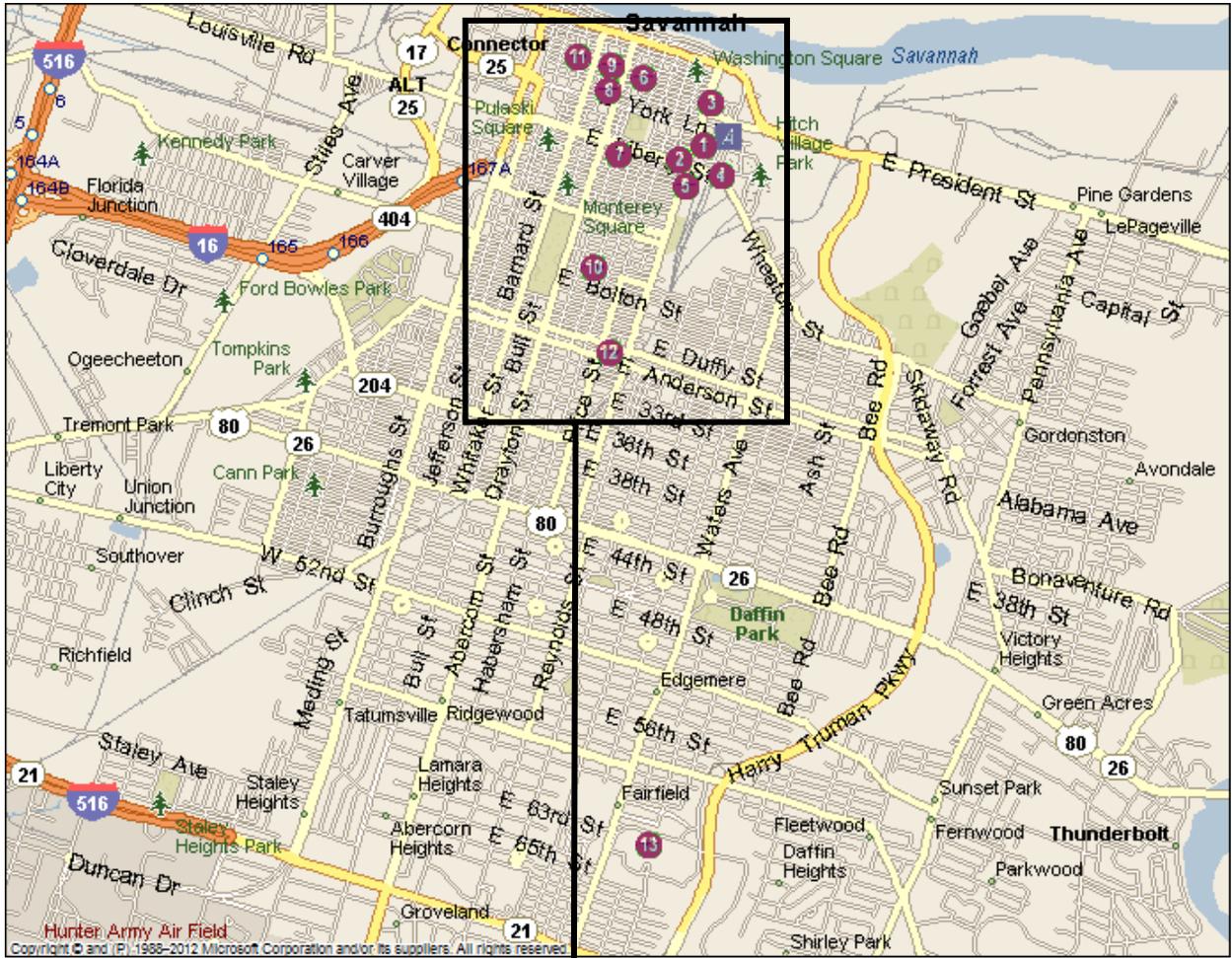


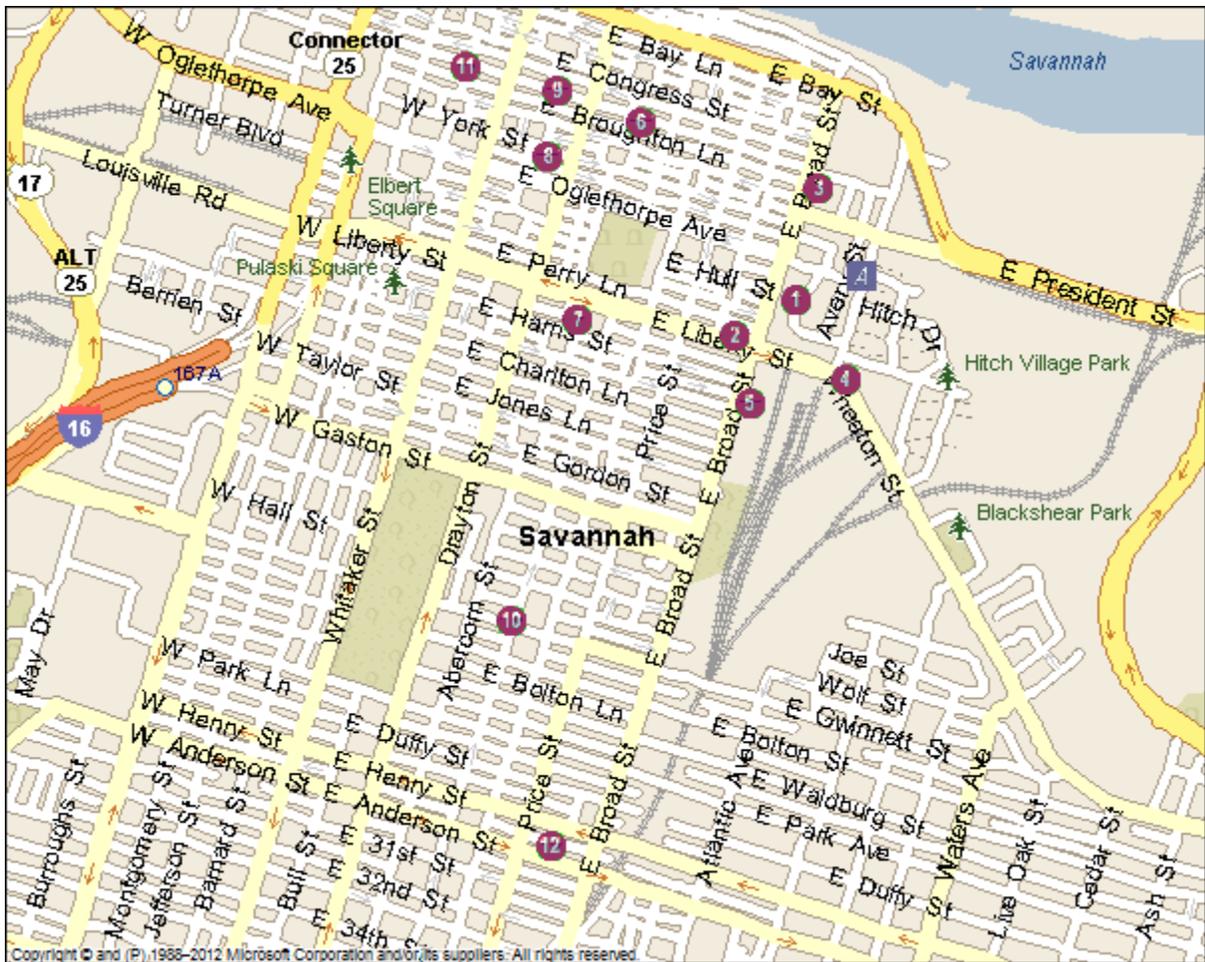
Site B surrounding uses consist of vacant land, single-family homes in poor to good condition, the proposed Hitch Village Phase I, II, and III (a planned 230-unit mixed-income development), Spencer Elementary School, Hubert Middle School, and offices belonging to the Housing Authority of Savannah. Improvements in Site B's neighborhood appear to be in generally average to good condition. There is a public transportation stop located adjacent to Site B. There are various commercial/retail uses in Subject B's neighborhood. Commercial occupancy appeared to be 95 percent. Site B has a Walkscore of 34, which is considered "car-dependent."

*Positive/Negative Attributes of Site:* Both sites are in good proximity to retail and other services. We did not witness any negative attributes during our field work.

**Proximity to Locational Amenities:**

The following maps and table detail Site A’s distance from key locational amenities.

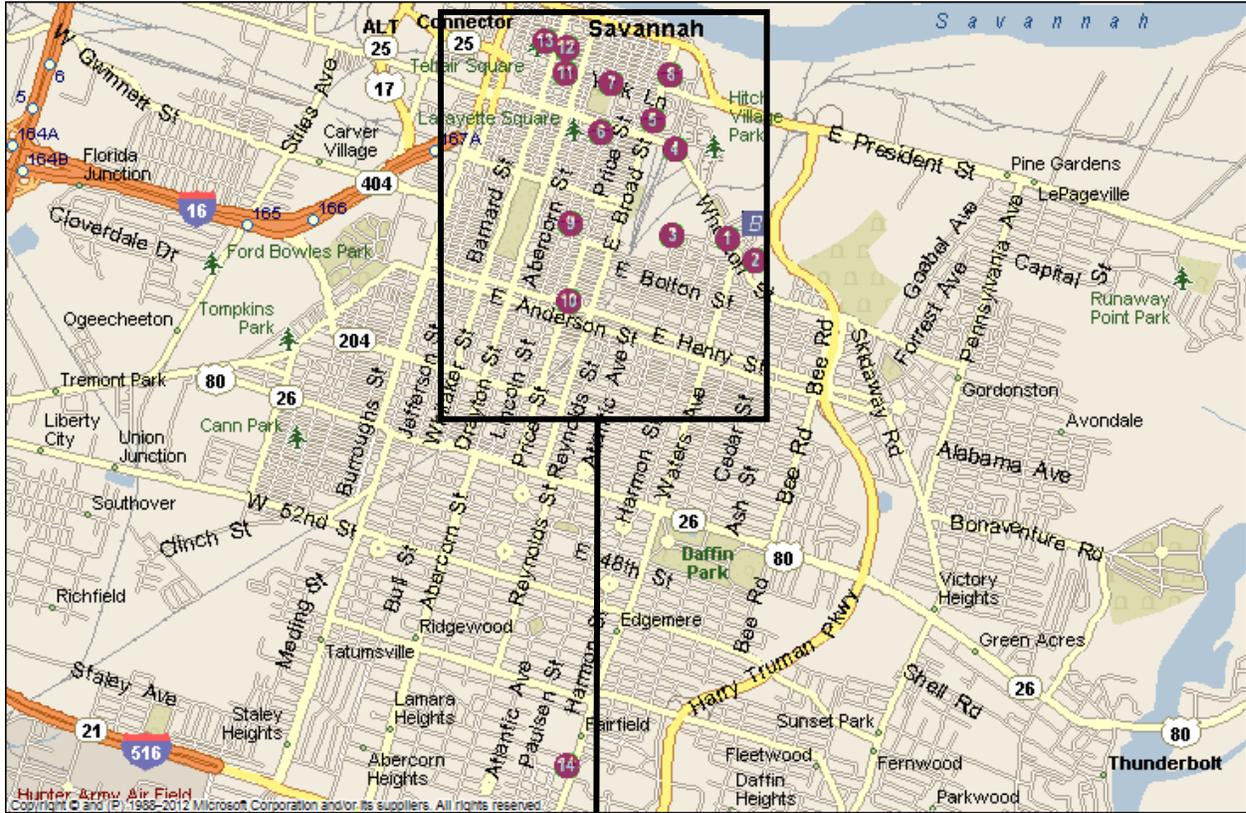


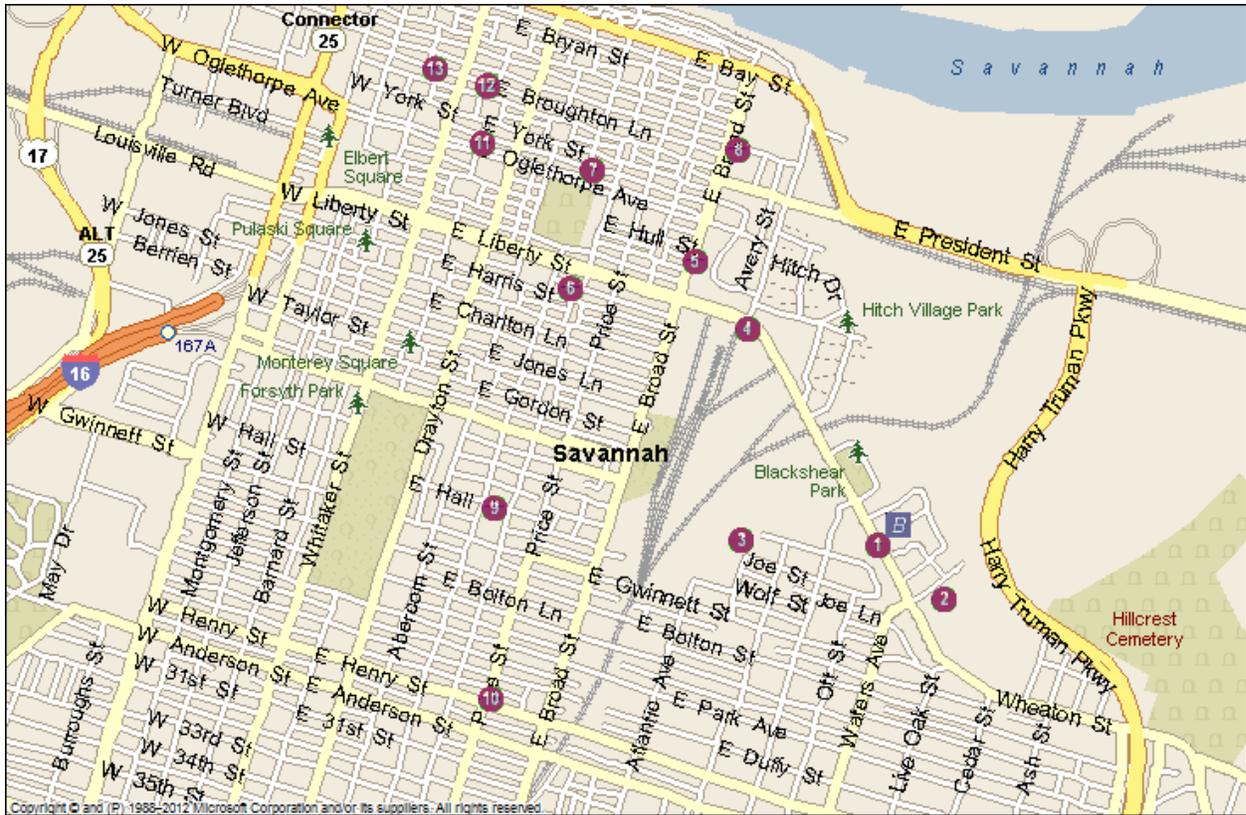


**SITE A  
LOCAL AMENITIES**

Map #	Service	Distance
1	Savannah Police Department	Adjacent
2	Chatham Area Transit (Routes 10, 27, 28, and 31)	Adjacent
3	Curtis V. Cooper Primary Health Care	Adjacent
4	3G Gas Station	0.1 miles
5	East Broad Street School (Elementary & Junior High School)	0.3 miles
6	Urgent Care of Historic Savannah	0.4 miles
7	St. Vincents High School	0.4 miles
8	Wells Fargo Bank	0.6 miles
9	CVS Pharmacy	0.7 miles
10	Kroger Supermarket & Pharmacy	1.0 miles
11	US Post Office	1.0 miles
12	Live Oak Library	1.7 miles
13	Memorial University Medical Center	2.9 miles

The following maps and table detail Site B's distance from key locational amenities.





**SITE B  
LOCATIONAL AMENITIES**

#	Service	Distance
1	Chatham Area Transit (Routes 10 and 27)	Adjacent
2	Spencer Elementary School	0.2 miles
3	Hubert Middle School	0.3 miles
4	3G Gas Station	0.4 miles
5	Savannah Police Department	0.6 miles
6	St. Vincents High School	0.8 miles
7	Urgent Care of Historic Savannah	1.0 miles
8	Curtis V. Cooper Primary Health Center	1.0 miles
9	Kroger Supermarket & Pharmacy	1.0 miles
10	Live Oak Library	1.1 miles
11	Wells Fargo Bank	1.2 miles
12	CVS Pharmacy	1.2 miles
13	US Post Office	1.5 miles
14	Memorial University Medical Center	2.9 miles

**DESCRIPTION OF THE SITE**

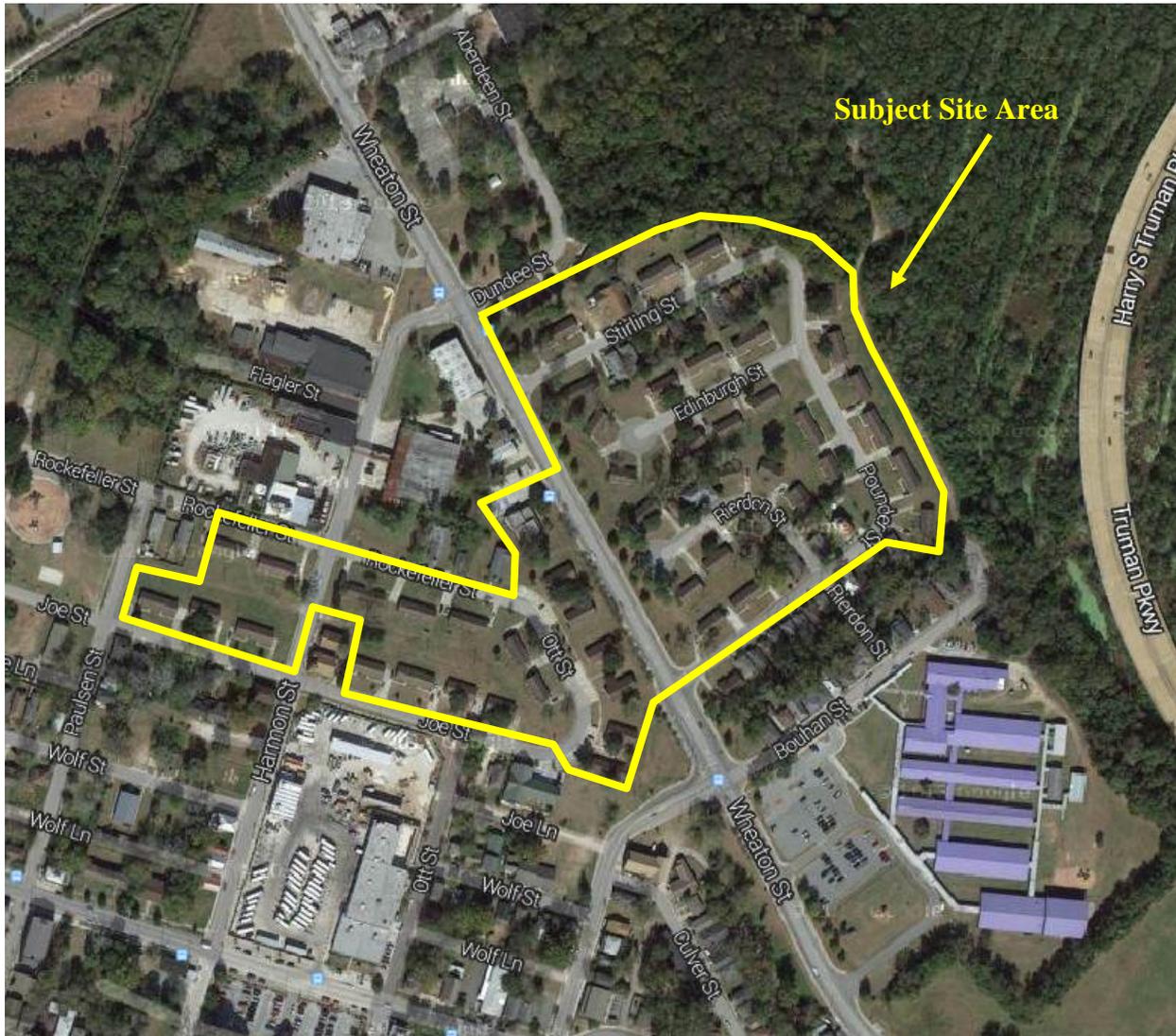
The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues and traffic flow.

**Site A\***



**\*Please refer to property surveys in addenda for details of buildings that are excluded**

Site B\*



\*Please refer to property surveys in addenda for details of buildings that are excluded

**Ground Lease:**

The developer will enter into a lease with the Housing Authority of Savannah (HAS) for the ground underlying the proposed Subject buildings. The term of the ground lease will be for 75 years for a level annual rent payment of \$25,000. A copy of the ground lease is included in the Addendum. We have assumed no ground lease in the as is scenario and have included the ground lease expense in the as proposed restricted and unrestricted scenarios.

**Access Easement and Use Agreement:**

The developer will enter into a 75-year access easement and use agreement with the Housing Authority of Savannah (HAS) that will allow residents of the Subject to utilize the existing

2,975 square foot community center currently serving Site B (Blackshear), which is not subject to the ground lease. In exchange, the developer will agree to pay all costs associated with rehabilitation of the facility and all ongoing operational costs. A copy of the Use Agreement is included in the Addendum.

**Size:** According to the sponsor's surveys, Sites A and B are 11.81 and 11.52 acres, respectively, for the underlying land that includes the 280 units proposed for rehabilitation and which are the subject of this report. Together Sites A and B have a combined 23.33 acres (or 1,016,255 square feet).

**Shape:** The Subject will involve the rehabilitation of specific structures throughout the Fred Wessels Homes and Edgar Blackshear Homes communities. Therefore, the shapes are generally irregular.

**Frontage:** Site A has frontage along Wilder Drive, Arnold Street, East Oglethorpe Avenue, Burney Drive, President Street, Randolph Street, Liberty Street, and Broad Street.

Site B has frontage along Wheaton Street, Stirling Street, Edinburgh Street, Pounder Street, Rierdon Street, and Bouhan Street.

**Topography:** The sites are generally level.

**Visibility/Views:** Site A has good visibility from Randolph Street, East Broad Street, East Oglethorpe Avenue, Liberty Street, and East President Street. Views from Site A are of vacant land that will be part of the Hitch Village Phase I, II, and III project (mixed-income with 230 planned units), small multifamily developments, vacant land, East Broad Street School, a house of worship, and various commercial/retail developments. Overall, views from Site A are considered good.

Site B has excellent visibility from Wheaton Street, Stirling Street, Edinburgh Street, Pounder Street, Rierdon Street, and Bouhan Street. Views from Site B include small multifamily developments, vacant land, Spencer Elementary School, and various commercial/retail developments. Overall, views from Site B are considered good.

**Access and Traffic Flow:** Site A can be accessed from East Oglethorpe Avenue, a street

that runs directly through the site and connects to East Broad Street to the west and Randolph Street to the east. East Broad Street is a heavily trafficked road with numerous multifamily and commercial retail uses in average condition. The site can also be accessed from Arnold Street; a collector street that connects to East President Street to the north and East Liberty Street to the south. East Liberty Street provides access to Interstates 516 and 16, approximately 2.8 and 1.0 miles from the Subject, respectively. Interstate 16 is an east-west highway that runs for approximately 167 miles. Both Interstates 516 and 16 provide access to Interstate 95. Interstate 95 is a north-south highway that extends from Florida to New England, passing through Georgia. The Subject site is located approximately 9.0 miles east of Interstate 95. Overall, access and traffic flow to and from the site is considered good.

Site B can be accessed from Wheaton Street, an arterial street that runs northwest to southeast adjacent to the Subject. Wheaton Street connects to Stirling Street, Pounder Street, and Bouhan Street, all of which provide access to the Subject. Wheaton Street turns into East liberty Street north of the Subject, which provides access to Interstates 516 and 16, approximately 3.0 and 1.2 miles from the Subject, respectively. Interstate 16 is an east-west highway that runs for approximately 167 miles. Both Interstates 516 and 16 provide access to Interstate 95. Interstate 95 is a north-south highway that extends from Florida to New England, passing through Georgia. The Subject site is located approximately 9.2 miles east of Interstate 95. Overall, access and traffic flow to and from the Subject site is considered excellent.

- Drainage:** Appears adequate; however, no specific tests were performed.
- Soil and Subsoil Conditions:** We were not provided with soil surveys, but the existing improvements suggest that the soils are adequate.
- Flood Plain:** According to [www.floodinsights.com](http://www.floodinsights.com), both Subject sites are located in Zone X (community map number 135163 panel number 0154F dated September 26, 2008) and is located outside the 100 and 500-year flood plains. The Subject sites are also not located within 250 feet of multiple flood zones.
- Environmental:** We were not provided with an environmental assessment. Novogradac and Company LLP are not experts in this field and cannot opine.

**Detrimental Influences:**

No detrimental influences were identified.

**Conclusion:**

The Subject will continue to be compatible with the existing surroundings. No detrimental influences were identified in the immediate neighborhood. The Subject is physically capable of supporting a variety of legally permissible uses, and is considered an adequate building site.

Description of Improvements

SITE A - AS IS

Fred Wessels Homes

<b>Comp#</b>	Subject
<b>Location</b>	200 East Broad Street Savannah, GA 31401 Chatham County
<b>Distance</b>	n/a
<b>Units</b>	206
<b>Vacant Units</b>	31
<b>Type</b>	Various (2 stories)
<b>Year Built / Renovated</b>	1954 / 2016



Utilities

<b>A/C</b>	not included -- central	<b>Other Electric</b>	not included
<b>Cooking</b>	not included -- electric	<b>Water</b>	included
<b>Water Heat</b>	not included -- electric	<b>Sewer</b>	included
<b>Heat</b>	not included -- electric	<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?
1	1	Garden (2 stories)	40	619	\$452	\$0	60%/RAD	No	N/A	N/A	no
2	1	Garden (2 stories)	82	780	\$503	\$0	60%/RAD	No	N/A	N/A	no
2	1	Townhouse (2 stories)	16	798	\$503	\$0	60%/RAD	No	N/A	N/A	no
3	1	Garden (2 stories)	56	990	\$668	\$0	60%/RAD	No	N/A	N/A	no
3	1	Townhouse (2 stories)	8	1,012	\$668	\$0	60%/RAD	No	N/A	N/A	no
4	1	Garden (2 stories)	4	1,142	\$689	\$0	60%/RAD	No	N/A	N/A	no

\*RAD program CHAP rent allowing residents to pay 30 percent of their income toward rent

Amenities

<b>In-Unit</b>	Blinds Carpeting Central A/C Coat Closet Oven Refrigerator	<b>Security</b>	none
<b>Property</b>	Basketball Court Non-shelter Services Off-Street Parking Picnic Area Playground Recreation Areas	<b>Premium</b>	none
<b>Services</b>	none	<b>Other</b>	none

**SITE A - AS PROPOSED**

**Fred Wessels Homes**

**Location** 200 East Broad Street  
Savannah, GA 31401  
Chatham County

**Units** 206

**Type** Various  
(2 stories)

**Year Built / Renovated** 1954 / 2016

**Contact Name** Janice Watkins

**Phone** 912-235-5800,  
ext. 104



**Utilities**

<b>A/C</b>	not included -- central	<b>Other Electric</b>	not included
<b>Cooking</b>	not included -- electric	<b>Water</b>	included
<b>Water Heat</b>	not included -- electric	<b>Sewer</b>	included
<b>Heat</b>	not included -- electric	<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?
1	1	Garden (2 stories)	40	619	\$464	\$0	@60% (RAD)	No	N/A	N/A	no
2	1	Garden (2 stories)	82	780	\$515	\$0	@60% (RAD)	No	N/A	N/A	no
2	1	Townhouse (2 stories)	16	798	\$515	\$0	@60% (RAD)	No	N/A	N/A	no
3	2	Garden (2 stories)	56	1,030	\$670	\$0	@60% (RAD)	No	N/A	N/A	no
3	1	Townhouse (2 stories)	8	1,012	\$670	\$0	@60% (RAD)	No	N/A	N/A	no
4	2	Garden (2 stories)	4	1,142	\$680	\$0	@60% (RAD)	No	N/A	N/A	no

**Amenities**

<b>In-Unit</b>	Blinds Carpeting Central A/C Coat Closet Oven Refrigerator Washer/Dryer Washer/Dryer hookup	<b>Security</b>	none
<b>Property</b>	Basketball Court Off-Street Parking Picnic Area Playground Recreation Areas	<b>Premium</b>	none
<b>Services</b>	none	<b>Other</b>	none

Property Profile Report - As Is

Edgar Blackshear Homes

<b>Comp#</b>	Subject
<b>Location</b>	939 Wheaton Street Savannah, GA 31401 Chatham County
<b>Distance</b>	n/a
<b>Units</b>	74
<b>Vacant Units</b>	13
<b>Type</b>	Various
<b>Year Built / Renovated</b>	1984/2016



Utilities

<b>A/C</b>	not included -- central	<b>Other Electric</b>	not included
<b>Cooking</b>	not included -- electric	<b>Water</b>	not included
<b>Water Heat</b>	not included -- gas	<b>Sewer</b>	not included
<b>Heat</b>	not included -- gas	<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?
1	1	Duplex	15	585	N/Ap	\$0	Public Housing	No	N/A	N/A	no
2	1	Duplex	35	739	N/Ap	\$0	Public Housing	No	N/A	N/A	no
3	1	Duplex	44	776	N/Ap	\$0	Public Housing	No	N/A	N/A	no
3	1	Single	1	776	N/Ap	\$0	Public Housing	No	N/A	N/A	no
4	1.5	Single	5	1,050	N/Ap	\$0	Public Housing	No	N/A	N/A	no

\*Public housing units where residents pay 30 percent of their income toward rent

Amenities

<b>In-Unit</b>	Blinds Carpeting Central A/C Coat Closet Ceiling Fan Oven Refrigerator W/D Hookups	<b>Security</b>	none
<b>Property</b>	Basketball Court Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Courtyard Non-shelter Services Off-Street Parking Picnic Area Playground Recreation Areas	<b>Premium</b>	none
<b>Services</b>	Afterschool Program Shuttle Service Tutoring	<b>Other</b>	none

**SITE B - AS IS**

**Edgar Blackshear Homes**

<b>Comp#</b>	Subject
<b>Location</b>	939 Wheaton Street Savannah, GA 31401 Chatham County
<b>Distance</b>	n/a
<b>Units</b>	74
<b>Vacant Units</b>	13
<b>Type</b>	Various
<b>Year Built / Renovated</b>	1984/2016



**Utilities**

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

**Unit Mix (face rent)**

<b>Beds</b>	<b>Baths</b>	<b>Type</b>	<b>Units</b>	<b>Size (SF)</b>	<b>Rent*</b>	<b>Concession (monthly)</b>	<b>Restriction</b>	<b>Waiting List</b>	<b>Vacant</b>	<b>Vacancy Rate</b>	<b>Max rent?</b>
1	1	Duplex	15	600	N/Ap	\$0	Public Housing	No	N/A	N/A	no
2	1	Duplex	35	735	N/Ap	\$0	Public Housing	No	N/A	N/A	no
3	1	Duplex	44	888	N/Ap	\$0	Public Housing	No	N/A	N/A	no
3	1	Single	1	888	N/Ap	\$0	Public Housing	No	N/A	N/A	no
4	1.5	Single	5	1,248	N/Ap	\$0	Public Housing	No	N/A	N/A	no

\*Public housing units where residents pay 30 percent of their income toward rent

**Amenities**

<b>In-Unit</b>	Blinds Carpeting Central A/C Coat Closet Ceiling Fan Oven Refrigerator W/D Hookups	<b>Security</b>	none
<b>Property</b>	Basketball Court Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Courtyard Off-Street Parking On-site Management	<b>Premium</b>	none
<b>Services</b>	none	<b>Other</b>	none

**Unit Layout:** We have inspected the floor plans at the Subject and they appear market-oriented and functional.

**NLA (residential space):** Site A (Wessels) has approximately 169,592 square feet of net leasable residential space. Site B (Blackshear) has approximately 62,283 square feet of net leasable residential space. As part of the rehabilitation, the three and four-bedroom garden units at Site A and all of the three and four-bedroom units at Site B will have additional baths added. The modification will result in slightly larger three-bedroom units.

**Americans With Disabilities Act of 1990:** We assume the property does not have any violations of the Americans With Disabilities Act of 1990.

**Quality of Construction Condition and Deferred Maintenance:** At the time of the inspection, the Subject was in average condition and there were no signs of deferred maintenance. It is assumed that the Subject will be constructed in a timely manner consistent with the information provided, using average-quality materials in a professional manner.

**Scope of Renovations:** The Scope of renovations will be significant for the two Subject sites. Rehabilitation is expected to be completed by October 2016 at Sites A and B. The estimated total hard cost of the rehabilitation of the two sites will reportedly be \$12,353,292, or \$44,119 per unit. As part of the rehabilitation, the three and four-bedroom garden units at Site A and all of the three and four-bedroom units at Site B will have additional baths added. Some other key aspects of the rehabilitation will include the construction of new playground and picnic area with gazebo, roof shingle replacement, interior unit upgrades, repair and repainting of building exteriors, replacement of windows, replace existing vinyl flooring and add carpet in bedrooms, drywall repairs and interior unit painting, replacement of blinds, new kitchen cabinets and countertops, new appliances as needed, bathroom fixture and cabinet replacement, and installation of portable fire extinguishers in units. The proposed renovations will require phased relocation of residents out of units to be renovated into unoccupied units, and then relocation into renovated units. This relocation will be coordinated with the Housing Authority of Savannah.

**Current Rents:** Based on a rent roll dated July 24, 2015, the current rents at both Subject sites are based on 30 percent of resident incomes, as the Subject operates as Public Housing. The average tenant-

paid rent at Site A is \$145 and the average tenant-paid rent at Site B is \$271.

**Current Occupancy:**

Site A (Wessels) is currently 89.0 percent occupied. Current occupancy is low due to holding units vacant in anticipation of the proposed renovations. According to data provided by HUD's Physical Inventory Center (PIC), the Site A has historically operated with an average physical vacancy and collection loss of approximately 4.8 to 2.1 percent over the past three years. The averages exclude the time period during the recent capital improvements.

Site B (Blackshear) is currently 88.0 percent occupied. According to data provided by HUD's Physical Inventory Center (PIC), the Site B has historically operated with an average physical vacancy and collection loss of approximately 2.7 to 1.2 percent over the past three years.

**Current Tenant Income:**

Most of the current tenants at Site A and Site B have incomes that are too low to income-qualify for the Subject sites without the continuing project-based Rental Assistance through the Housing Authority of Savannah or the planned assistance through the RAD program. The income range at Site A is between \$0 and \$25,000, while the income range at Site B is \$0 to \$31,000. At Site A, only nine current residents have incomes (above \$18,686) that would allow them to income-qualify under the LIHTC program income restrictions in the unlikely event that there was no RAD program rental assistance available to residents. At Site B, 11 current residents have incomes that would allow them to income-qualify under the LIHTC program income restrictions in the unlikely event that there was no RAD program rental assistance available to residents.

**Functional Obsolescence:**

The Subject properties will be substantially rehabilitated. We have inspected the property, reviewed the site plans and floor plans, and do not believe the Subject suffers from functional obsolescence. Notably, Site A (Wessels) has eight three-bedroom units with one-bath and Site B (Blackshear) has one three-bedroom unit and five four-bedroom units with one and a half baths. Comparables in the market have a greater number of baths in their three and four-bedroom units. Nonetheless, the Subject properties have historically operated at less than a five percent vacancy and collection loss, indicating no significant adverse impact. Additionally, these 16 units represent a relatively small share of the total 280 development.

**Conclusion:**

The Subject is currently an average quality apartment complex. Upon rehabilitation, the Subject will be a good-quality apartment complex, comparable or superior to most of the inventory in the area. The Subject appears to be market-oriented and functional.

**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. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. 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.

Real estate taxes for a property located in Chatham County are based upon a property’s assessed valuation for each tax year. Real estate taxes in this county represent *ad valorem* taxes, meaning a tax applied in proportion to value. The real estate taxes to an individual property may be determined by multiplying the assessed value for the property by a composite rate. We spoke to Lori Brady, a Chatham County assessor, who informed us that multifamily properties in the county are primarily valued with a combination of sales and cost approach and are assessed at 40 percent of full market value. According to our contact, all properties in the county are reassessed every year on January 1<sup>st</sup>. Additionally, properties are typically reassessed upon sale, if information is available. According to the Chatham County Tax Commissioner, the millage rate for the Subject is \$41.419 per \$1,000 for the combined county and city taxes.

The Subject benefits from a Payment in Lieu of Taxes (PILOT). The PILOT is equal to 10 percent of the shelter rent revenue, where shelter rent is defined as total income derived from dwelling and non-dwelling rental income less utility costs. According to the developer, the PILOT will remain in effect even upon transfer so long as the Subject provides subsidized housing. The following illustrates the Subject’s current and historical taxes based on the PILOT.

**SUBJECT HISTORICAL TAX BURDEN – FRED WESSELS HOMES**

Tax Year	Assessed Value	Shelter Income Less Utilities	Taxes Rate	Total Tax Bill	Total Taxes Per Unit
2014	\$2,392,590	\$188,905	10%	\$18,890	\$76
2013	\$2,392,590	\$162,556	10%	\$16,256	\$65
2012*	\$2,392,590	-\$32,344	10%	\$0	\$0

\*According to the developer, in 2012, units were vacant due to capital improvements and, thus, utility costs exceed revenue

**SUBJECT HISTORICAL TAX BURDEN - BLACKSHEAR**

Tax Year	Assessed Value	Shelter Income Less Utilities	Taxes Rate	Total Tax Bill	Total Taxes Per Unit
2014	\$3,000,000	\$255,400	10%	\$25,540	\$255
2013	\$3,000,000	\$226,523	10%	\$22,652	\$227
2012	\$3,000,000	\$169,828	10%	\$16,983	\$170

The Subject would be taxed based on full assessment for the as is valuation and hypothetical as proposed unrestricted scenario. Provided below is a summary of tax comparables in the area, several of which are also included as rent comparables in the Supply Analysis presented later.

**2014 COMPARABLE ASSESSMENTS**

Property	Property Type	Year Built/ Renovated	Number of Units	Total Value	Assessed Value	Assessed Value Per Unit
Royal Oaks	Market	1975/2007	208	\$13,391,850	\$5,356,740	\$25,753
River Crossing Apartments	Market	1978/2005	176	\$11,088,000	\$4,435,200	\$25,200
Alhambra Apartments	Market	1968	150	\$5,995,900	\$2,398,360	\$15,989
Chelsea Apartments	Market	1947/1983	136	\$4,193,900	\$1,677,560	\$12,335
Jasmine Place	Market	1979/2005	112	\$6,110,200	\$2,444,080	\$21,822

The above data indicates an assessed per unit range from \$12,335 to \$25,753 per unit for comparable multifamily properties located in the Subject’s market. As is, the Subject would likely receive an assessment toward the middle of the range of tax comparables. As renovated, we would expect a higher assessment near the top of the range. Therefore, we have estimated an assessed value per unit of \$19,000 and \$25,000 for the as is and as renovated unrestricted valuation. We have assumed a full tax exemption for the as proposed restricted valuation.

**TAXES AS IS SCENARIO**

Assessed Value Per Unit	Total Assessed Value	Tax Rate Per \$1,000	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$19,000	\$5,320,000	41.419	\$220,349	\$787

**TAXES AS PROPOSED UNRESTRICTED SCENARIO**

Assessed Value Per Unit	Total Assessed Value	Tax Rate Per \$1,000	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$25,000	\$7,000,000	41.419	\$289,933	\$1,035

## Zoning

### Current Zoning

According to Charlotte Moore, Planner with Chatham County-Savannah Metropolitan Planning Commission, Fred Wessels Homes is located within the Fred Wessels/Hitch Village Planned Unit Development (PUD) Master Plan District. According to the PUD Master Plan, Fred Wessels Homes is permitted to develop up to 350 multifamily units with a maximum height of three stories and one parking space is required. The Fred Wessels Homes site (Site A) is currently developed with 250 units, of which 206 units (and underlying 11.81 acres) have been apportioned for the Subject redevelopment. Edgar Blackshear Homes is zoned R-M-25, Multiple-Family Residential District. The principal residential uses permitted under this zoning code are single-family and multifamily developments. This zoning district allows for a maximum density of 25 units per acre, which would permit approximately 288 units for the 11.52 acres apportioned for Subject redevelopment (Site B). One and a half parking spaces is required per unit. Sites A and B are developed to a density of 17.4 and 6.4 units per acre, respectively. The Subject's buildings will all continue to be one and two-stories in height. The parking for Site A is below the required spaces, while the parking for Site B is above the required spaces. Site A appears to be a non-conforming use; while Site B appears to be a legally, conforming use.

### Prospective Zoning Changes

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

# **COMPETITIVE RENTAL/DEMAND ANALYSIS**

## COMPETITIVE RENTAL/DEMAND ANALYSIS

### SUPPLY ANALYSIS

### INTERVIEWS/DISCUSSION

#### Savannah's Assisted Housing Programs Department

According to Lynn Coleman, Director of the Housing Authority of Savannah's Assisted Housing Programs Department, the Housing Authority is currently authorized to issue 2,795 vouchers. The Housing Choice Voucher waiting list is currently closed. Ms. Coleman reported that there are over 11,000 households on the waiting list. The following table illustrates the current gross rent payment standards.

Payment Standards	
1BR	\$795
2BR	\$886
3BR	\$1,175
4BR	\$1,238

The Subject's proposed gross LIHTC rents are below the current payment standards.

#### LIHTC Competition / Recent and Proposed Construction

There are four LIHTC projects planned or under construction within the PMA and they are detailed as follows.

- Savannah Gardens IV, an LIHTC project allocated tax credits in 2012, is nearing construction completion, but has not yet received certificates of occupancy for most units. Management at Savannah Gardens stated the 18 townhouse units at Phase IV were completed in January 2015, with tenants moving in shortly thereafter. These are three-bedroom units targeting households earning 50 and 60 percent of AMI. Management estimated the property will be fully occupied by the end of summer 2015. We have not provided a calculation for this property's absorption given that delays in opening completed units are influencing the absorption process. We have utilized Savannah Gardens IV in our rents discussion, but have not included it in our vacancy discussion.
- Savannah Gardens V was allocated tax credits in 2013 and will also target families/general occupancy households. Savannah Gardens V will be located at 202 Crescent Drive in Savannah. Savannah Gardens V will offer a total of 76 market rate and LIHTC units. Mercy Housing is the development sponsor for Savannah Gardens V. Similar to the fourth phase, Savannah Gardens V will consist of one, two, and three-bedroom units restricted at 50 and 60 percent AMI. There will be 17 market rate or non-revenue units and 59 LIHTC units at Savannah Gardens V. Construction is underway and is expected to be complete by December 2015. The anticipated LIHTC rents for this property are \$445 to \$558 for one-bedroom LIHTC units, \$533 to \$668 for two-bedroom units, and \$604 to \$760 for three-bedroom units. The anticipated market rate rents range

from \$675 for a one-bedroom unit to \$930 for a three-bedroom unit. The Subject will offer 60 percent AMI rents that are below the anticipated asking rents for 60 percent of AMI units at Savannah Gardens V. This should place the Subject at a competitive advantage in terms of cost, and the Subject will also continue to target very low-income renters with the RAD program. The units at Savannah Gardens V will be of competitive size for the market at 860 square feet for one-bedroom units, 1,031 square feet for two-bedroom units, and 1,225 square feet for three-bedroom units. In terms of comparability to the Subject, Savannah Gardens V has significantly larger unit sizes for each bedroom type, giving it a market advantage over the Subject.

- Hitch Village Phase I, allocated tax credits in 2014, is a proposed new construction project at 280 Randolph Street that will replace a Public Housing property, and is situated within walking distance of the Subject site. This 72-unit project will offer six one-bedroom units, 42 two-bedroom units and 24 three-bedroom units. As proposed, there will be 57 LIHTC units and 15 conventional units. The developer for this project is Hunt Companies, which is also the applicant for the proposed Subject. The project will target families/general occupancy households.
- Sister’s Court, allocated tax credits in 2014, is a proposed renovation and new construction project for older adults located at 222 East 37<sup>th</sup> Street at an existing LIHTC property. The proposed development will offer 78 units, including 77 LIHTC units. The project’s plans call for 73 one-bedroom units and five two-bedroom units. There will be 16 units restricted to households earning 50 percent of AMI or less and the remaining 61 units will be restricted to households earning 60 percent of AMI or less. The developer of this project is National Church Residences. This property will continue to target senior households and will not compete with the Subject.

**Planning**

We spoke with Gary Plumbley, Development Services Planner with the Savannah Metropolitan Planning Commission, in regards to planned, proposed, or recently completed residential development in the Subject’s neighborhood. Mr. Plumbley was able to provide a list of the following market rate properties that are planned, proposed, or under construction in Savannah and Chatham County. As market rate properties, they will not directly compete with the Subject following completion.

Project Name	Location	Developer	Units	Status	Anticipated Opening	Notes
Highlands Tract E Apartments	Spring Lakes Boulevard (across from Godley Station Elementary & Middle School) Savannah, GA	Godley Station Enterprises, LLC	256	Under Review	N/A	None
West Mulberry Apartments, Phase 2	1510 Benton Boulevard, Savannah, GA	TWO Capital Partners	203	Proposed	Spring 2016	Two-story market rate townhouses
Parkside at the Highlands	2170 Benton Boulevard, Savannah, GA	The Beach Company	317	Under Construction	Spring 2015	Eight of 12 buildings completed. One, two and three-bedroom market rate apartments. (outside PMA)
Mariner Grove	2010 E. President Street, Savannah, GA	JS&H Enterprises, LLP	323	Proposed	N/A	None
The Retreat at Henderson Lakes	653 Little Neck Road, Savannah, GA	Konter Development	204	Under Construction	August 2015	This project will consist of 204 townhouse units and 36 single-family detached lots
515 Montgomery	515 Montgomery Street, Savannah, GA	Lat Purser & Associates	82	Under Review	N/a	Will include the demolition of two buildings and the construction of a four-story building
Selma Street	540 Selma Street, Savannah GA	Campusworks Development, LLC	75	Under Review	2017	Student housing that will include street-level retail in a five-story building.

### Survey of Comparable Projects

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes 17 “true” comparable properties containing 1,968 units that are 98.4 percent occupied. A detailed matrix describing the individual competitive properties as well as the Subject properties is provided later in this section. A map illustrating the location of the Subject sites in relation to comparable properties is also provided in this section. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

The availability of LIHTC data is considered excellent; there are several LIHTC properties in the PMA, nine of which we selected as “true” comparables. The availability of market rate data is considered good as there are a sufficient number of market rate properties that are located within the PMA. We have included seven market rate properties in the rental analysis, and all are located within Savannah, within less than 4.5 miles of the Subject. The comparable market rate properties were built between 1920 and 2003, and the oldest properties were renovated between 1983 and 2002. These projects offer a mix of one, two, three, and four-bedroom units.

### Excluded Properties

The following table illustrates properties within the PMA that have been excluded from our analysis along with their reason for exclusion.

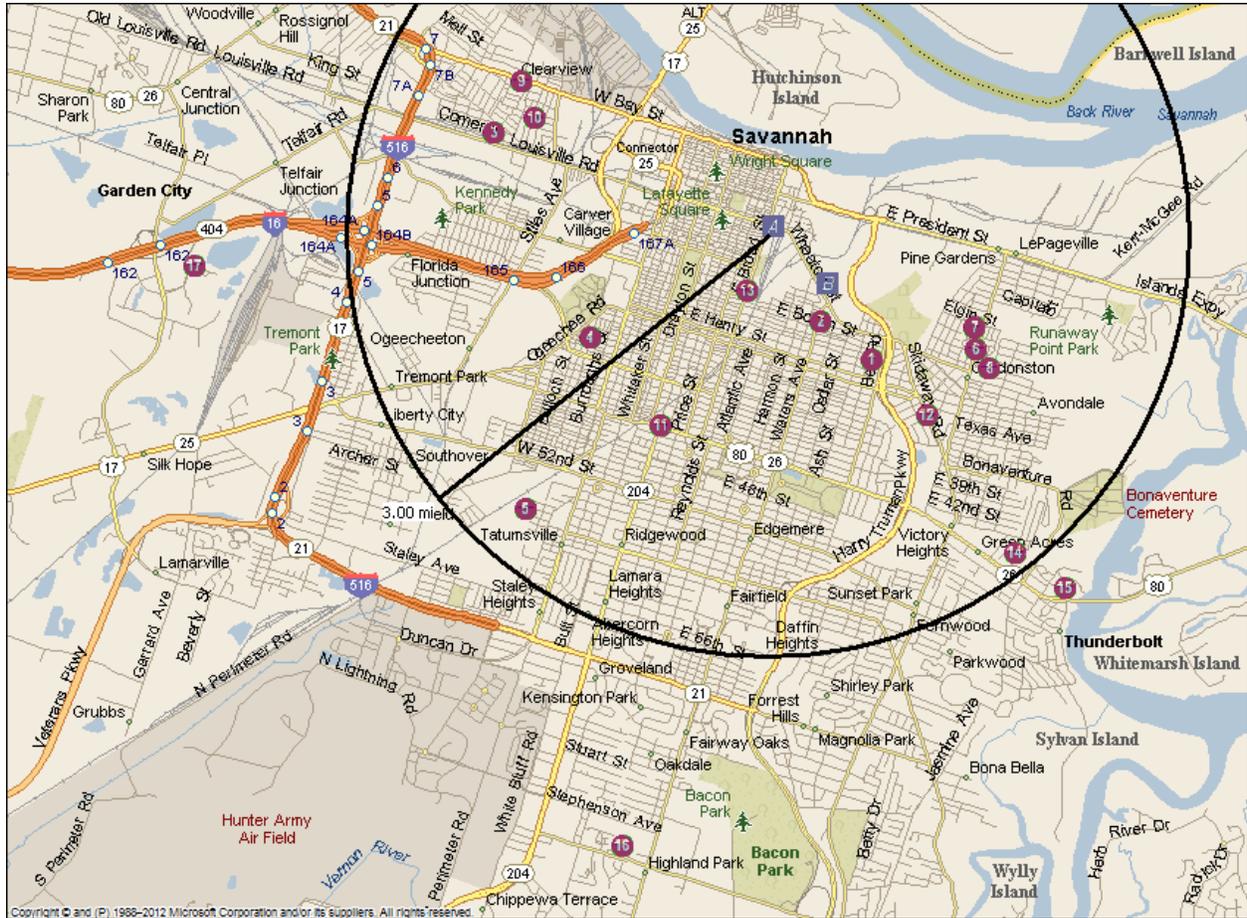
EXCLUDED PROPERTIES						
Property Name	Type	Tenancy	Units	Occupancy	Waiting List	Reason for Exclusion
East Huntingdon Street Housing	LIHTC	Family	14	N/A	N/A	Only 14 units
Rose of Sharon	LIHTC/FHA	Elderly	206	98%	Yes, various by unit	Tenancy not comparable
Savannah Gardens II	HUD 202	Elderly	39	100%	Yes, various by unit	Subsidized; tenancy not comparable
Sustainable Fellwood III	LIHTC/PHA/Market	Elderly	210	99%	No	Tenancy not comparable
SNAP I	LIHTC/Section 8	Family	101	98%	Yes, 1 to 1.5 years	Subsidized
SNAP II	LIHTC/Section 8	Family	89	98%	Yes, 1 to 1.5 years	Subsidized
SNAP III	LIHTC/Section 8	Family	44	100%	Yes, 1 to 1.5 years	Subsidized
Telfair Arms	LIHTC/Section 8	Elderly	53	98%	Yes, a few months	Subsidized; tenancy not comparable
Drayton Tower	Market	Family	99	100%	Yes, 10 households	Could not obtain information.
Hampstead Oaks	Market	Family	87	N/A	N/A	Outside of PMA
Kingstown Apartments	Market	Family	130	N/A	N/A	Limited unit types
Oaks At Brandlewood	Market	Family	324	92%	No	Outside of PMA
Strathmore Estates	Market	Family	N/A	N/A	N/A	Market
Sunrise Villas	Market	Family	148	97%	Yes, 10 households	Market
The Fountains At Chatham Parkway	Market	Elderly	352	97%	No	Outside of PMA
Courtney Station Apartments	Market	Family	300	94%	No	Could not obtain information.
Veranda at Midtown	Market/PBRA	Elderly	100	98%	Yes, 2 to 3 years	Tenancy not comparable
Savannah Summit	Section 8	Family	138	N/A	N/A	Subsidized
Cars V Inc	Section 8	Disabled	N/A	N/A	N/A	Subsidized; tenancy not comparable
Chatham Assoc For Res Sev Inc I	Section 8	Disabled	11	N/A	N/A	Subsidized; tenancy not comparable
Chatham Assoc For Res Sev Inc II	Section 8	Disabled	13	N/A	N/A	Subsidized; tenancy not comparable
Georgia Infirmary A/ Habersham Place	Section 8	Disabled	N/A	N/A	N/A	Subsidized; tenancy not comparable
Georgia Infirmary B/ Hamilton Place	Section 8	Disabled	N/A	N/A	N/A	Subsidized; tenancy not comparable
Ponderosa Forest Apts	Section 8	Family	56	100%	Yes, a few months	Subsidized
Presidential Plaza I	Section 8	Family	132	100%	No	Subsidized
St. Johns Villa Apartments	Section 8	Elderly	19	N/A	N/A	Subsidized; tenancy not comparable
Presidential Plaza II	Section 8	Family	100	100%	No	Subsidized
Thomas Francis Williams Court Apts	Section 8	Elderly	151	100%	Yes, 6 - 8 months	Subsidized; tenancy not comparable

N/A - Not available

One new property on our list in the previous table is Savannah Gardens IV, which is located at 514 Pennsylvania Avenue and has units still under construction and is slated to open the remainder of its units in summer 2015. All of the 114 LIHTC and market rate units at this property will likely be filled from a waiting list of 1,100 households maintained by Savannah Gardens I and Savannah Gardens III. Management is working to lease the units as quickly as they can process and receive approvals for the applications.

Savannah Gardens IV will offer a mix of 90 LIHTC units and 24 market or non-revenue units. The LIHTC units will target renter households with incomes of up to 50 and 60 percent of AMI. In total, the project will offer 12 one-bedroom units, 66 two-bedroom units, and 36 three-bedroom units. The units will be of very competitive size for the Savannah market at 776 square feet for one-bedroom units, 1,053 square feet for two-bedroom units and 1,184 to 1,252 square feet for three-bedroom units. In terms of comparability to the Subject, Savannah Gardens IV has significantly larger unit sizes for each bedroom type, giving it a market advantage over the Subject. The rents for the LIHTC units at Savannah Gardens IV are set at the maximum allowable levels for this project at the time it was allocated, when the rent limits were higher than they were in 2014 for the Savannah MSA. The Subject will offer units at 60 percent AMI with asking rents below those of Savannah Gardens IV's 60 percent AMI units. In addition, all units at the Subject will operate under the RAD program with rental assistance. As such, renters at the Subject will be able to pay just 30 percent of their incomes toward rent, while tenants at Savannah Gardens IV without a Housing Choice Voucher will have to pay the asking rents for this new development. This new project will offer amenities superior to those of the Subject.

Comparable Rental Property Map



Comparable Properties

#	Name	City	Type	Distance
1	Ashley Midtown Phase I	Savannah	LIHTC/Subsidized/Market	1.2 miles
2	Ashley Midtown Phase II	Savannah	LIHTC/Subsidized	0.8 miles
3	Heritage Corner & Heritage Row	Savannah	LIHTC	2.0 miles
4	Heritage Place	Savannah	LIHTC	1.6 miles
5	Montgomery Landing	Savannah	LIHTC/Market	2.9 miles
6	Savannah Gardens I	Savannah	LIHTC	1.7 miles
7	Savannah Gardens III	Savannah	LIHTC/Market	1.7 miles
8	Savannah Gardens IV	Savannah	LIHTC/Market	1.7 miles
9	Sustainable Fellwood I	Savannah	LIHTC/Subsidized/Market	1.9 miles
10	Sustainable Fellwood II	Savannah	LIHTC/Subsidized/Market	1.8 miles
11	Alhambra Apartments	Savannah	Market	2.8 miles
12	Chelsea At Five Points	Savannah	Market	1.7 miles
13	Green Growth 1	Savannah	Market	0.5 miles
14	Jasmine Place	Savannah	Market	3.0 miles
15	River Crossing Apartments	Savannah	Market	3.3 miles
16	Royal Oaks	Savannah	Market	4.5 miles
17	Walden At Chatham Center	Savannah	Market	4.2 miles

**Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study**

The following tables illustrate detailed information in a comparable framework for the Subject and the comparable properties. (Note that for the Summary Matrix and Rent Per Square Foot comparison tables, we have illustrated the comparables in comparison to each Subject, as utility allowances and responsibilities differ between the Subject's, resulting in different adjusted rents at the comparables.

**SUMMARY MATRIX - FRED WESSELS HOMES**

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Subject	Fred Wessels Homes 200 East Broad Street Savannah, GA 31401 Chatham County	n/a	Various (2 stories) 1954 / 2016	@60%, @60% (RAD)	1BR / 1BA (Garden)	40	19.40%	@60%	\$464	619	no	No	N/A	N/A
					2BR / 1BA (Garden)	82	39.80%	@60%	\$515	780	no	No	N/A	N/A
					2BR / 1BA (Townhouse)	16	7.80%	@60%	\$515	798	no	No	N/A	N/A
					3BR / 1BA (Townhouse)	8	3.90%	@60%	\$670	1,012	no	No	N/A	N/A
					3BR / 2BA (Garden)	56	27.20%	@60%	\$670	1,030	no	No	N/A	N/A
					4BR / 2BA (Garden)	4	1.90%	@60%	\$680	1,142	no	No	N/A	N/A
					206	100%								
1	Ashley Midtown Phase I 1518 E Park Avenue Savannah, GA 31404 Chatham County	1.2 miles	Various (2 stories) 2004 / n/a	@30% (Public Housing), @50% (Public Housing), @60%, Market	2BR / 1BA (Garden)	7	4.20%	@30%	N/A	1,269	n/a	Yes	0	0.00%
					2BR / 1BA (Garden)	6	3.60%	@50%	N/A	1,276	n/a	Yes	0	0.00%
					2BR / 1BA (Garden)	13	7.70%	@60%	\$786	1,269	yes	Yes	0	0.00%
					2BR / 1BA (Garden)	6	3.60%	Market	\$1,056	1,411	n/a	No	0	0.00%
					2BR / 1.5BA (Townhouse)	17	10.10%	@30%	N/A	1,276	n/a	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	13	7.70%	@50%	N/A	1,254	n/a	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	33	19.60%	@60%	\$786	1,276	yes	Yes	0	0.00%
					2BR / 1.5BA (Townhouse)	17	10.10%	Market	\$1,001	1,146	n/a	No	0	0.00%
					3BR / 2BA (Garden)	2	1.20%	@30%	N/A	1,377	n/a	Yes	0	0.00%
					3BR / 2BA (Garden)	7	4.20%	@50%	N/A	1,377	n/a	Yes	0	0.00%
					3BR / 2BA (Garden)	4	2.40%	@60%	\$895	1,377	yes	Yes	0	0.00%
					3BR / 2BA (Garden)	3	1.80%	Market	\$1,347	1,200	n/a	No	0	0.00%
					3BR / 2.5BA (Townhouse)	6	3.60%	@30%	N/A	1,467	n/a	Yes	0	0.00%
					3BR / 2.5BA (Townhouse)	10	6.00%	@50%	N/A	1,467	n/a	Yes	0	0.00%
					3BR / 2.5BA (Townhouse)	15	8.90%	@60%	\$895	1,467	yes	Yes	0	0.00%
					3BR / 2.5BA (Townhouse)	9	5.40%	Market	\$1,192	1,300	n/a	No	0	0.00%
					168	100%								
2	Ashley Midtown Phase II 1110 Graydon Avenue Savannah, GA 31404 Chatham County	0.8 miles	Townhouse 2008 / n/a	@30% (Public Housing), @60%	2BR / 1BA	2	5.30%	@60%	\$779	1,214	yes	No	1	50.00%
					2BR / 1.5BA	6	15.80%	@30%	N/A	1,226	n/a	Yes	0	0.00%
					2BR / 1.5BA	6	15.80%	@60%	\$779	1,238	yes	No	1	16.70%
					3BR / 2BA	10	26.30%	@30%	N/A	1,407	n/a	Yes	0	0.00%
					3BR / 2BA	1	2.60%	@60%	\$892	1,340	yes	Yes	0	0.00%
					3BR / 2BA	8	21.10%	@60%	\$892	1,400	yes	No	0	0.00%
					3BR / 2BA	1	2.60%	@60%	\$892	1,482	yes	No	0	0.00%
						38	100%							
3	Heritage Corner & Heritage Row 642 W 41st Street & 824 West 35th Street Savannah, GA 31415 Chatham County	2 miles	Garden 2005/2006 / n/a	@30%, @50%, @60%	1BR / 1BA	4	5.70%	@30%	\$244	750	no	Yes	0	0.00%
					2BR / 2BA	32	45.70%	@50%	\$569	900	no	Yes	3	9.40%
					2BR / 2BA	17	24.30%	@60%	\$706	900	no	Yes	2	11.80%
					3BR / 2BA	13	18.60%	@50%	\$654	1,050	no	Yes	0	0.00%
					3BR / 2BA	4	5.70%	@60%	\$767	1,050	no	Yes	0	0.00%
						70	100%							
4	Heritage Place 700 W 35th Street Savannah, GA 31415 Chatham County	1.6 miles	Conversion (3 stories) 1930 / 2006	@50%, @60%, Non-Rental	1BR / 1BA	16	18.20%	@50%	\$445	750	no	Yes	0	0.00%
					1BR / 1BA	11	12.50%	@60%	\$525	750	no	Yes	0	0.00%
					2BR / 2BA	26	29.50%	@50%	\$530	900	no	Yes	0	0.00%
					2BR / 2BA	15	17.00%	@60%	\$630	900	no	Yes	0	0.00%
					2BR / 2BA	2	2.30%	Non-Rental	N/A	900	n/a	No	0	0.00%
					3BR / 2BA	12	13.60%	@50%	\$632	1,050	no	Yes	1	8.30%
					3BR / 2BA	6	6.80%	@60%	\$675	1,050	no	Yes	0	0.00%
						88	100%							
5	Montgomery Landing 714 W 57th St Savannah, GA 31405 Chatham County	2.9 miles	Garden (2 stories) 2005 / n/a	@30%, @50%, @60%, Market	1BR / 1BA	1	0.70%	@30%	\$291	792	yes	Yes	0	0.00%
					1BR / 1BA	4	2.80%	@50%	\$531	792	yes	Yes	0	0.00%
					1BR / 1BA	7	4.90%	@60%	\$651	792	yes	Yes	0	0.00%
					1BR / 1BA	4	2.80%	Market	\$671	792	n/a	Yes	0	0.00%
					2BR / 2BA	9	6.20%	@30%	\$353	1,062	yes	Yes	0	0.00%
					2BR / 2BA	16	11.10%	@50%	\$641	1,062	yes	Yes	0	0.00%
					2BR / 2BA	12	8.30%	@60%	\$785	1,062	yes	Yes	0	0.00%
					2BR / 2BA	11	7.60%	Market	\$795	1,062	n/a	Yes	0	0.00%
					3BR / 2BA	4	2.80%	@30%	\$403	1,267	yes	No	0	0.00%
					3BR / 2BA	21	14.60%	@50%	\$736	1,267	yes	No	0	0.00%
					3BR / 2BA	29	20.10%	@60%	\$902	1,267	yes	No	3	10.30%
					3BR / 2BA	10	6.90%	Market	\$921	1,267	n/a	No	0	0.00%
					4BR / 2BA	1	0.70%	@30%	\$358	1,428	yes	Yes	0	0.00%
					4BR / 2BA	2	1.40%	@50%	\$735	1,428	yes	Yes	0	0.00%
4BR / 2BA	9	6.20%	@60%	\$915	1,428	yes	Yes	0	0.00%					
4BR / 2BA	4	2.80%	Market	\$998	1,428	n/a	Yes	0	0.00%					
	144	100%												
												3	2.10%	

# Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study

## SUMMARY MATRIX - FRED WESSELS HOMES

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate					
6	Savannah Gardens I Pennsylvania Ave & West Crescent Ave Savannah, GA 31404 Chatham County	1.7 miles	Garden (3 stories) 2011 / n/a	@30%, @50%, @60%, Non- Rental	1BR / 1BA	1	0.90%	@30%	\$271	750	yes	Yes	0	0.00%					
					1BR / 1BA	4	3.50%	@50%	\$499	750	yes	Yes	0	0.00%					
					1BR / 1BA	5	4.30%	@60%	\$607	750	yes	Yes	0	0.00%					
					2BR / 2BA	3	2.60%	@30%	\$331	950	yes	Yes	0	0.00%					
					2BR / 2BA	27	23.50%	@50%	\$606	950	yes	Yes	0	0.00%					
					2BR / 2BA	33	28.70%	@60%	\$743	950	yes	Yes	0	0.00%					
					2BR / 2BA	1	0.90%	Non-Rental	N/A	950	n/a	N/A	N/A	N/A					
					3BR / 2BA	4	3.50%	@30%	\$368	1,150	yes	Yes	0	0.00%					
					3BR / 2BA	14	12.20%	@50%	\$684	1,150	yes	Yes	0	0.00%					
					3BR / 2BA	18	15.70%	@60%	\$842	1,150	yes	Yes	0	0.00%					
					4BR / 2BA	1	0.90%	@30%	\$412	1,350	yes	Yes	0	0.00%					
					4BR / 2BA	2	1.70%	@50%	\$765	1,350	yes	Yes	0	0.00%					
					4BR / 2BA	2	1.70%	@60%	\$942	1,350	yes	Yes	0	0.00%					
										115	100%						0	0.00%	
					7	Savannah Gardens III 500 Pennsylvania Ave Savannah, GA 31404 Chatham County	1.7 miles	Garden (3 stories) 2012 / n/a	@50%, @60%, Market, Non- Rental	1BR / 1BA	3	3.20%	@50%	\$499	871	yes	Yes	0	0.00%
1BR / 1BA	5	5.30%	@60%	\$613						871	yes	Yes	0	0.00%					
1BR / 1BA	1	1.10%	Market	\$711						871	n/a	Yes	0	0.00%					
2BR / 2BA	21	22.10%	@50%	\$611						1,051	yes	Yes	0	0.00%					
2BR / 2BA	34	35.80%	@60%	\$742						1,051	yes	Yes	0	0.00%					
2BR / 2BA	3	3.20%	Market	\$820						1,051	n/a	Yes	0	0.00%					
2BR / 2BA	1	1.10%	Non-Rental	N/A						1,051	n/a	N/A	N/A	N/A					
3BR / 2BA	9	9.50%	@50%	\$694						1,232	yes	Yes	0	0.00%					
3BR / 2BA	17	17.90%	@60%	\$852						1,232	yes	Yes	0	0.00%					
3BR / 2BA	1	1.10%	Market	\$936						1,232	n/a	Yes	0	0.00%					
										95	100%						0	0.00%	
8	Savannah Gardens IV 514 Pennsylvania Ave Savannah, GA 31404 Chatham County	1.7 miles	Various (2 stories) 2015 / n/a	@50%, @60%, Market, Non- Rental						1BR / 1BA (Garden)	3	2.60%	@50%	\$499	776	yes	Yes	N/A	N/A
										1BR / 1BA (Garden)	6	5.30%	@60%	\$607	776	yes	Yes	N/A	N/A
										1BR / 1BA (Garden)	3	2.60%	Market	\$711	776	n/a	N/A	N/A	
										2BR / 2BA (Garden)	13	11.40%	@50%	\$606	1,053	yes	Yes	N/A	N/A
					2BR / 2BA (Garden)	39	34.20%	@60%	\$743	1,053	yes	Yes	N/A	N/A					
					2BR / 2BA (Garden)	13	11.40%	Market	\$820	1,053	n/a	N/A	N/A						
					2BR / 2BA (Garden)	1	0.90%	Non-Rental	N/A	1,053	n/a	N/A	N/A						
					3BR / 2BA (Garden)	3	2.60%	@50%	\$694	1,184	yes	Yes	N/A	N/A					
					3BR / 2BA (Garden)	11	9.60%	@60%	\$842	1,184	yes	Yes	N/A	N/A					
					3BR / 2BA (Garden)	4	3.50%	Market	\$936	1,184	n/a	N/A	N/A						
					3BR / 2BA (Townhouse)	4	3.50%	@50%	\$694	1,333	yes	Yes	0	0.00%					
					3BR / 2BA (Townhouse)	11	9.60%	@60%	\$842	1,333	yes	Yes	0	0.00%					
					3BR / 2BA (Townhouse)	3	2.60%	Market	\$936	1,333	n/a	Yes	0	0.00%					
										114	100%						40	35.10%	
					9	Sustainable Fellwood I 1401 Fellwood Dr Savannah, GA 31415 Chatham County	1.9 miles	Various 2009 / n/a	@60%, @60% (Public Housing), Market	1BR / 1BA (Garden)	15	13.60%	@60%	\$598	832	yes	Yes	0	0.00%
1BR / 1BA (Garden)	9	8.20%	@60%	\$321						832	n/a	Yes	0	0.00%					
1BR / 1BA (Garden)	6	5.50%	Market	\$695						832	n/a	No	0	0.00%					
2BR / 1BA (Garden)	17	15.50%	@60%	\$717						1,060	yes	Yes	0	0.00%					
2BR / 1BA (Garden)	19	17.30%	@60%	\$321						1,060	n/a	Yes	0	0.00%					
2BR / 1BA (Garden)	5	4.50%	Market	\$795						1,060	n/a	No	1	20.00%					
2BR / 1.5BA (Townhouse)	5	4.50%	Market	\$795						1,060	n/a	No	0	0.00%					
3BR / 2BA (Garden)	13	11.80%	@60%	\$823						1,327	yes	Yes	1	7.00%					
3BR / 2BA (Garden)	10	9.10%	@60%	\$321						1,327	n/a	Yes	0	0.00%					
3BR / 2BA (Garden)	2	1.80%	Market	\$895						1,327	n/a	No	0	0.00%					
3BR / 2.5BA (Townhouse)	3	2.70%	Market	\$895						1,327	n/a	No	0	0.00%					
4BR / 2BA (Garden)	3	2.70%	@60%	\$949						1,522	yes	Yes	0	0.00%					
4BR / 2BA (Garden)	2	1.80%	@60%	\$321						1,522	n/a	Yes	0	0.00%					
4BR / 2BA (Garden)	1	0.90%	Market	\$995						1,522	n/a	No	0	0.00%					
										110	100%						2	1.80%	
10	Sustainable Fellwood II 1300 W Bay St Savannah, GA 31415 Chatham County	1.8 miles	Garden (2 stories) 2011 / n/a	@60%, @60% (Project Based Rental Assistance - PBRA), Market, PHA (Public Housing)	1BR / 1BA	2	1.80%	@60%	\$609	838	yes	No	0	0.00%					
					1BR / 1BA	2	1.80%	@60%	\$303	838	n/a	Yes	N/A	N/A					
					1BR / 1BA	4	3.60%	Market	\$725	838	n/a	No	0	0.00%					
					1BR / 1BA	4	3.60%	PHA	\$303	838	n/a	Yes	N/A	N/A					
					2BR / 2BA	10	9.10%	@60%	\$732	1,072	yes	No	0	0.00%					
					2BR / 2BA	15	13.60%	@60%	\$303	1,072	n/a	Yes	N/A	N/A					
					2BR / 2BA	4	3.60%	Market	\$825	1,072	n/a	No	1	25.00%					
					2BR / 2BA	15	13.60%	PHA	\$303	1,072	n/a	Yes	N/A	N/A					
					3BR / 2BA	15	13.60%	@60%	\$838	1,343	yes	No	0	0.00%					
					3BR / 2BA	3	2.70%	Market	\$925	1,343	n/a	No	0	0.00%					
					3BR / 3BA	15	13.60%	@60%	\$303	1,343	n/a	Yes	N/A	N/A					
					3BR / 3BA	21	19.10%	PHA	\$303	1,343	n/a	Yes	N/A	N/A					
										110	100%						1	0.90%	
					11	Alhambra Apartments 2200 East Victory Drive Savannah, GA 31404 Chatham County	2.8 miles	Various (2 stories) 1968 / n/a	Market	1BR / 1BA (Garden)	44	29.30%	Market	\$766	705	n/a	No	1	2.30%
										2BR / 1.5BA (Townhouse)	35	23.30%	Market	\$805	820	n/a	No	1	2.90%
2BR / 2BA (Garden)	35	23.30%	Market	\$845						975	n/a	No	0	0.00%					
3BR / 2BA (Townhouse)	36	24.00%	Market	\$911						1,072	n/a	No	0	0.00%					
	150	100%														2	1.30%		
12	Chelsea At Five Points 1910 Skadaway Rd Savannah, GA 31404 Chatham County	1.7 miles	Garden (2 stories) 1947 / 1983	Market	1BR / 1BA	24	17.60%	Market	\$661	700	n/a	No	0	0.00%					
					2BR / 1BA	112	82.40%	Market	\$730	850	n/a	No	0	0.00%					
						136	100%									0	0.00%		

## Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study

SUMMARY MATRIX - FRED WESSELS HOMES

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
13	Green Growth I 701-709 A E Broad St; 540 E Gwinnett; 543, 506-507 E Hall St; 539 Nicoll St Savannah, GA 31401 Chatham County	0.5 miles	Various 1920 / 2002	Market	1BR / 1BA (Garden)	7	7.10%	Market	\$817	565	n/a	No	1	14.30%
					2BR / 1BA (Garden)	19	19.20%	Market	\$926	900	n/a	No	1	5.30%
					2BR / 1BA (Garden)	6	6.10%	Market	\$976	950	n/a	No	1	16.70%
					2BR / 1BA (Townhouse)	6	6.10%	Market	\$1,026	950	n/a	No	0	0.00%
					3BR / 1BA (Garden)	46	46.50%	Market	\$1,042	1,015	n/a	No	0	0.00%
					3BR / 1BA (Townhouse)	15	15.20%	Market	\$1,142	1,015	n/a	No	0	0.00%
						99	100%							
14	Jasmine Place 2323 Downing Ave Savannah, GA 31404 Chatham County	3 miles	Garden (2 stories) 1979 / 2005	Market	2BR / 1.5BA	80	71.40%	Market	\$860	844	n/a	No	2	2.50%
					3BR / 2BA	32	28.60%	Market	\$986	1,144	n/a	No	0	0.00%
						112	100%							
15	River Crossing Apartments 2612 Dogwood Avenue Savannah, GA 31404 Chatham County	3.3 miles	Garden (3 stories) 1978 / 2005	Market	1BR / 1BA	56	31.80%	Market	\$826	770	n/a	No	0	0.00%
					2BR / 2BA	104	59.10%	Market	\$935	1,026	n/a	No	1	1.00%
					3BR / 2BA	16	9.10%	Market	\$1,111	1,270	n/a	No	1	6.20%
						176	100%							
16	Royal Oaks 301 Noble Oaks Dr. Savannah, GA 31406 Chatham County	4.5 miles	Various 1975 / 2007	Market	2BR / 2BA (Garden)	72	34.60%	Market	\$1,124	1,368	n/a	none	2	2.80%
					2BR / 2BA (Townhouse)	72	34.60%	Market	\$1,144	1,438	n/a	none	2	2.80%
					3BR / 2.5BA (Townhouse)	64	30.80%	Market	\$1,272	1,723	n/a	none	0	0.00%
						208	100%							
17	Walden At Chatham Center 100 Walden Lane Savannah, GA 31405 Chatham County	4.2 miles	Garden (3 stories) 2003 / n/a	Market	1BR / 1BA	N/A	N/A	Market	\$944	1,013	n/a	No	1	N/A
					1BR / 1BA	N/A	N/A	Market	\$829	642	n/a	No	2	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,445	1,211	n/a	No	0	N/A
					2BR / 2BA	N/A	N/A	Market	\$1,098	1,131	n/a	No	1	N/A
					3BR / 2BA	N/A	N/A	Market	\$1,792	1,358	n/a	No	0	N/A
					3BR / 2BA	N/A	N/A	Market	\$1,442	1,358	n/a	No	0	N/A
						236	100%							

## Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study

### SUMMARY MATRIX - EDGAR BLACKSHEAR HOMES

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate				
Subject	Edgar Blackshear Homes 939 Wheaton Street Savannah, GA 31401 Chatham County	n/a	Various 1984 / 2016	@60%	1BR / 1BA (Duplex)	7	9.50%	@60%	\$464	600	no	No	N/A	N/A				
					2BR / 1BA (Duplex)	21	28.40%	@60%	\$515	735	no	No	N/A	N/A				
					3BR / 2BA (Duplex)	40	54.10%	@60%	\$670	937	no	No	N/A	N/A				
					3BR / 2BA (Single)	1	1.40%	@60%	\$670	937	no	No	N/A	N/A				
					4BR / 2.5BA (Single)	5	6.80%	@60%	\$680	1,248	no	No	N/A	N/A				
					74	100%									N/A	N/A		
1	Ashley Midtown Phase I 1518 E Park Avenue Savannah, GA 31404 Chatham County	0.4 mile	Various (2 stories) 2004 / n/a	@30% (Public Housing), @50% (Public Housing), @60%, Market	2BR / 1BA (Garden)	7	4.20%	@30%	N/A	1,269	n/a	Yes	0	0.00%				
					2BR / 1BA (Garden)	6	3.60%	@50%	N/A	1,276	n/a	Yes	0	0.00%				
					2BR / 1BA (Garden)	13	7.70%	@60%	\$710	1,269	yes	Yes	0	0.00%				
					2BR / 1BA (Garden)	6	3.60%	Market	\$980	1,411	n/a	Yes	0	0.00%				
					2BR / 1.5BA (Townhouse)	17	10.10%	@30%	N/A	1,276	n/a	Yes	0	0.00%				
					2BR / 1.5BA (Townhouse)	13	7.70%	@50%	N/A	1,254	n/a	Yes	0	0.00%				
					2BR / 1.5BA (Townhouse)	33	19.60%	@60%	\$710	1,276	yes	Yes	0	0.00%				
					2BR / 1.5BA (Townhouse)	17	10.10%	Market	\$925	1,146	n/a	Yes	0	0.00%				
					3BR / 2BA (Garden)	2	1.20%	@30%	N/A	1,377	n/a	Yes	0	0.00%				
					3BR / 2BA (Garden)	7	4.20%	@50%	N/A	1,377	n/a	Yes	0	0.00%				
					3BR / 2BA (Garden)	4	2.40%	@60%	\$803	1,377	yes	Yes	0	0.00%				
					3BR / 2BA (Garden)	3	1.80%	Market	\$1,255	1,200	n/a	Yes	0	0.00%				
					3BR / 2.5BA (Townhouse)	6	3.60%	@30%	N/A	1,467	n/a	No	0	0.00%				
					3BR / 2.5BA (Townhouse)	10	6.00%	@50%	N/A	1,467	n/a	Yes	0	0.00%				
					3BR / 2.5BA (Townhouse)	15	8.90%	@60%	\$803	1,467	yes	Yes	0	0.00%				
					3BR / 2.5BA (Townhouse)	9	5.40%	Market	\$1,100	1,300	n/a	No	0	0.00%				
168	100%											0	0.00%					
2	Ashley Midtown Phase II 1110 Graydon Avenue Savannah, GA 31404 Chatham County	0.2 mile	Townhouse 2008 / n/a	@30% (Public Housing), @60%	2BR / 1BA	2	5.30%	@60%	\$703	1,214	yes	No	1	50.00%				
					2BR / 1.5BA	10	26.30%	@30%	N/A	1,226	n/a	Yes	0	0.00%				
					2BR / 1.5BA	6	15.80%	@60%	\$703	1,238	yes	No	1	16.70%				
					3BR / 2BA	10	26.30%	@30%	N/A	1,407	n/a	Yes	0	0.00%				
					3BR / 2BA	1	2.60%	@60%	\$800	1,340	yes	Yes	0	0.00%				
					3BR / 2BA	8	21.10%	@60%	\$800	1,400	yes	No	0	0.00%				
					3BR / 2BA	1	2.60%	@60%	\$800	1,482	yes	No	0	0.00%				
					38	100%											2	5.30%
3	Heritage Corner & Heritage Row 642 W 41st Street & 824 West 35th Street Savannah, GA 31415 Chatham County	2.5 miles	Garden (2 stories) 2005/2006 / n/a	@30%, @50%, @60%	1BR / 1BA	4	5.70%	@30%	\$177	750	no	Yes	0	0.00%				
					2BR / 2BA	32	45.70%	@50%	\$493	900	no	Yes	3	9.40%				
					2BR / 2BA	17	24.30%	@60%	\$630	900	no	Yes	2	11.80%				
					3BR / 2BA	13	18.60%	@50%	\$562	1,050	no	Yes	0	0.00%				
					3BR / 2BA	4	5.70%	@60%	\$675	1,050	no	Yes	0	0.00%				
					70	100%											5	7.10%
4	Heritage Place 700 W 35th Street Savannah, GA 31415 Chatham County	1.6 miles	Conversion (3 stories) 1930 / 2006	@50%, @60%, Non-Rental	1BR / 1BA	16	18.20%	@50%	\$378	750	no	Yes	0	0.00%				
					1BR / 1BA	11	12.50%	@60%	\$458	750	no	Yes	0	0.00%				
					2BR / 2BA	26	29.50%	@50%	\$454	900	no	Yes	0	0.00%				
					2BR / 2BA	15	17.00%	@60%	\$554	900	no	Yes	0	0.00%				
					2BR / 2BA	2	2.30%	Non-Rental	N/A	900	n/a	Yes	0	0.00%				
					3BR / 2BA	12	13.60%	@50%	\$540	1,050	no	Yes	1	8.30%				
					3BR / 2BA	6	6.80%	@60%	\$583	1,050	no	Yes	0	0.00%				
					88	100%											1	1.10%
					5	Montgomery Landing 714 W 57th St Savannah, GA 31405 Chatham County	2.5 miles	Garden (2 stories) 2005 / n/a	@30%, @50%, @60%, Market	1BR / 1BA	1	0.70%	@30%	\$224	792	yes	Yes	0
1BR / 1BA	4	2.80%	@50%	\$464						792	yes	Yes	0	0.00%				
1BR / 1BA	7	4.90%	@60%	\$584						792	yes	Yes	0	0.00%				
1BR / 1BA	4	2.80%	Market	\$604						792	n/a	Yes	0	0.00%				
2BR / 2BA	9	6.20%	@30%	\$277						1,062	yes	Yes	0	0.00%				
2BR / 2BA	16	11.10%	@50%	\$565						1,062	yes	Yes	0	0.00%				
2BR / 2BA	12	8.30%	@60%	\$709						1,062	yes	Yes	0	0.00%				
2BR / 2BA	11	7.60%	Market	\$719						1,062	n/a	Yes	0	0.00%				
3BR / 2BA	4	2.80%	@30%	\$311						1,267	yes	No	0	0.00%				
3BR / 2BA	21	14.60%	@50%	\$644						1,267	yes	No	0	0.00%				
3BR / 2BA	29	20.10%	@60%	\$810						1,267	yes	No	3	10.30%				
3BR / 2BA	10	6.90%	Market	\$829						1,267	n/a	No	0	0.00%				
4BR / 2BA	1	0.70%	@30%	\$249						1,428	yes	Yes	0	0.00%				
4BR / 2BA	2	1.40%	@50%	\$626						1,428	yes	Yes	0	0.00%				
4BR / 2BA	9	6.20%	@60%	\$806	1,428	yes	Yes	0	0.00%									
4BR / 2BA	4	2.80%	Market	\$889	1,428	n/a	Yes	0	0.00%									
144	100%											3	2.10%					

# Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study

## SUMMARY MATRIX - EDGAR BLACKSHEAR HOMES

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate					
6	Savannah Gardens I Pennsylvania Ave & West Crescent Ave Savannah, GA 31404 Chatham County	0.9 miles	Garden (3 stories) 2011 / n/a	@30%, @50%, @60%, Non-Rental	1BR / 1BA	1	0.90%	@30%	\$204	750	yes	Yes	0	0.00%					
					1BR / 1BA	4	3.50%	@50%	\$432	750	yes	Yes	0	0.00%					
					1BR / 1BA	5	4.30%	@60%	\$540	750	yes	Yes	0	0.00%					
					2BR / 2BA	3	2.60%	@30%	\$255	950	yes	Yes	0	0.00%					
					2BR / 2BA	27	23.50%	@50%	\$530	950	yes	Yes	0	0.00%					
					2BR / 2BA	33	28.70%	@60%	\$667	950	yes	Yes	0	0.00%					
					2BR / 2BA	1	0.90%	Non-Rental	N/A	950	n/a	N/A	N/A	N/A					
					3BR / 2BA	4	3.50%	@30%	\$276	1,150	yes	Yes	0	0.00%					
					3BR / 2BA	14	12.20%	@50%	\$592	1,150	yes	Yes	0	0.00%					
					3BR / 2BA	18	15.70%	@60%	\$750	1,150	yes	Yes	0	0.00%					
					4BR / 2BA	1	0.90%	@30%	\$303	1,350	yes	Yes	0	0.00%					
					4BR / 2BA	2	1.70%	@50%	\$656	1,350	yes	Yes	0	0.00%					
					4BR / 2BA	2	1.70%	@60%	\$833	1,350	yes	Yes	0	0.00%					
										115	100%						0	0.00%	
					7	Savannah Gardens III 500 Pennsylvania Ave Savannah, GA 31404 Chatham County	0.9 miles	Garden (3 stories) 2012 / n/a	@50%, @60%, Market, Non-Rental	1BR / 1BA	3	3.20%	@50%	\$432	871	yes	Yes	0	0.00%
1BR / 1BA	5	5.30%	@60%	\$546						871	yes	Yes	0	0.00%					
1BR / 1BA	1	1.10%	Market	\$644						871	n/a	Yes	0	0.00%					
2BR / 2BA	21	22.10%	@50%	\$535						1,051	yes	Yes	0	0.00%					
2BR / 2BA	34	35.80%	@60%	\$666						1,051	yes	Yes	0	0.00%					
2BR / 2BA	3	3.20%	Market	\$744						1,051	n/a	Yes	0	0.00%					
2BR / 2BA	1	1.10%	Non-Rental	N/A						1,051	n/a	N/A	N/A						
3BR / 2BA	9	9.50%	@50%	\$602						1,232	yes	Yes	0	0.00%					
3BR / 2BA	17	17.90%	@60%	\$760						1,232	yes	Yes	0	0.00%					
3BR / 2BA	1	1.10%	Market	\$844						1,232	n/a	Yes	0	0.00%					
										95	100%						0	0.00%	
8	Savannah Gardens IV 514 Pennsylvania Ave Savannah, GA 31404 Chatham County	0 miles	Various (2 stories) 2015 / n/a	@50%, @60%, Market, Non-Rental						1BR / 1BA (Garden)	3	2.60%	@50%	\$432	776	yes		N/A	N/A
					1BR / 1BA (Garden)	6	5.30%	@60%	\$540	776	yes		N/A	N/A					
					1BR / 1BA (Garden)	3	2.60%	Market	\$644	776	n/a		N/A	N/A					
					2BR / 2BA (Garden)	13	11.40%	@50%	\$530	1,053	yes		N/A	N/A					
					2BR / 2BA (Garden)	39	34.20%	@60%	\$667	1,053	yes		N/A	N/A					
					2BR / 2BA (Garden)	13	11.40%	Market	\$744	1,053	n/a		N/A	N/A					
					2BR / 2BA (Garden)	1	0.90%	Non-Rental	N/A	1,053	n/a		N/A	N/A					
					3BR / 2BA (Garden)	3	2.60%	@50%	\$602	1,184	yes		N/A	N/A					
					3BR / 2BA (Garden)	11	9.60%	@60%	\$750	1,184	yes		N/A	N/A					
					3BR / 2BA (Garden)	4	3.50%	Market	\$844	1,184	n/a		N/A	N/A					
					3BR / 2BA (Townhouse)	4	3.50%	@50%	\$602	1,333	yes	Yes	0	0.00%					
					3BR / 2BA (Townhouse)	11	9.60%	@60%	\$750	1,333	yes	Yes	0	0.00%					
					3BR / 2BA (Townhouse)	3	2.60%	Market	\$844	1,333	n/a	Yes	0	0.00%					
										114	100%						40	35.10%	
					9	Sustainable Fellwood I 1401 Fellwood Dr Savannah, GA 31415 Chatham County	2.6 miles	Various 2009 / n/a	@60%, @60% (Public Housing), Market	1BR / 1BA (Garden)	15	13.60%	@60%	\$531	832	yes	Yes	0	0.00%
1BR / 1BA (Garden)	9	8.20%	@60%	\$254						832	n/a	Yes	0	0.00%					
1BR / 1BA (Garden)	6	5.50%	Market	\$628						832	n/a	No	0	0.00%					
2BR / 1BA (Garden)	17	15.50%	@60%	\$641						1,060	yes	Yes	0	0.00%					
2BR / 1BA (Garden)	19	17.30%	@60%	\$245						1,060	n/a	Yes	0	0.00%					
2BR / 1BA (Garden)	5	4.50%	Market	\$719						1,060	n/a	No	1	20.00%					
2BR / 1.5BA (Townhouse)	5	4.50%	Market	\$719						1,060	n/a	No	0	0.00%					
3BR / 2BA (Garden)	13	11.80%	@60%	\$731						1,327	yes	Yes	1	7.70%					
3BR / 2BA (Garden)	10	9.10%	@60%	\$229						1,327	n/a	Yes	0	0.00%					
3BR / 2BA (Garden)	2	1.80%	Market	\$803						1,327	n/a	No	0	0.00%					
3BR / 2.5BA (Townhouse)	3	2.70%	Market	\$803						1,327	n/a	No	0	0.00%					
4BR / 2BA (Garden)	3	2.70%	@60%	\$840						1,522	yes	Yes	0	0.00%					
4BR / 2BA (Garden)	2	1.80%	@60%	\$212						1,522	n/a	Yes	0	0.00%					
4BR / 2BA (Garden)	1	0.90%	Market	\$886						1,522	n/a	No	0	0.00%					
										110	100%						2	1.80%	
10	Sustainable Fellwood II 1300 W Bay St Savannah, GA 31415 Chatham County	2.3 miles	Garden (2 stories) 2011 / n/a	@60%, @60% (Project Based Rental Assistance - PBRA), Market, PHA (Public Housing)						1BR / 1BA	2	1.80%	@60%	\$542	838	yes	No	0	0.00%
										1BR / 1BA	2	1.80%	@60%	\$236	838	n/a	Yes	N/A	N/A
										1BR / 1BA	4	3.60%	Market	\$658	838	n/a	No	0	0.00%
					1BR / 1BA	4	3.60%	PHA	\$236	838	n/a	Yes	N/A	N/A					
					2BR / 2BA	10	9.10%	@60%	\$656	1,072	yes	No	0	0.00%					
					2BR / 2BA	15	13.60%	@60%	\$227	1,072	n/a	Yes	N/A	N/A					
					2BR / 2BA	4	3.60%	Market	\$749	1,072	n/a	No	1	25.00%					
					2BR / 2BA	15	13.60%	PHA	\$227	1,072	n/a	Yes	N/A	N/A					
					3BR / 2BA	15	13.60%	@60%	\$746	1,343	yes	No	0	0.00%					
					3BR / 2BA	3	2.70%	Market	\$833	1,343	n/a	No	0	0.00%					
					3BR / 3BA	15	13.60%	@60%	\$211	1,343	n/a	Yes	N/A	N/A					
					3BR / 3BA	21	19.10%	PHA	\$211	1,343	n/a	Yes	N/A	N/A					
					110	100%						1	0.90%						
11	Alhambra Apartments 2200 East Victory Drive Savannah, GA 31404 Chatham County	1.5 miles	Various (2 stories) 1968 / n/a	Market	1BR / 1BA (Garden)	44	29.30%	Market	\$699	705	n/a	No	1	2.30%					
					2BR / 1.5BA (Townhouse)	35	23.30%	Market	\$729	820	n/a	No	1	2.90%					
					2BR / 2BA (Garden)	35	23.30%	Market	\$769	975	n/a	No	0	0.00%					
					3BR / 2BA (Townhouse)	36	24.00%	Market	\$819	1,072	n/a	No	0	0.00%					
										150	100%						2	1.30%	
12	Chekeea At Five Points 1910 Skidaway Rd Savannah, GA 31404 Chatham County	1.2 miles	Garden (2 stories) 1947 / 1983	Market	1BR / 1BA	24	17.60%	Market	\$594	700	n/a	No	0	0.00%					
					2BR / 1BA	112	82.40%	Market	\$654	850	n/a	No	0	0.00%					
										136	100%						0	0.00%	

**Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study**

**SUMMARY MATRIX - EDGAR BLACKSHEAR HOMES**

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate					
13	Green Growth 1 701-709 A E Broad St; 540 E Gwinnett; 543, 506-507 E Hall St; 539 Nicoll St  Savannah, GA 31401 Chatham County	0.5 miles	Various 1920 / 2002	Market	1BR / 1BA (Garden)	7	7.10%	Market	\$750	565	n/a	No	1	14.30%					
					2BR / 1BA (Garden)	19	19.20%		\$850	900	n/a		1	5.30%					
					2BR / 1BA (Garden)	6	6.10%	Market	\$900	950	n/a	No	1	16.70%					
					2BR / 1BA (Townhouse)	6	6.10%		\$950	950	n/a		0	0.00%					
					3BR / 1BA (Garden)	46	46.50%		\$950	1,015	n/a		0	0.00%					
					3BR / 1BA (Townhouse)	15	15.20%		\$1,050	1,015	n/a		0	0.00%					
										99	100%						3	3.00%	
					14	Jasmine Place 2323 Downing Ave Savannah, GA 31404 Chatham County	2.3 miles	Garden (2 stories) 1979 / 2005	Market	2BR / 1.5BA	80	71.40%	Market	\$784	844	n/a	No	2	2.50%
										3BR / 2BA	32	28.60%		\$894	1,144	n/a		0	0.00%
										112	100%					2	1.80%		
15	River Crossing Apartments  2612 Dogwood Avenue Savannah, GA 31404 Chatham County	2.7 miles	Garden  (3 stories) 1978 / 2005	Market	1BR / 1BA	56	31.80%	Market	\$759	770	n/a	No	0	0.00%					
					2BR / 2BA	104	59.10%		\$859	1,026	n/a		No	1	1.00%				
					3BR / 2BA	16	9.10%	\$1,019	1,270	n/a	No	1		6.20%					
										176		100%					2	1.10%	
16	Royal Oaks 301 Noble Oaks Dr. Savannah, GA 31406 Chatham County	4.1 miles	Various 1975 / 2007	Market	2BR / 2BA (Garden)	72	34.60%	Market	\$1,048	1,368	n/a	none	2	2.80%					
					2BR / 2BA (Townhouse)	72	34.60%		\$1,068	1,438	n/a		2	2.80%					
					3BR / 2.5BA (Townhouse)	64	30.80%	Market	\$1,180	1,723	n/a	none	0	0.00%					
																4	1.90%		
											208		100%						
17	Walden At Chatham Center  100 Walden Lane Savannah, GA 31405 Chatham County	4.4 miles	Garden  (3 stories) 2003 / n/a	Market	1BR / 1BA	N/A	N/A	Market	\$877	1,013	n/a	No	1	N/A					
					1BR / 1BA	N/A	N/A		\$762	642	n/a		No	2	N/A				
					2BR / 2BA	N/A	N/A	Market	\$1,369	1,211	n/a	No	0	N/A					
					2BR / 2BA	N/A	N/A		\$1,022	1,131	n/a		No	1	N/A				
					3BR / 2BA	N/A	N/A	Market	\$1,700	1,358	n/a	No	0	N/A					
					3BR / 2BA	N/A	N/A		\$1,350	1,358	n/a		No	0	N/A				
										236	100%						4	1.70%	

# Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study

FRED WESSELS (SITE A) RENT AND SQUARE FOOTAGE RANKING - All rents adjusted for utilities and concessions extracted from the market.															
		Effective Rent Date: Mar-15			Units Surveyed: 2169			Weighted Occupancy: 96.70%							
		Market Rate: 1117			Market Rate: 98.50%			Tax Credit: 1052			Tax Credit: 94.90%				
One Bedroom One Bath				Two Bedrooms One Bath				Three Bedrooms One Bath				Three Bedrooms Two Bath			
Property	Average	Property	Average	Property	Average	Property	Average	Property	Average	Property	Average	Property	Average		
RENT		Walken At Chatham Center	\$944	Walken At Chatham Center (2BA)	\$1,445	Walken At Chatham Center (2BA)	\$1,792	Walken At Chatham Center	\$1,792	Walken At Chatham Center	\$1,792	Montgomery Landing * (M)	\$998		
		Walken At Chatham Center	\$829	Royal Oaks (2BA)	\$1,144	Walken At Chatham Center (2BA)	\$1,442	Walken At Chatham Center	\$1,442	Walken At Chatham Center	\$1,442	Sustainable Felwood I * (M)	\$998		
		River Crossing Apartments	\$826	Royal Oaks (2BA)	\$1,124	Ashley Midtown Phase I * (2BA 60%)	\$1,247	Ashley Midtown Phase I * (M)	\$1,247	Ashley Midtown Phase I * (M)	\$1,247	Sustainable Felwood I * (60%)	\$949		
		Green Growth 1	\$817	Walken At Chatham Center (2BA)	\$1,098	Royal Oaks (2 SBA)	\$1,272	Royal Oaks (2 SBA)	\$1,272	Royal Oaks (2 SBA)	\$1,272	Savannah Gardens I * (60%)	\$942		
		Ahambra Apartments	\$766	Ashley Midtown Phase I * (M)	\$1,056	Green Growth 1	\$1,142	Green Growth 1 (1BA)	\$1,142	Green Growth 1 (1BA)	\$1,142	Montgomery Landing * (60%)	\$915		
		Sustainable Felwood II * (M)	\$725	Green Growth 1	\$1,026	River Crossing Apartments (2BA)	\$1,111	River Crossing Apartments	\$1,111	River Crossing Apartments	\$1,111	Savannah Gardens I * (50%)	\$680		
		Savannah Gardens III * (M)	\$711	Green Growth 1	\$976	Green Growth 1	\$1,042	Green Growth 1 (1BA)	\$1,042	Green Growth 1 (1BA)	\$1,042	Montgomery Landing * (50%)	\$715		
		Savannah Gardens IV * (M)	\$711	River Crossing Apartments (2BA)	\$935	Jasmine Place (2BA)	\$986	Jasmine Place	\$986	Jasmine Place	\$986	<b>Fred Wessels Homes * (60%)</b>	\$680		
		Sustainable Felwood I * (M)	\$695	Green Growth 1	\$926	Savannah Gardens III * (2BA M)	\$936	Savannah Gardens III * (M)	\$936	Savannah Gardens III * (M)	\$936	Savannah Gardens I * (30%)	\$412		
		Montgomery Landing * (M)	\$671	Jasmine Place (1 SBA)	\$860	Savannah Gardens IV * (2BA M)	\$936	Savannah Gardens IV * (M)	\$936	Savannah Gardens IV * (M)	\$936	Montgomery Landing * (30%)	\$338		
		Chelsea At Five Points	\$661	Sustainable Felwood II * (2BA M)	\$825	Savannah Gardens IV * (2BA M)	\$936	Savannah Gardens IV * (M)	\$936	Savannah Gardens IV * (M)	\$936	Sustainable Felwood I * (60%)	\$321		
		Montgomery Landing * (60%)	\$651	Savannah Gardens III * (2BA M)	\$820	Sustainable Felwood II * (2BA M)	\$925	Sustainable Felwood II * (M)	\$925	Sustainable Felwood II * (M)	\$925				
		Savannah Gardens II * (60%)	\$613	Savannah Gardens IV * (2BA M)	\$820	Montgomery Landing * (2BA M)	\$921	Montgomery Landing * (M)	\$921	Montgomery Landing * (M)	\$921				
		Sustainable Felwood II * (60%)	\$609	Ahambra Apartments (1 SBA)	\$806	Ahambra Apartments (2BA 60%)	\$902	Ahambra Apartments	\$902	Ahambra Apartments	\$902				
		Savannah Gardens I * (60%)	\$607	Montgomery Landing * (2BA M)	\$795	Montgomery Landing * (2BA 60%)	\$902	Montgomery Landing * (60%)	\$902	Montgomery Landing * (60%)	\$902				
		Savannah Gardens IV * (60%)	\$607	Sustainable Felwood I * (M)	\$795	Ashley Midtown Phase I * (2BA 60%)	\$895	Ashley Midtown Phase I * (60%)	\$895	Ashley Midtown Phase I * (60%)	\$895				
		Sustainable Felwood I * (60%)	\$598	Ashley Midtown Phase I * (60%)	\$786	Sustainable Felwood I * (2BA M)	\$895	Sustainable Felwood I * (M)	\$895	Sustainable Felwood I * (M)	\$895				
		Montgomery Landing * (50%)	\$531	Montgomery Landing * (2BA 60%)	\$785	Ashley Midtown Phase I * (2BA 60%)	\$892	Ashley Midtown Phase I * (60%)	\$892	Ashley Midtown Phase I * (60%)	\$892				
		Heritage Place * (60%)	\$525	Ashley Midtown Phase II * (60%)	\$779	Ashley Midtown Phase I * (2BA 60%)	\$892	Ashley Midtown Phase II * (60%)	\$892	Ashley Midtown Phase II * (60%)	\$892				
		Savannah Gardens I * (50%)	\$499	Savannah Gardens I * (2BA 60%)	\$743	Ashley Midtown Phase II * (2BA 60%)	\$892	Ashley Midtown Phase II * (60%)	\$892	Ashley Midtown Phase II * (60%)	\$892				
		Savannah Gardens III * (50%)	\$499	Savannah Gardens IV * (2BA 60%)	\$743	Savannah Gardens III * (2BA 60%)	\$852	Savannah Gardens III * (60%)	\$852	Savannah Gardens III * (60%)	\$852				
		Savannah Gardens IV * (50%)	\$499	Savannah Gardens IV * (2BA 50%)	\$742	Savannah Gardens I * (2BA 60%)	\$842	Savannah Gardens I * (60%)	\$842	Savannah Gardens I * (60%)	\$842				
		<b>Fred Wessels Homes * (60%)</b>	\$464	Sustainable Felwood II * (2BA 60%)	\$732	Savannah Gardens IV * (2BA 60%)	\$842	Savannah Gardens IV * (60%)	\$842	Savannah Gardens IV * (60%)	\$842				
		Heritage Place * (50%)	\$445	Chelsea At Five Points	\$730	Savannah Gardens IV * (2BA 60%)	\$842	Savannah Gardens IV * (60%)	\$842	Savannah Gardens IV * (60%)	\$842				
		Sustainable Felwood I * (60%)	\$321	Sustainable Felwood I * (2BA 60%)	\$717	Sustainable Felwood II * (2BA 60%)	\$838	Sustainable Felwood II * (60%)	\$838	Sustainable Felwood II * (60%)	\$838				
		Sustainable Felwood II * (60%)	\$303	Heritage Corner & Heritage Row * (2BA 60%)	\$706	Sustainable Felwood I * (2BA 60%)	\$823	Sustainable Felwood I * (60%)	\$823	Sustainable Felwood I * (60%)	\$823				
		Sustainable Felwood II * (PHIA)	\$303	Montgomery Landing * (2BA 50%)	\$641	Heritage Corner & Heritage Row * (2BA 60%)	\$767	Heritage Corner & Heritage Row * (60%)	\$767	Heritage Corner & Heritage Row * (60%)	\$767				
		Montgomery Landing * (30%)	\$291	Heritage Place * (2BA 60%)	\$630	Montgomery Landing * (2BA 50%)	\$736	Montgomery Landing * (50%)	\$736	Montgomery Landing * (50%)	\$736				
		Savannah Gardens I * (30%)	\$271	Savannah Gardens III * (2BA 50%)	\$611	Savannah Gardens III * (2BA 50%)	\$694	Savannah Gardens III * (50%)	\$694	Savannah Gardens III * (50%)	\$694				
		Heritage Corner & Heritage Row * (30%)	\$244	Savannah Gardens I * (2BA 50%)	\$606	Savannah Gardens IV * (2BA 50%)	\$694	Savannah Gardens IV * (50%)	\$694	Savannah Gardens IV * (50%)	\$694				
				Heritage Corner & Heritage Row * (2BA 50%)	\$569	Savannah Gardens I * (2BA 50%)	\$684	Savannah Gardens I * (50%)	\$684	Savannah Gardens I * (50%)	\$684				
				Heritage Place * (2BA 50%)	\$530	Heritage Place * (2BA 60%)	\$675	Heritage Place * (60%)	\$675	Heritage Place * (60%)	\$675				
		<b>Fred Wessels Homes * (60%)</b>	\$515	<b>Fred Wessels Homes * (60%)</b>	\$515	<b>Fred Wessels Homes * (60%)</b>	\$678	<b>Fred Wessels Homes * (60%)</b>	\$678	<b>Fred Wessels Homes * (60%)</b>	\$678				
		<b>Fred Wessels Homes * (60%)</b>	\$515	<b>Fred Wessels Homes * (60%)</b>	\$515	Heritage Corner & Heritage Row * (2BA 50%)	\$654	Heritage Corner & Heritage Row * (50%)	\$654	Heritage Corner & Heritage Row * (50%)	\$654				
				Montgomery Landing * (2BA 30%)	\$353	Heritage Place * (2BA 50%)	\$632	Heritage Place * (50%)	\$632	Heritage Place * (50%)	\$632				
				Savannah Gardens I * (2BA 30%)	\$331	Montgomery Landing * (2BA 60%)	\$603	Montgomery Landing * (40%)	\$603	Montgomery Landing * (40%)	\$603				
				Sustainable Felwood I * (60%)	\$321	Savannah Gardens I * (2BA 30%)	\$368	Savannah Gardens I * (30%)	\$368	Savannah Gardens I * (30%)	\$368				
				Sustainable Felwood II * (2BA 60%)	\$303	Sustainable Felwood I * (2BA 60%)	\$321	Sustainable Felwood I * (60%)	\$321	Sustainable Felwood I * (60%)	\$321				
				Sustainable Felwood II * (2BA PHIA)	\$303										
SQUARE FOOTAGE		Walken At Chatham Center	1,013	Royal Oaks (2BA)	1,438	Royal Oaks (2 SBA)	1,723	Royal Oaks (2 SBA)	1,723	Royal Oaks (2 SBA)	1,723	Sustainable Felwood I * (60%)	1,322		
		Savannah Gardens III * (50%)	871	Ashley Midtown Phase I * (M)	1,411	Ashley Midtown Phase I * (2BA 60%)	1,482	Ashley Midtown Phase II * (60%)	1,482	Ashley Midtown Phase II * (60%)	1,482	Sustainable Felwood I * (60%)	1,222		
		Savannah Gardens III * (60%)	871	Royal Oaks (2BA)	1,368	Ashley Midtown Phase II * (2BA 60%)	1,400	Ashley Midtown Phase II * (60%)	1,400	Ashley Midtown Phase II * (60%)	1,400	Sustainable Felwood I * (M)	1,422		
		Savannah Gardens III * (M)	871	Ashley Midtown Phase I * (60%)	1,269	Ashley Midtown Phase I * (2BA 60%)	1,377	Ashley Midtown Phase I * (60%)	1,377	Ashley Midtown Phase I * (60%)	1,377	Montgomery Landing * (30%)	1,428		
		Sustainable Felwood II * (60%)	838	Ashley Midtown Phase II * (60%)	1,214	Walken At Chatham Center (2BA)	1,358	Walken At Chatham Center	1,358	Walken At Chatham Center	1,358	Montgomery Landing * (60%)	1,428		
		Sustainable Felwood II * (60%)	838	Walken At Chatham Center (2BA)	1,211	Walken At Chatham Center (2BA)	1,358	Walken At Chatham Center	1,358	Walken At Chatham Center	1,358	Montgomery Landing * (60%)	1,428		
		Sustainable Felwood II * (M)	838	Walken At Chatham Center (2BA)	1,131	Sustainable Felwood II * (2BA 60%)	1,343	Sustainable Felwood II * (60%)	1,343	Sustainable Felwood II * (60%)	1,343	Montgomery Landing * (M)	1,428		
		Sustainable Felwood II * (PHIA)	838	Sustainable Felwood II * (2BA 60%)	1,072	Sustainable Felwood II * (2BA M)	1,243	Sustainable Felwood II * (M)	1,243	Sustainable Felwood II * (M)	1,243	Savannah Gardens I * (30%)	1,350		
		Sustainable Felwood I * (60%)	832	Sustainable Felwood II * (2BA 60%)	\$742	Ashley Midtown Phase I * (2BA 60%)	1,340	Ashley Midtown Phase I * (60%)	1,340	Ashley Midtown Phase I * (60%)	1,340	Savannah Gardens I * (50%)	1,350		
		Sustainable Felwood I * (60%)	832	Sustainable Felwood II * (2BA M)	1,072	Savannah Gardens IV * (2BA 50%)	1,333	Savannah Gardens IV * (50%)	1,333	Savannah Gardens IV * (50%)	1,333	Savannah Gardens I * (60%)	1,142		
		Sustainable Felwood I * (M)	832	Sustainable Felwood II * (2BA PHIA)	1,072	Savannah Gardens IV * (2BA 60%)	1,333	Savannah Gardens IV * (60%)	1,333	Savannah Gardens IV * (60%)	1,333				
		Montgomery Landing * (30%)	792	Montgomery Landing * (2BA 30%)	1,062	Savannah Gardens IV * (2BA 60%)	1,333	Savannah Gardens IV * (60%)	1,333	Savannah Gardens IV * (60%)	1,333				
		Montgomery Landing * (50%)	792	Montgomery Landing * (2BA 50%)	1,062	Sustainable Felwood I * (2BA 60%)	1,327	Sustainable Felwood I * (60%)	1,327	Sustainable Felwood I * (60%)	1,327				
		Montgomery Landing * (60%)	792	Montgomery Landing * (2BA 60%)	1,062	Sustainable Felwood I * (2BA M)	1,327	Sustainable Felwood I * (60%)	1,327	Sustainable Felwood I * (60%)	1,327				
		Montgomery Landing * (M)	792	Montgomery Landing * (2BA M)	1,062	Sustainable Felwood I * (2BA M)	1,327	Sustainable Felwood I * (M)	1,327	Sustainable Felwood I * (M)	1,327				
		Savannah Gardens IV * (50%)	776	Sustainable Felwood I * (60%)	1,062	River Crossing Apartments (2BA M)	1,270	River Crossing Apartments	1,270	River Crossing Apartments	1,270				
		Savannah Gardens IV * (60%)	776	Sustainable Felwood I * (60%)	1,060	Montgomery Landing * (2BA 30%)	1,267	Montgomery Landing * (30%)	1,267	Montgomery Landing * (30%)	1,267				
		Savannah Gardens IV * (M)	776	Sustainable Felwood I * (M)	1,060	Montgomery Landing * (2BA 50%)	1,267	Montgomery Landing * (50%)	1,267	Montgomery Landing * (50%)	1,267				
		River Crossing Apartments	770	Savannah Gardens III * (2BA 50%)	1,053	Montgomery Landing * (2BA 60%)	1,267	Montgomery Landing * (60%)	1,267	Montgomery Landing * (60%)	1,267				
		Heritage Corner & Heritage Row * (30%)	750	Savannah Gardens I * (2BA 50%)	1,053	Montgomery Landing * (2BA M)	1,267	Montgomery Landing * (M)	1,267	Montgomery Landing * (M)	1,267				
		Heritage Place * (50%)	750	Savannah Gardens IV * (2BA M)	1,053	Savannah Gardens III * (2BA 50%)	1,232	Savannah Gardens III * (50%)	1,232	Savannah Gardens III * (50%)	1,232				
		Heritage Place * (60%)	750	Savannah Gardens III * (2BA 50%)	1,051	Savannah Gardens III * (2BA 60%)	1,232	Savannah Gardens III * (60%)	1,232	Savannah Gardens III * (60%)	1,232				
		Savannah Gardens I * (30%)	750	Savannah Gardens III * (2BA 60%)	1,051	Savannah Gardens III * (2BA M)	1,232	Savannah Gardens III * (M)	1,232	Savannah Gardens III * (M)	1,232				
		Savannah Gardens I * (50%)	750	Savannah Gardens III * (2BA M)	1,051	Ashley Midtown Phase I * (2BA M)	1,200	Ashley Midtown Phase I * (M)	1,200	Ashley Midtown Phase I * (M)	1,200				
		Savannah Gardens I * (60%)	750	River Crossing Apartments (2BA)	1,026	Savannah Gardens IV * (2BA 50%)	1,184	Savannah Gardens IV * (50%)	1,184	Savannah Gardens IV * (50%)	1,184				
		Ahambra Apartments	705	Ahambra Apartments (2BA M)	950	Savannah Gardens IV * (2BA 60%)	1,184	Savannah Gardens IV * (60%)	1,184	Savannah Gardens IV * (60%)	1,184				
		Chelsea At Five Points	705	Savannah Gardens I * (2BA 50%)	950	Savannah Gardens IV * (2BA M)	1,184	Savannah Gardens IV * (M)	1,184	Savannah Gardens IV * (M)	1,184				
		Walken At Chatham Center	642	Savannah Gardens I * (2BA 60%)	950	Savannah Gardens IV * (2BA 30%)	1,150	Savannah Gardens IV * (30%)	1,150	Savannah Gardens IV * (30%)	1,150				
		<b>Fred Wessels Homes * (60%)</b>	619	Green Growth 1	950	Savannah Gardens I * (2BA 60%)	1,150	Savannah Gardens I * (50%)	1,150	Savannah Gardens I * (50%)	1,150				
		Green Growth 1	565	Green Growth 1	950	Savannah Gardens I * (2BA 60%)	1,150	Savannah Gardens I * (60%)	1,150	Savannah Gardens I * (60%)	1,150				
				Heritage Corner & Heritage Row * (2BA 50%)	900	Jasmine Place (2BA)	1,144	Jasmine Place	1,144	Jasmine Place	1,144				
				Heritage Corner & Heritage Row * (2BA 60%)	900	Ahambra Apartments (2BA)	1,072	Ahambra Apartments	1,072	Ahambra Apartments	1,072				
				Heritage Place * (2BA 50%)	900	Heritage Corner & Heritage Row * (2BA 50%)	1,050	Heritage Corner & Heritage Row * (50%)	1,050	Heritage Corner & Heritage Row * (50%)	1,050				
				Heritage Place * (2BA 60%)	900	Heritage Corner & Heritage Row * (2BA 60%)	1,050	Heritage Corner & Heritage Row * (60%)	1,050	Heritage Corner & Heritage Row * (60%)	1,050				
				Green Growth 1	900	Heritage Place * (2BA 50%)	1,050	Heritage Place * (50%)	1,050	Heritage Place * (50%)	1,050				
				Chelsea At Five Points	850	Heritage Place * (2BA 60%)	1,050	Heritage Place * (60%)	1,050	Heritage Place * (60%)	1,050				
				Jasmine Place (1 SBA)	844	Green Growth 1	1,015	<b>Fred Wessels Homes * (60%)</b>	1,030	<b>Fred Wessels Homes * (60%)</b>	1,030				
				Ahambra Apartments (1 SBA)	820	Green Growth 1	1,015	Green Growth 1 (1BA)	1,015	Green Growth 1 (1BA)	1,015				
				Ahambra Apartments (2BA M)	820	<b>Fred Wessels Homes * (60%)</b>	1,015	<b>Fred Wessels Homes * (60%)</b>	1,015	<b>Fred Wessels Homes * (60%)</b>	1,015				

# Edgar Blackshear Homes & Fred Wessels Homes, Savannah, GA; Market Study

EDGAR BLACKSHEAR (SITE B) RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.								
Effective Rent Date:		Mar-15	Units Surveyed:		2169	Weighted Occupancy:		96.70%
			Market Rate:		1117	Market Rate:		98.50%
			Tax Credit:		1052	Tax Credit:		94.90%
One Bedroom One Bath		Two Bedrooms One Bath			Three Bedrooms Two Bath		Four Bedrooms Two and a half Bath	
RENT	Property	Average	Property	Average	Property	Average	Property	Average
	Walden At Clatham Center	\$877	Walden At Clatham Center (2BA)	\$1,269	Walden At Clatham Center	\$1,700	Montgomery Landing * (2BA M)	\$889
	Walden At Clatham Center	\$762	Royal Oaks (2BA)	\$1,088	Walden At Clatham Center	\$1,250	Sustainable Felwood I * (2BA M)	\$886
	River Crossing Apartments	\$759	Royal Oaks (2BA)	\$1,048	Ashley Midtown Phase I * (M)	\$1,255	Sustainable Felwood I * (2BA 60%)	\$840
	Green Growth I	\$750	Walden At Clatham Center (2BA)	\$1,022	Royal Oaks (2.5BA)	\$1,180	Savannah Gardens I * (2BA 60%)	\$833
	Alhambra Apartments	\$699	Ashley Midtown Phase I * (M)	\$980	Green Growth I (1BA)	\$1,050	Montgomery Landing * (2BA 60%)	\$806
	Sustainable Felwood II * (60%)	\$688	Green Growth I	\$939	River Crossing Apartments	\$1,019	<b>Edgar Blackshear Homes * (60%)</b>	\$648
	Savannah Gardens III * (M)	\$644	Green Growth I	\$900	Green Growth I (1BA)	\$950	Savannah Gardens I * (2BA 50%)	\$656
	Savannah Gardens IV * (M)	\$644	River Crossing Apartments (2BA)	\$859	Jasmine Place	\$894	Savannah Gardens I * (2BA 50%)	\$626
	Sustainable Felwood I * (M)	\$628	Green Growth I	\$850	Savannah Gardens III * (M)	\$844	Savannah Gardens I * (2BA 30%)	\$303
	Montgomery Landing * (M)	\$604	Jasmine Place (1.5BA)	\$784	Savannah Gardens IV * (M)	\$844	Montgomery Landing * (2BA 30%)	\$249
	Chelea At Five Points	\$594	Sustainable Felwood II * (2BA M)	\$749	Savannah Gardens IV * (M)	\$844	Sustainable Felwood I * (2BA 60%)	\$212
	Montgomery Landing * (60%)	\$584	Savannah Gardens III * (2BA M)	\$744	Sustainable Felwood II * (M)	\$833		
	Savannah Gardens III * (60%)	\$546	Savannah Gardens IV * (2BA M)	\$744	Montgomery Landing * (M)	\$829		
	Sustainable Felwood II * (60%)	\$542	Alhambra Apartments (1.5BA)	\$729	Alhambra Apartments	\$819		
	Savannah Gardens I * (60%)	\$540	Montgomery Landing * (2BA M)	\$719	Montgomery Landing * (60%)	\$810		
	Savannah Gardens IV * (60%)	\$540	Sustainable Felwood I * (M)	\$719	Ashley Midtown Phase I * (60%)	\$803		
	Sustainable Felwood I * (60%)	\$531	Ashley Midtown Phase I * (60%)	\$710	Sustainable Felwood I * (M)	\$803		
	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$464</b>	Montgomery Landing * (2BA 60%)	\$709	Ashley Midtown Phase II * (60%)	\$800		
	Montgomery Landing * (50%)	\$464	Ashley Midtown Phase I * (60%)	\$703	Ashley Midtown Phase I * (60%)	\$800		
	Heritage Place * (60%)	\$458	Savannah Gardens I * (2BA 60%)	\$667	Ashley Midtown Phase II * (60%)	\$800		
	Savannah Gardens I * (50%)	\$432	Savannah Gardens IV * (2BA 60%)	\$667	Savannah Gardens III * (60%)	\$760		
	Savannah Gardens III * (50%)	\$432	Savannah Gardens III * (2BA 60%)	\$666	Savannah Gardens I * (60%)	\$750		
	Savannah Gardens IV * (50%)	\$432	Sustainable Felwood II * (2BA 60%)	\$654	Savannah Gardens IV * (60%)	\$750		
	Heritage Place * (50%)	\$378	Chelea At Five Points	\$654	Savannah Gardens IV * (60%)	\$750		
	Sustainable Felwood I * (60%)	\$254	Sustainable Felwood I * (60%)	\$641	Sustainable Felwood II * (60%)	\$746		
	Sustainable Felwood II * (60%)	\$236	Heritage Corner & Heritage Row * (2BA 50%)	\$630	Sustainable Felwood II * (60%)	\$731		
	Sustainable Felwood II * (PHA)	\$236	Montgomery Landing * (2BA 50%)	\$565	Heritage Corner & Heritage Row * (60%)	\$675		
	Montgomery Landing * (30%)	\$224	Heritage Place * (2BA 60%)	\$554	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$670</b>		
	Savannah Gardens I * (30%)	\$204	Savannah Gardens I * (2BA 50%)	\$535	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$670</b>		
	Heritage Corner & Heritage Row * (30%)	\$177	Savannah Gardens I * (2BA 50%)	\$530	Montgomery Landing * (50%)	\$644		
			Savannah Gardens IV * (2BA 50%)	\$530	Savannah Gardens III * (50%)	\$602		
			<b>Edgar Blackshear Homes * (60%)</b>	<b>\$515</b>	Savannah Gardens IV * (50%)	\$602		
			Heritage Corner & Heritage Row * (2BA 50%)	\$493	Savannah Gardens IV * (50%)	\$602		
			Heritage Place * (2BA 50%)	\$454	Savannah Gardens I * (50%)	\$592		
			Montgomery Landing * (2BA 30%)	\$277	Heritage Place * (60%)	\$583		
			Savannah Gardens I * (2BA 30%)	\$255	Heritage Corner & Heritage Row * (50%)	\$562		
			Sustainable Felwood I * (60%)	\$245	Heritage Place * (30%)	\$540		
			Sustainable Felwood II * (2BA 60%)	\$227	Montgomery Landing * (60%)	\$311		
			Sustainable Felwood II * (2BA PHA)	\$227	Savannah Gardens I * (30%)	\$276		
					Sustainable Felwood I * (60%)	\$229		
SQUARE FOOTAGE	Walden At Clatham Center	1,013	Royal Oaks (2BA)	1,438	Royal Oaks (2.5BA)	1,723	Sustainable Felwood I * (2BA 60%)	1,522
	Savannah Gardens III * (50%)	871	Ashley Midtown Phase I * (M)	1,411	Ashley Midtown Phase II * (60%)	1,482	Sustainable Felwood I * (2BA 60%)	1,522
	Savannah Gardens I * (50%)	871	Royal Oaks (2BA)	1,368	Ashley Midtown Phase I * (60%)	1,400	Sustainable Felwood I * (2BA M)	1,522
	Savannah Gardens III * (M)	871	Ashley Midtown Phase I * (60%)	1,269	Ashley Midtown Phase I * (60%)	1,377	Montgomery Landing * (2BA 30%)	1,428
	Sustainable Felwood II * (60%)	838	Ashley Midtown Phase II * (60%)	1,214	Walden At Clatham Center	1,358	Montgomery Landing * (2BA 50%)	1,428
	Sustainable Felwood I * (60%)	838	Walden At Clatham Center (2BA)	1,211	Walden At Clatham Center	1,358	Montgomery Landing * (2BA 60%)	1,428
	Sustainable Felwood II * (M)	838	Walden At Clatham Center (2BA)	1,131	Sustainable Felwood I * (60%)	1,343	Montgomery Landing * (2BA M)	1,428
	Sustainable Felwood II * (PHA)	838	Sustainable Felwood II * (2BA 60%)	1,072	Sustainable Felwood II * (M)	1,343	Savannah Gardens I * (2BA 30%)	1,350
	Sustainable Felwood I * (60%)	832	Sustainable Felwood II * (2BA M)	1,072	Ashley Midtown Phase II * (60%)	1,340	Savannah Gardens I * (2BA 50%)	1,350
	Sustainable Felwood I * (M)	832	Savannah Gardens III * (2BA PHA)	1,072	Savannah Gardens IV * (50%)	1,333	Savannah Gardens I * (2BA 60%)	1,350
	Montgomery Landing * (30%)	792	Montgomery Landing * (2BA PHA)	1,072	Montgomery Landing * (50%)	1,313	<b>Edgar Blackshear Homes * (60%)</b>	<b>1,248</b>
	Montgomery Landing * (50%)	792	Montgomery Landing * (2BA 30%)	1,062	Savannah Gardens IV * (M)	1,333		
	Montgomery Landing * (60%)	792	Montgomery Landing * (2BA 60%)	1,062	Sustainable Felwood I * (60%)	1,327		
	Montgomery Landing * (M)	770	Montgomery Landing * (2BA M)	1,062	Sustainable Felwood I * (M)	1,327		
	Savannah Gardens IV * (50%)	776	Sustainable Felwood I * (60%)	1,060	River Crossing Apartments	1,270		
	Savannah Gardens IV * (60%)	776	Sustainable Felwood I * (60%)	1,060	Montgomery Landing * (30%)	1,267		
	Savannah Gardens IV * (M)	776	Sustainable Felwood I * (M)	1,060	Montgomery Landing * (50%)	1,267		
	River Crossing Apartments	750	Savannah Gardens IV * (2BA 60%)	1,053	Montgomery Landing * (60%)	1,267		
	Heritage Corner & Heritage Row * (30%)	750	Savannah Gardens IV * (2BA 60%)	1,053	Montgomery Landing * (M)	1,267		
	Heritage Place * (50%)	750	Savannah Gardens IV * (2BA M)	1,053	Savannah Gardens III * (50%)	1,232		
	Heritage Place * (60%)	750	Savannah Gardens III * (2BA 50%)	1,051	Savannah Gardens III * (60%)	1,232		
	Savannah Gardens I * (30%)	750	Savannah Gardens III * (2BA 60%)	1,051	Savannah Gardens III * (M)	1,232		
	Savannah Gardens I * (50%)	750	Savannah Gardens III * (2BA M)	1,051	Ashley Midtown Phase I * (M)	1,200		
	Savannah Gardens I * (60%)	750	River Crossing Apartments (2BA)	1,026	Savannah Gardens IV * (50%)	1,184		
	Alhambra Apartments	705	Savannah Gardens I * (2BA 30%)	950	Savannah Gardens IV * (60%)	1,184		
	Chelea At Five Points	700	Savannah Gardens I * (2BA 50%)	950	Savannah Gardens IV * (M)	1,184		
	Walden At Clatham Center	642	Savannah Gardens I * (2BA 60%)	950	Savannah Gardens I * (30%)	1,150		
	<b>Edgar Blackshear Homes * (60%)</b>	<b>600</b>	Green Growth I	950	Savannah Gardens I * (50%)	1,150		
	Green Growth I	565	Green Growth I	950	Savannah Gardens I * (60%)	1,150		
			Heritage Corner & Heritage Row * (2BA 50%)	900	Jasmine Place	1,144		
			Heritage Corner & Heritage Row * (2BA 60%)	900	Alhambra Apartments	1,072		
			Heritage Place * (2BA 50%)	900	Heritage Corner & Heritage Row * (50%)	1,050		
			Heritage Place * (2BA 60%)	900	Heritage Corner & Heritage Row * (60%)	1,050		
			Green Growth I	900	Heritage Place * (50%)	1,050		
			Chelea At Five Points	850	Heritage Place * (60%)	1,050		
			Jasmine Place (1.5BA)	844	Green Growth I (1BA)	1,015		
			Alhambra Apartments (1.5BA)	820	Green Growth I (1BA)	1,015		
			<b>Edgar Blackshear Homes * (60%)</b>	<b>735</b>	<b>Edgar Blackshear Homes * (60%)</b>	<b>937</b>		
					<b>Edgar Blackshear Homes * (60%)</b>	<b>937</b>		
RENT PER SQUARE FOOT	Green Growth I	\$1.33	Walden At Clatham Center (2BA)	\$1.13	Walden At Clatham Center	\$1.25	Montgomery Landing * (2BA M)	\$0.62
	Walden At Clatham Center	\$1.19	Green Growth I	\$1.00	Ashley Midtown Phase I * (M)	\$1.05	Savannah Gardens I * (2BA 60%)	\$0.62
	Alhambra Apartments	\$0.99	Green Growth I	\$0.95	Green Growth I (1BA)	\$1.03	Sustainable Felwood I * (2BA M)	\$0.58
	River Crossing Apartments	\$0.99	Green Growth I	\$0.94	Walden At Clatham Center	\$0.99	Montgomery Landing * (2BA 60%)	\$0.56
	Walden At Clatham Center	\$0.87	Jasmine Place (1.5BA)	\$0.93	Green Growth I (1BA)	\$0.94	Sustainable Felwood I * (2BA 60%)	\$0.55
	Chelea At Five Points	\$0.85	Walden At Clatham Center (2BA)	\$0.90	River Crossing Apartments	\$0.80	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$0.54</b>
	Savannah Gardens IV * (M)	\$0.83	Alhambra Apartments (1.5BA)	\$0.89	Jasmine Place	\$0.78	Savannah Gardens I * (2BA 50%)	\$0.49
	Sustainable Felwood II * (M)	\$0.79	River Crossing Apartments (2BA)	\$0.84	Alhambra Apartments	\$0.76	Montgomery Landing * (2BA 50%)	\$0.44
	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$0.77</b>	Chelea At Five Points	\$0.77	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$0.72</b>	Savannah Gardens I * (2BA 30%)	\$0.22
	Montgomery Landing * (M)	\$0.76	Royal Oaks (2BA)	\$0.77	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$0.72</b>	Montgomery Landing * (2BA 30%)	\$0.17
	Sustainable Felwood I * (M)	\$0.75	Savannah Gardens III * (2BA M)	\$0.74	Savannah Gardens IV * (M)	\$0.71	Sustainable Felwood I * (2BA 60%)	\$0.14
	Savannah Gardens III * (M)	\$0.74	Savannah Gardens IV * (2BA M)	\$0.71	Savannah Gardens III * (M)	\$0.69		
	Montgomery Landing * (60%)	\$0.74	Savannah Gardens IV * (2BA M)	\$0.71	Royal Oaks (2.5BA)	\$0.68		
	Savannah Gardens I * (60%)	\$0.72	Savannah Gardens I * (2BA 60%)	\$0.70	Montgomery Landing * (M)	\$0.65		
	Savannah Gardens IV * (60%)	\$0.70	<b>Edgar Blackshear Homes * (60%)</b>	<b>\$0.70</b>	Savannah Gardens I * (60%)	\$0.65		
	Sustainable Felwood II * (60%)	\$0.65	Heritage Corner & Heritage Row * (2BA 60%)	\$0.70	Heritage Corner & Heritage Row * (60%)	\$0.64		
	Sustainable Felwood I * (60%)	\$0.64	Sustainable Felwood II * (2BA M)	\$0.70	Montgomery Landing * (60%)	\$0.64		
	Savannah Gardens III * (60%)	\$0.63	Ashley Midtown Phase I * (M)	\$0.69	Savannah Gardens IV * (60%)	\$0.63		
	Heritage Place * (60%)	\$0.61	Sustainable Felwood I * (M)	\$0.68	Savannah Gardens IV * (M)	\$0.63		
	Montgomery Landing * (50%)	\$0.59	Montgomery Landing * (2BA M)	\$0.68	Sustainable Felwood II * (M)	\$0.62		
	Savannah Gardens I * (50%)	\$0.58	Montgomery Landing * (2BA 60%)	\$0.67	Savannah Gardens III * (60%)	\$0.62		
	Savannah Gardens IV * (50%)	\$0.56	Savannah Gardens I * (2BA 60%)	\$0.63	Sustainable Felwood I * (M)	\$0.61		
	Heritage Place * (50%)	\$0.50	Savannah Gardens I * (2BA 60%)	\$0.63	Ashley Midtown Phase I * (60%)	\$0.60		
	Savannah Gardens III * (50%)	\$0.50	Heritage Place * (2BA 60%)	\$0.62	Ashley Midtown Phase I * (60%)	\$0.58		
	Sustainable Felwood I * (60%)	\$0.31	Sustainable Felwood II * (2BA 60%)	\$0.61	Ashley Midtown Phase II * (60%)	\$0.57		
	Montgomery Landing * (30%)	\$0.28	Sustainable Felwood I * (60%)	\$0.60	Savannah Gardens IV * (60%)	\$0.56		
	Sustainable Felwood I * (60%)	\$0.28	Ashley Midtown Phase II * (60%)	\$0.58	Sustainable Felwood II * (60%)	\$0.56		
	Sustainable Felwood II * (PHA)	\$0.28	Ashley Midtown Phase I * (60%)	\$0.56	Heritage Place * (60%)	\$0.56		
	Savannah Gardens I * (30%)	\$0.27	Savannah Gardens I * (2BA 50%)	\$0.56	Sustainable Felwood I * (60%)	\$0.55		
	Heritage Corner & Heritage Row * (30%)	\$0.24	Heritage Corner & Heritage Row * (2BA 50%)	\$0.55	Ashley Midtown Phase II * (60%)	\$0.54		
			Montgomery Landing * (2BA 50%)	\$0.53	Heritage Corner & Heritage Row * (50%)	\$0.54		
			Savannah Gardens III * (2BA 50%)	\$0.51	Savannah Gardens I * (50%)	\$0.51		
			Heritage Place * (2BA 50%)	\$0.50	Heritage Place * (50%)	\$0.51		
			Savannah Gardens IV * (2BA 50%)	\$0.50	Savannah Gardens IV * (50%)	\$0.51		
			Savannah Gardens I * (2BA 30%)	\$0.27	Montgomery Landing * (50%)	\$0.51		
			Montgomery Landing * (2BA 30%)	\$0.26	Savannah Gardens III * (50%)	\$0.49		
			Sustainable Felwood I * (60%)	\$0.23	Savannah Gardens IV * (50%)	\$0.45		
			Sustainable Felwood II * (2BA 60%)	\$0.21	Montgomery Landing * (30%)	\$0.25		
			Sustainable Felwood II * (2BA PHA)	\$0.21	Savannah Gardens I * (30%)	\$0.24		
					Sustainable Felwood I * (60%)	\$0.17		

# PROPERTY PROFILE REPORT

## Ashley Midtown Phase I

**Effective Rent Date** 6/25/2015

**Location** 1518 E Park Avenue  
Savannah, GA 31404  
Chatham County

**Distance** 1.2 miles

**Units** 168

**Vacant Units** 0

**Vacancy Rate** 0.0%

**Type** Various (2 stories)

**Year Built/Renovated** 2004 / N/A

**Marketing Began** N/A

**Leasing Began** N/A

**Last Unit Leased** N/A

**Major Competitors** Savannah Gardens, Alhambra Apartments

**Tenant Characteristics** Majority families, most of the tenants are from Savannah

**Contact Name** Somi

**Phone** (912) 233-3075



### Market Information

**Program** @30% (Public Housing), @50% (Public)

**Annual Turnover Rate** 20%

**Units/Month Absorbed** 56

**HCV Tenants** 20%

**Leasing Pace** Within two weeks

**Annual Chg. in Rent** See Comments

**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** not included

## Ashley Midtown Phase I, continued

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden	7	1,269	N/A	\$0	@30% (Public Housing)	Yes	0	0.0%	N/A	None
2	1	Garden	6	1,276	N/A	\$0	@50% (Public Housing)	Yes	0	0.0%	N/A	None
2	1	Garden	13	1,269	\$710	\$0	@60%	Yes	0	0.0%	yes	None
2	1	Garden	6	1,411	\$980	\$0	Market	No	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	17	1,276	N/A	\$0	@30% (Public Housing)	Yes	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	13	1,254	N/A	\$0	@50% (Public Housing)	Yes	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	33	1,276	\$710	\$0	@60%	Yes	0	0.0%	yes	None
2	1.5	Townhouse (2 stories)	17	1,146	\$925	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden	2	1,377	N/A	\$0	@30% (Public Housing)	Yes	0	0.0%	N/A	None
3	2	Garden	7	1,377	N/A	\$0	@50% (Public Housing)	Yes	0	0.0%	N/A	None
3	2	Garden	4	1,377	\$803	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden	3	1,200	\$1,255	\$0	Market	No	0	0.0%	N/A	None
3	2.5	Townhouse (2 stories)	6	1,467	N/A	\$0	@30% (Public Housing)	Yes	0	0.0%	N/A	None
3	2.5	Townhouse (2 stories)	10	1,467	N/A	\$0	@50% (Public Housing)	Yes	0	0.0%	N/A	None
3	2.5	Townhouse (2 stories)	15	1,467	\$803	\$0	@60%	Yes	0	0.0%	yes	None
3	2.5	Townhouse (2 stories)	9	1,300	\$1,100	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1BA	N/A	\$0	N/A	\$76	N/A	2BR / 1BA	N/A	\$0	N/A	\$76	N/A
2BR / 1.5BA	N/A	\$0	N/A	\$76	N/A	2BR / 1.5BA	N/A	\$0	N/A	\$76	N/A
3BR / 2BA	N/A	\$0	N/A	\$92	N/A	3BR / 2BA	N/A	\$0	N/A	\$92	N/A
3BR / 2.5BA	N/A	\$0	N/A	\$92	N/A	3BR / 2.5BA	N/A	\$0	N/A	\$92	N/A
@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1BA	\$710	\$0	\$710	\$76	\$786	2BR / 1BA	\$980	\$0	\$980	\$76	\$1,056
2BR / 1.5BA	\$710	\$0	\$710	\$76	\$786	2BR / 1.5BA	\$925	\$0	\$925	\$76	\$1,001
3BR / 2BA	\$803	\$0	\$803	\$92	\$895	3BR / 2BA	\$1,255	\$0	\$1,255	\$92	\$1,347
3BR / 2.5BA	\$803	\$0	\$803	\$92	\$895	3BR / 2.5BA	\$1,100	\$0	\$1,100	\$92	\$1,192

## Ashley Midtown Phase I, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Dishwasher  
Oven  
Walk-In Closet  
Washer/Dryer hookup

Blinds  
Central A/C  
Garbage Disposal  
Refrigerator  
Washer/Dryer

**Security**

In-Unit Alarm  
Video Surveillance

**Services**

None

**Property**

Clubhouse/Meeting  
Exercise Facility  
On-Site Management  
Swimming Pool

Courtyard  
Off-Street Parking  
Playground

**Premium**

None

**Other**

None

### Comments

Management stated that there are two assigned parking spaces per unit. Management stated the property keeps a short waiting list on the tax credit units and a waiting list of approximately 250 households on the public housing units (both properties). Rents on the tax credit units have approximately increased one percent and rents on the market rate two-bedroom units have increased five percent. Rents on the three-bedroom market rate units have decreased approximately eight percent. When asked about the decrease, management was unaware of a reason for the decrease.

# PROPERTY PROFILE REPORT

## Ashley Midtown Phase II

<b>Effective Rent Date</b>	6/29/2015
<b>Location</b>	1110 Graydon Avenue Savannah, GA 31404 Chatham County
<b>Distance</b>	0.8 miles
<b>Units</b>	38
<b>Vacant Units</b>	2
<b>Vacancy Rate</b>	5.3%
<b>Type</b>	Townhouse
<b>Year Built/Renovated</b>	2008 / 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>	Savannah Gardens, Alhambra Apartments
<b>Tenant Characteristics</b>	Majority families, most of the tenants are from Savannah.
<b>Contact Name</b>	Somi
<b>Phone</b>	912-236-4628



### Market Information

<b>Program</b>	@30% (Public Housing), @60%
<b>Annual Turnover Rate</b>	20%
<b>Units/Month Absorbed</b>	11 to 13
<b>HCV Tenants</b>	20%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	Increased 1 percent
<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
2	1	Townhouse	2	1,214	\$703	\$0	@60%	No	1	50.0%	yes	None
2	1.5	Townhouse	10	1,226	N/A	\$0	@30% (Public Housing)	Yes	0	0.0%	N/A	None
2	1.5	Townhouse	6	1,238	\$703	\$0	@60%	No	1	16.7%	yes	None
3	2	Townhouse	10	1,407	N/A	\$0	@30% (Public Housing)	Yes	0	0.0%	N/A	None
3	2	Townhouse	1	1,340	\$800	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Townhouse	8	1,400	\$800	\$0	@60%	No	0	0.0%	yes	None
3	2	Townhouse	1	1,482	\$800	\$0	@60%	No	0	0.0%	yes	None

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1.5BA	N/A	\$0	N/A	\$76	N/A	2BR / 1BA	\$703	\$0	\$703	\$76	\$779
3BR / 2BA	N/A	\$0	N/A	\$92	N/A	2BR / 1.5BA	\$703	\$0	\$703	\$76	\$779
						3BR / 2BA	\$800	\$0	\$800	\$92	\$892

## Ashley Midtown Phase II, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Dishwasher  
Garbage Disposal  
Oven  
Washer/Dryer

Blinds  
Central A/C  
Ceiling Fan  
Microwave  
Refrigerator  
Washer/Dryer hookup

**Security**

None

**Services**

None

**Property**

Business Center/Computer Lab  
Off-Street Parking  
Picnic Area  
Service Coordination

Clubhouse/Meeting  
On-Site Management  
Playground

**Premium**

None

**Other**

None

### Comments

Management stated that there are two assigned parking spaces per unit. Management stated the property keeps a short waiting list on the tax credit units and a waiting list of approximately 250 households on the public housing units (both properties).

# PROPERTY PROFILE REPORT

## Heritage Corner & Heritage Row

**Effective Rent Date** 6/29/2015

**Location** 642 W 41st Street & 824 West 35th Street  
Savannah, GA 31415  
Chatham County

**Distance** 2 miles

**Units** 70

**Vacant Units** 5

**Vacancy Rate** 7.1%

**Type** Garden (2 stories)

**Year Built/Renovated** 2005/2006 / N/A

**Marketing Began** N/A

**Leasing Began** N/A

**Last Unit Leased** 5/02/2006

**Major Competitors** The Oaks at Brandlewood

**Tenant Characteristics** Majority families.

**Contact Name** Latoya

**Phone** (912) 234-8420



### Market Information

**Program** @30%, @50%, @60%

**Annual Turnover Rate** 35%

**Units/Month Absorbed** N/A

**HCV Tenants** 10%

**Leasing Pace** Within 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** not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	4	750	\$177	\$0	@30%	Yes	0	0.0%	no	None
2	2	Garden (2 stories)	32	900	\$493	\$0	@50%	Yes	3	9.4%	no	None
2	2	Garden (2 stories)	17	900	\$630	\$0	@60%	Yes	2	11.8%	no	None
3	2	Garden (2 stories)	13	1,050	\$562	\$0	@50%	Yes	0	0.0%	no	None
3	2	Garden (2 stories)	4	1,050	\$675	\$0	@60%	Yes	0	0.0%	no	None

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$177	\$0	\$177	\$67	\$244	2BR / 2BA	\$493	\$0	\$493	\$76	\$569
						3BR / 2BA	\$562	\$0	\$562	\$92	\$654
@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent						
2BR / 2BA	\$630	\$0	\$630	\$76	\$706						
3BR / 2BA	\$675	\$0	\$675	\$92	\$767						

## Heritage Corner & Heritage Row, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Ceiling Fan  
Microwave  
Refrigerator  
Walk-In Closet  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Garbage Disposal  
Oven  
Vaulted Ceilings  
Washer/Dryer

#### Security

Limited Access  
Patrol

#### Services

Adult Education  
Afterschool Program

#### Property

Business Center/Computer Lab  
Courtyard  
Off-Street Parking  
Playground  
Service Coordination

Clubhouse/Meeting  
Central Laundry  
Picnic Area  
Recreation Areas

#### Premium

None

#### Other

None

### Comments

The property maintains a waiting list on all unit types of three to six months.

# PROPERTY PROFILE REPORT

## Heritage Place

**Effective Rent Date** 6/29/2015  
**Location** 700 W 35th Street  
 Savannah, GA 31415  
 Chatham County  
**Distance** 1.6 miles  
**Units** 88  
**Vacant Units** 1  
**Vacancy Rate** 1.1%  
**Type** Conversion (3 stories)  
**Year Built/Renovated** 1930 / 2006  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** The Oaks at Brandlewood  
**Tenant Characteristics** Majority families  
**Contact Name** Alexis  
**Phone** (912) 234-8420



### Market Information

**Program** @50%, @60%, Non-Rental  
**Annual Turnover Rate** 25%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 10%  
**Leasing Pace** Within 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** included  
**Sewer** included  
**Trash Collection** included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Conversion (3 stories)	16	750	\$445	\$0	@50%	Yes	0	0.0%	no	None
1	1	Conversion (3 stories)	11	750	\$525	\$0	@60%	Yes	0	0.0%	no	None
2	2	Conversion (3 stories)	26	900	\$530	\$0	@50%	Yes	0	0.0%	no	None
2	2	Conversion (3 stories)	15	900	\$630	\$0	@60%	Yes	0	0.0%	no	None
2	2	Conversion (3 stories)	2	900	N/A	\$0	Non-Rental	N/A	0	0.0%	N/A	None
3	2	Conversion (3 stories)	12	1,050	\$632	\$0	@50%	Yes	1	8.3%	no	None
3	2	Conversion (3 stories)	6	1,050	\$675	\$0	@60%	Yes	0	0.0%	no	None

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$445	\$0	\$445	\$0	\$445	1BR / 1BA	\$525	\$0	\$525	\$0	\$525
2BR / 2BA	\$530	\$0	\$530	\$0	\$530	2BR / 2BA	\$630	\$0	\$630	\$0	\$630
3BR / 2BA	\$632	\$0	\$632	\$0	\$632	3BR / 2BA	\$675	\$0	\$675	\$0	\$675
Non-Rental	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent						
2BR / 2BA	N/A	\$0	N/A	\$0	N/A						

## Heritage Place, continued

### Amenities

#### In-Unit

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

Carpeting  
Coat Closet  
Ceiling Fan  
Oven  
Walk-In Closet

#### Security

Intercom (Buzzer)  
Limited Access  
Patrol  
Perimeter Fencing  
Video Surveillance

#### Services

Adult Education  
Afterschool Program

#### Property

Business Center/Computer Lab  
Courtyard  
Central Laundry  
On-Site Management  
Playground

Clubhouse/Meeting  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Service Coordination

#### Premium

None

#### Other

None

### Comments

Management stated that the property has been doing well, and there is only one vacancy for a three-bedroom unit.

# PROPERTY PROFILE REPORT

## Montgomery Landing

**Effective Rent Date** 7/01/2015  
**Location** 714 W 57th St  
Savannah, GA 31405  
Chatham County  
**Distance** 2.9 miles  
**Units** 144  
**Vacant Units** 3  
**Vacancy Rate** 2.1%  
**Type** Garden (2 stories)  
**Year Built/Renovated** 2005 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Ashley Midtown, Oaks at Brandlewood, Live Oaks  
**Tenant Characteristics** Approximately two percent seniors  
**Contact Name** Jade  
**Phone** (912) 495-0655



### Market Information

**Program** @30%, @50%, @60%, Market  
**Annual Turnover Rate** 10%  
**Units/Month Absorbed** 20  
**HCV Tenants** 5%  
**Leasing Pace** Within one week  
**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

## Montgomery Landing, continued

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	1	792	\$255	\$0	@30%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	4	792	\$495	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	7	792	\$615	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	4	792	\$635	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (2 stories)	9	1,062	\$308	\$0	@30%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	16	1,062	\$596	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	12	1,062	\$740	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	11	1,062	\$750	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden (2 stories)	4	1,267	\$342	\$0	@30%	No	0	0.0%	yes	None
3	2	Garden (2 stories)	21	1,267	\$675	\$0	@50%	No	0	0.0%	yes	None
3	2	Garden (2 stories)	29	1,267	\$841	\$0	@60%	No	3	10.3%	yes	None
3	2	Garden (2 stories)	10	1,267	\$860	\$0	Market	No	0	0.0%	N/A	None
4	2	Garden (2 stories)	1	1,428	\$280	\$0	@30%	Yes	0	0.0%	yes	None
4	2	Garden (2 stories)	2	1,428	\$657	\$0	@50%	Yes	0	0.0%	yes	None
4	2	Garden (2 stories)	9	1,428	\$837	\$0	@60%	Yes	0	0.0%	yes	None
4	2	Garden (2 stories)	4	1,428	\$920	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$255	\$0	\$255	\$36	\$291	<b>1BR / 1BA</b>	\$495	\$0	\$495	\$36	\$531
<b>2BR / 2BA</b>	\$308	\$0	\$308	\$45	\$353	<b>2BR / 2BA</b>	\$596	\$0	\$596	\$45	\$641
<b>3BR / 2BA</b>	\$342	\$0	\$342	\$61	\$403	<b>3BR / 2BA</b>	\$675	\$0	\$675	\$61	\$736
<b>4BR / 2BA</b>	\$280	\$0	\$280	\$78	\$358	<b>4BR / 2BA</b>	\$657	\$0	\$657	\$78	\$735
@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$615	\$0	\$615	\$36	\$651	<b>1BR / 1BA</b>	\$635	\$0	\$635	\$36	\$671
<b>2BR / 2BA</b>	\$740	\$0	\$740	\$45	\$785	<b>2BR / 2BA</b>	\$750	\$0	\$750	\$45	\$795
<b>3BR / 2BA</b>	\$841	\$0	\$841	\$61	\$902	<b>3BR / 2BA</b>	\$860	\$0	\$860	\$61	\$921
<b>4BR / 2BA</b>	\$837	\$0	\$837	\$78	\$915	<b>4BR / 2BA</b>	\$920	\$0	\$920	\$78	\$998

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Dishwasher  
Oven  
Washer/Dryer hookup

Blinds  
Central A/C  
Garbage Disposal  
Refrigerator

#### Security

Limited Access  
Patrol

#### Services

None

#### Property

Clubhouse/Meeting  
Elevators  
Central Laundry  
On-Site Management  
Swimming Pool

Courtyard  
Exercise Facility  
Off-Street Parking  
Playground

#### Premium

None

#### Other

None

## Montgomery Landing, continued

### Comments

Management stated that there are over 300 parking spaces at the property and there are two parking spaces assigned per unit. Currently, there is a waiting list of about 25 people for all units at the property. The contact indicated there is higher demand for the lower set-aside units.

# PROPERTY PROFILE REPORT

## Savannah Gardens I

<b>Effective Rent Date</b>	6/29/2015
<b>Location</b>	Pennsylvania Ave & West Crescent Ave Savannah, GA 31404 Chatham County
<b>Distance</b>	1.7 miles
<b>Units</b>	115
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2011 / N/A
<b>Marketing Began</b>	8/01/2011
<b>Leasing Began</b>	10/01/2011
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	N/A
<b>Tenant Characteristics</b>	Mostly family tenancy; 3-5% seniors
<b>Contact Name</b>	Lamar
<b>Phone</b>	912-335-4835



### Market Information

<b>Program</b>	@30%, @50%, @60%, Non-Rental
<b>Annual Turnover Rate</b>	21%
<b>Units/Month Absorbed</b>	11
<b>HCV Tenants</b>	10%
<b>Leasing Pace</b>	N/A
<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>	not included
<b>Sewer</b>	not 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
1	1	Garden (3 stories)	1	750	\$235	\$0	@30%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	4	750	\$463	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	5	750	\$571	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	3	950	\$286	\$0	@30%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	27	950	\$561	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	33	950	\$698	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	1	950	N/A	\$0	Non-Rental	N/A	N/A	N/A	N/A	None
3	2	Garden (3 stories)	4	1,150	\$307	\$0	@30%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	14	1,150	\$623	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	18	1,150	\$781	\$0	@60%	Yes	0	0.0%	yes	None
4	2	Garden (3 stories)	1	1,350	\$334	\$0	@30%	Yes	0	0.0%	yes	None
4	2	Garden (3 stories)	2	1,350	\$687	\$0	@50%	Yes	0	0.0%	yes	None
4	2	Garden (3 stories)	2	1,350	\$864	\$0	@60%	Yes	0	0.0%	yes	None

## Savannah Gardens I, continued

### Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$235	\$0	\$235	\$36	\$271	1BR / 1BA	\$463	\$0	\$463	\$36	\$499
2BR / 2BA	\$286	\$0	\$286	\$45	\$331	2BR / 2BA	\$561	\$0	\$561	\$45	\$606
3BR / 2BA	\$307	\$0	\$307	\$61	\$368	3BR / 2BA	\$623	\$0	\$623	\$61	\$684
4BR / 2BA	\$334	\$0	\$334	\$78	\$412	4BR / 2BA	\$687	\$0	\$687	\$78	\$765
@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Non-Rental	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$571	\$0	\$571	\$36	\$607	2BR / 2BA	N/A	\$0	N/A	\$45	N/A
2BR / 2BA	\$698	\$0	\$698	\$45	\$743						
3BR / 2BA	\$781	\$0	\$781	\$61	\$842						
4BR / 2BA	\$864	\$0	\$864	\$78	\$942						

### Amenities

#### In-Unit

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

Carpeting  
Coat Closet  
Ceiling Fan  
Hand Rails  
Oven  
Walk-In Closet

#### Security

None

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Service Coordination

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Playground

#### Premium

None

#### Other

Arts & Crafts/Activity Center

### Comments

Currently, there is a waiting list at the property that ranges anywhere from two months to two years depending on the unit type. The length of wait list per unit type was not available. Phase IV is currently 65 percent occupied. The remaining units are waiting to receive their certificates of occupancy. Phase V is under construction and will be completed in late fall 2015.

# PROPERTY PROFILE REPORT

## Savannah Gardens III

**Effective Rent Date** 6/25/2015  
**Location** 500 Pennsylvania Ave  
 Savannah, GA 31404  
 Chatham County  
**Distance** 1.7 miles  
**Units** 95  
**Vacant Units** 0  
**Vacancy Rate** 0.0%  
**Type** Garden (3 stories)  
**Year Built/Renovated** 2012 / N/A  
**Marketing Began** 8/01/2012  
**Leasing Began** 11/01/2012  
**Last Unit Leased** 7/01/2013  
**Major Competitors** N/A  
**Tenant Characteristics** Mostly families; 3-5% senior  
**Contact Name** Usheeka  
**Phone** 912-335-4835



### Market Information

**Program** @50%, @60%, Market, Non-Rental  
**Annual Turnover Rate** N/A  
**Units/Month Absorbed** 14  
**HCV Tenants** 10%  
**Leasing Pace** N/A  
**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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	3	871	\$463	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	5	871	\$577	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	1	871	\$675	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (3 stories)	21	1,051	\$566	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	34	1,051	\$697	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	3	1,051	\$775	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (3 stories)	1	1,051	N/A	\$0	Non-Rental	N/A	N/A	N/A	N/A	None
3	2	Garden (3 stories)	9	1,232	\$633	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	17	1,232	\$791	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	1	1,232	\$875	\$0	Market	Yes	0	0.0%	N/A	None

## Savannah Gardens III, continued

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$463	\$0	\$463	\$36	\$499	1BR / 1BA	\$577	\$0	\$577	\$36	\$613
2BR / 2BA	\$566	\$0	\$566	\$45	\$611	2BR / 2BA	\$697	\$0	\$697	\$45	\$742
3BR / 2BA	\$633	\$0	\$633	\$61	\$694	3BR / 2BA	\$791	\$0	\$791	\$61	\$852
Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Non-Rental	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$675	\$0	\$675	\$36	\$711	2BR / 2BA	N/A	\$0	N/A	\$45	N/A
2BR / 2BA	\$775	\$0	\$775	\$45	\$820						
3BR / 2BA	\$875	\$0	\$875	\$61	\$936						

### Amenities

#### In-Unit

Balcony/Patio  
 Carpeting  
 Coat Closet  
 Ceiling Fan  
 Hand Rails  
 Refrigerator  
 Washer/Dryer hookup

Blinds  
 Central A/C  
 Dishwasher  
 Garbage Disposal  
 Oven  
 Walk-In Closet

#### Security

Perimeter Fencing  
 Video Surveillance

#### Services

None

#### Property

Business Center/Computer Lab  
 Exercise Facility  
 Off-Street Parking  
 Picnic Area

Clubhouse/Meeting  
 Central Laundry  
 On-Site Management  
 Playground

#### Premium

None

#### Other

None

### Comments

Currently, there is a waiting list at the property that ranges anywhere from two months to two years depending on the unit type. The length of wait list per unit type was not available. Phase IV is currently 65 occupied and the remaining units are waiting to receive their certificates of occupancy. Management at Savannah Gardens IV stated they will be fully occupied shortly thereafter. Phase V is under construction and will be completed in late fall of 2015.

# PROPERTY PROFILE REPORT

## Savannah Gardens IV

**Effective Rent Date** 7/08/2015  
**Location** 514 Pennsylvania Ave  
 Savannah, GA 31404  
 Chatham County  
**Distance** 1.7 miles  
**Units** 114  
**Vacant Units** 40  
**Vacancy Rate** 35.1%  
**Type** Various (2 stories)  
**Year Built/Renovated** 2015 / N/A  
**Marketing Began** N/A  
**Leasing Began** 1/04/2015  
**Last Unit Leased** N/A  
**Major Competitors** None identified  
**Tenant Characteristics** Mostly families  
**Contact Name** Lamar  
**Phone** 912.335.4835



### Market Information

**Program** @50%, @60%, Market, Non-Rental  
**Annual Turnover Rate** N/A  
**Units/Month Absorbed** N/A  
**HCV Tenants** N/A  
**Leasing Pace** N/A  
**Annual Chg. in Rent** N/A  
**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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	3	776	\$463	\$0	@50%	N/A	N/A	N/A	yes	None
1	1	Garden (2 stories)	6	776	\$571	\$0	@60%	N/A	N/A	N/A	yes	None
1	1	Garden (2 stories)	3	776	\$675	\$0	Market	N/A	N/A	N/A	N/A	None
2	2	Garden (2 stories)	13	1,053	\$561	\$0	@50%	N/A	N/A	N/A	yes	None
2	2	Garden (2 stories)	39	1,053	\$698	\$0	@60%	N/A	N/A	N/A	yes	None
2	2	Garden (2 stories)	13	1,053	\$775	\$0	Market	N/A	N/A	N/A	N/A	None
2	2	Garden (2 stories)	1	1,053	N/A	\$0	Non-Rental	N/A	N/A	N/A	N/A	None
3	2	Garden (2 stories)	3	1,184	\$633	\$0	@50%	N/A	N/A	N/A	yes	None
3	2	Garden (2 stories)	11	1,184	\$781	\$0	@60%	N/A	N/A	N/A	yes	None
3	2	Garden (2 stories)	4	1,184	\$875	\$0	Market	N/A	N/A	N/A	N/A	None
3	2	Townhouse (2 stories)	4	1,333	\$633	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Townhouse (2 stories)	11	1,333	\$781	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Townhouse (2 stories)	3	1,333	\$875	\$0	Market	Yes	0	0.0%	N/A	None

## Savannah Gardens IV, continued

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$463	\$0	\$463	\$36	\$499	1BR / 1BA	\$571	\$0	\$571	\$36	\$607
2BR / 2BA	\$561	\$0	\$561	\$45	\$606	2BR / 2BA	\$698	\$0	\$698	\$45	\$743
3BR / 2BA	\$633	\$0	\$633	\$61	\$694	3BR / 2BA	\$781	\$0	\$781	\$61	\$842
Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Non-Rental	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$675	\$0	\$675	\$36	\$711	2BR / 2BA	N/A	\$0	N/A	\$45	N/A
2BR / 2BA	\$775	\$0	\$775	\$45	\$820						
3BR / 2BA	\$875	\$0	\$875	\$61	\$936						

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Ceiling Fan  
Hand Rails  
Oven  
Walk-In Closet

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

#### Security

Video Surveillance

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Service Coordination

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Recreation Areas

#### Premium

None

#### Other

Park on-site operated by the

### Comments

Management at Savannah Gardens stated the 18 townhouse units at Phase IV were completed on January 4, 2015, with tenants moving in shortly thereafter. The remaining units were completed in early March, all of which are preleased. The remaining units are waiting to achieve their certificate of occupancy. As of July 8, the property is approximately 65 percent occupied, including the 18 townhouses completed in January. The contact was unable to specify which units at the development are occupied, as many people have been moving in this past week. The development is finished with its construction phase, and is waiting to receive certificates of occupancy on some of their buildings. The property manager stated they will be fully occupied once they receive the certificates.

# PROPERTY PROFILE REPORT

## Sustainable Fellwood I

<b>Effective Rent Date</b>	6/29/2015
<b>Location</b>	1401 Fellwood Dr Savannah, GA 31415 Chatham County
<b>Distance</b>	1.9 miles
<b>Units</b>	110
<b>Vacant Units</b>	2
<b>Vacancy Rate</b>	1.8%
<b>Type</b>	Various
<b>Year Built/Renovated</b>	2009 / N/A
<b>Marketing Began</b>	2/01/2009
<b>Leasing Began</b>	5/31/2009
<b>Last Unit Leased</b>	11/25/2009
<b>Major Competitors</b>	Ashley Midtown, Montgomery Lndg, Live Oak, Bradley
<b>Tenant Characteristics</b>	Majority families, most of the tenants are from the Savannah area.
<b>Contact Name</b>	Michalena
<b>Phone</b>	(912) 544-0190



### Market Information

<b>Program</b>	@60%, @60% (Public Housing), Market
<b>Annual Turnover Rate</b>	5%
<b>Units/Month Absorbed</b>	18
<b>HCV Tenants</b>	12%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	Increased 4% to 10%
<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
1	1	Garden	15	832	\$598	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden	9	832	\$321	\$0	@60% (Public Housing)	Yes	0	0.0%	N/A	None
1	1	Garden	6	832	\$695	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden	17	1,060	\$717	\$0	@60%	Yes	0	0.0%	yes	None
2	1	Garden	19	1,060	\$321	\$0	@60% (Public Housing)	Yes	0	0.0%	N/A	None
2	1	Garden	5	1,060	\$795	\$0	Market	No	1	20.0%	N/A	None
2	1.5	Townhouse	5	1,060	\$795	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden	13	1,327	\$823	\$0	@60%	Yes	1	7.7%	yes	None
3	2	Garden	10	1,327	\$321	\$0	@60% (Public Housing)	Yes	0	0.0%	N/A	None
3	2	Garden	2	1,327	\$895	\$0	Market	No	0	0.0%	N/A	None
3	2.5	Townhouse	3	1,327	\$895	\$0	Market	No	0	0.0%	N/A	None
4	2	Garden	3	1,522	\$949	\$0	@60%	Yes	0	0.0%	yes	None
4	2	Garden	2	1,522	\$321	\$0	@60% (Public Housing)	Yes	0	0.0%	N/A	None
4	2	Garden	1	1,522	\$995	\$0	Market	No	0	0.0%	N/A	None

## Sustainable Fellwood I, continued

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$321 - \$598	\$0	\$321 - \$598	\$0	\$321 - \$598	<b>1BR / 1BA</b>	\$695	\$0	\$695	\$0	\$695
<b>2BR / 1BA</b>	\$321 - \$717	\$0	\$321 - \$717	\$0	\$321 - \$717	<b>2BR / 1BA</b>	\$795	\$0	\$795	\$0	\$795
<b>3BR / 2BA</b>	\$321 - \$823	\$0	\$321 - \$823	\$0	\$321 - \$823	<b>2BR / 1.5BA</b>	\$795	\$0	\$795	\$0	\$795
<b>4BR / 2BA</b>	\$321 - \$949	\$0	\$321 - \$949	\$0	\$321 - \$949	<b>3BR / 2BA</b>	\$895	\$0	\$895	\$0	\$895
						<b>3BR / 2.5BA</b>	\$895	\$0	\$895	\$0	\$895
						<b>4BR / 2BA</b>	\$995	\$0	\$995	\$0	\$995

### Amenities

#### In-Unit

Balcony/Patio  
Cable/Satellite/Internet  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

Blinds  
Carpeting  
Coat Closet  
Ceiling Fan  
Oven  
Walk-In Closet

#### Security

Patrol

#### Services

Afterschool Program  
Computer Tutoring

#### Property

Business Center/Computer Lab  
Courtyard  
Neighborhood Network  
On-Site Management  
Playground  
Volleyball Court

Clubhouse/Meeting  
Central Laundry  
Off-Street Parking  
Picnic Area  
Recreation Areas  
Wi-Fi

#### Premium

None

#### Other

Planned activities, game

### Comments

The contact was unable to provide vacancy information by unit type, but stated there is one market rate and one LIHTC unit vacant. The contact also stated that the maximum allowable LIHTC rents just increased, hence the significant 10 percent rise in rents on the four-bedroom units. The property manager reported achieving maximum allowable rents.

# PROPERTY PROFILE REPORT

## Sustainable Fellwood II

**Effective Rent Date** 7/09/2015  
**Location** 1300 W Bay St  
Savannah, GA 31415  
Chatham County  
**Distance** 1.8 miles  
**Units** 110  
**Vacant Units** 1  
**Vacancy Rate** 0.9%  
**Type** Garden (2 stories)  
**Year Built/Renovated** 2011 / N/A  
**Marketing Began** 7/01/2011  
**Leasing Began** 7/01/2011  
**Last Unit Leased** 12/31/2011  
**Major Competitors** Ashley Midtown I, II, Montgomery Landing  
**Tenant Characteristics** Majority families.  
**Contact Name** Carie  
**Phone** 912-480-4611



### Market Information

**Program** @60%, @60% (Project Based Rental)  
**Annual Turnover Rate** 6%  
**Units/Month Absorbed** 18  
**HCV Tenants** 12%  
**Leasing Pace** Within two weeks  
**Annual Chg. in Rent** Increased 8%  
**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** included  
**Sewer** included  
**Trash Collection** included

## Sustainable Fellwood II, continued

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	2	838	\$609	\$0	@60%	No	0	0.0%	yes	None
1	1	Garden (2 stories)	2	838	\$303	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	N/A	N/A	N/A	None
1	1	Garden (2 stories)	4	838	\$725	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (2 stories)	4	838	\$303	\$0	PHA (Public Housing)	Yes	N/A	N/A	N/A	None
2	2	Garden (2 stories)	10	1,072	\$732	\$0	@60%	No	0	0.0%	yes	None
2	2	Garden (2 stories)	15	1,072	\$303	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	N/A	N/A	N/A	None
2	2	Garden (2 stories)	4	1,072	\$825	\$0	Market	No	1	25.0%	N/A	None
2	2	Garden (2 stories)	15	1,072	\$303	\$0	PHA (Public Housing)	Yes	N/A	N/A	N/A	None
3	2	Garden (2 stories)	15	1,343	\$838	\$0	@60%	No	0	0.0%	yes	None
3	2	Garden (2 stories)	3	1,343	\$925	\$0	Market	No	0	0.0%	N/A	None
3	3	Garden (2 stories)	15	1,343	\$303	\$0	@60% (Project Based Rental Assistance - PBRA)	Yes	N/A	N/A	N/A	None
3	3	Garden (2 stories)	21	1,343	\$303	\$0	PHA (Public Housing)	Yes	N/A	N/A	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$303 - \$609	\$0	\$303 - \$609	\$0	\$303 - \$609	<b>1BR / 1BA</b>	\$725	\$0	\$725	\$0	\$725
<b>2BR / 2BA</b>	\$303 - \$732	\$0	\$303 - \$732	\$0	\$303 - \$732	<b>2BR / 2BA</b>	\$825	\$0	\$825	\$0	\$825
<b>3BR / 2BA</b>	\$838	\$0	\$838	\$0	\$838	<b>3BR / 2BA</b>	\$925	\$0	\$925	\$0	\$925
<b>3BR / 3BA</b>	\$303	\$0	\$303	\$0	\$303						
<b>PHA</b>	<b>Face Rent</b>	<b>Conc.</b>	<b>Concd. Rent</b>	<b>Util.</b>	<b>Adj. Rent</b>						
<b>1BR / 1BA</b>	\$303	\$0	\$303	\$0	\$303						
<b>2BR / 2BA</b>	\$303	\$0	\$303	\$0	\$303						
<b>3BR / 3BA</b>	\$303	\$0	\$303	\$0	\$303						

## Sustainable Fellwood II, continued

### Amenities

#### In-Unit

Balcony/Patio  
Cable/Satellite/Internet  
Central A/C  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

Blinds  
Carpeting  
Coat Closet  
Ceiling Fan  
Oven  
Walk-In Closet

#### Security

Patrol

#### Services

None

#### Property

Business Center/Computer Lab  
Courtyard  
Neighborhood Network  
On-Site Management  
Volleyball Court

Clubhouse/Meeting  
Central Laundry  
Off-Street Parking  
Playground  
Wi-Fi

#### Premium

None

#### Other

Community garden, gazebo

### Comments

The contact stated that internet is included with the rent; however, basic cable is not included. Management stated that there is one parking space assigned per lease holder. The contact stated that there is a waiting list for the property with more than 200 people on it. The contact stated that maximum allowable rents have just increased, hence the significant increase in rents. The property manager reported achieving maximum allowable rents.

# PROPERTY PROFILE REPORT

## Alhambra Apartments

**Effective Rent Date** 6/25/2015  
**Location** 2200 East Victory Drive  
 Savannah, GA 31404  
 Chatham County  
**Distance** 2.8 miles  
**Units** 150  
**Vacant Units** 2  
**Vacancy Rate** 1.3%  
**Type** Various (2 stories)  
**Year Built/Renovated** 1968 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Jasmine Place  
**Tenant Characteristics** None identified  
**Contact Name** Omora  
**Phone** 912-354-1968



### Market Information

**Program** Market  
**Annual Turnover Rate** 25%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 0%  
**Leasing Pace** Pre-leased  
**Annual Chg. in Rent** Rents change daily - LRO  
**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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	44	705	\$730	\$0	Market	No	1	2.3%	N/A	None
2	1.5	Townhouse	35	820	\$760	\$0	Market	No	1	2.9%	N/A	None
2	2	Garden	35	975	\$800	\$0	Market	No	0	0.0%	N/A	None
3	2	Townhouse	36	1,072	\$850	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$730	\$0	\$730	\$36	\$766
2BR / 1.5BA	\$760	\$0	\$760	\$45	\$805
2BR / 2BA	\$800	\$0	\$800	\$45	\$845
3BR / 2BA	\$850	\$0	\$850	\$61	\$911

## Alhambra Apartments, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Dishwasher  
Garbage Disposal  
Refrigerator

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

#### Security

Patrol  
Perimeter Fencing

#### Services

None

#### Property

Car Wash  
Central Laundry  
On-Site Management  
Playground  
Wi-Fi

Clubhouse/Meeting  
Off-Street Parking  
Picnic Area  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

The property does not accept Housing Choice Vouchers. The property has kept a waiting list in the past but currently does not have one. The contact stated that water, sewer, and trash are not included in the rent and vary depending on the unit: One bedroom units pay \$30, two bedroom units pay \$40, and three bedroom units pay \$55 per month for those services.

# PROPERTY PROFILE REPORT

## Chelsea At Five Points

<b>Effective Rent Date</b>	6/25/2015
<b>Location</b>	1910 Skidaway Rd Savannah, GA 31404 Chatham County
<b>Distance</b>	1.7 miles
<b>Units</b>	136
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1947 / 1983
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Kingstown, Alhambra
<b>Tenant Characteristics</b>	Approximately 40 percent seniors.
<b>Contact Name</b>	Michael
<b>Phone</b>	912-232-6640



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	10%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	12%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	Increased four percent
<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>	not included
<b>Sewer</b>	not 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
1	1	Garden (2 stories)	24	700	\$625	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden (2 stories)	112	850	\$685	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$625	\$0	\$625	\$36	\$661
2BR / 1BA	\$685	\$0	\$685	\$45	\$730

### Amenities

In-Unit	Security	Services
Blinds Central A/C Oven	Video Surveillance	None
Carpet/Hardwood Dishwasher Refrigerator		
Property	Premium	Other
Central Laundry On-Site Management Swimming Pool	None	None
Off-Street Parking Picnic Area		

## **Chelsea At Five Points, continued**

### **Comments**

Management stated they offer two-bedroom units with vaulted ceilings and wrap around bars for an additional \$25 a month. The property does not keep a waiting list.

# PROPERTY PROFILE REPORT

## Green Growth 1

**Effective Rent Date** 6/25/2015

**Location** 701-709 A E Broad St; 540 E Gwinnett; 543, 506  
-507 E Hall St; 539 Nicoll St  
Savannah, GA 31401  
Chatham County

**Distance** 0.5 miles

**Units** 99

**Vacant Units** 3

**Vacancy Rate** 3.0%

**Type** Various

**Year Built/Renovated** 1920 / 2002

**Marketing Began** N/A

**Leasing Began** N/A

**Last Unit Leased** N/A

**Major Competitors** None

**Tenant Characteristics** Some students, mostly families and couples

**Contact Name** Angela Breaker - Property Manager

**Phone** (912) 239-9668



### Market Information

**Program** Market

**Annual Turnover Rate** 30%

**Units/Month Absorbed** N/A

**HCV Tenants** 0%

**Leasing Pace** Preleased

**Annual Chg. in Rent** 1 and 2 BR increased 5 to 6%

**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** not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	7	565	\$750	\$0	Market	No	1	14.3%	N/A	None
2	1	Garden	19	900	\$850	\$0	Market	No	1	5.3%	N/A	None
2	1	Garden	6	950	\$900	\$0	Market	No	1	16.7%	N/A	None
2	1	Townhouse	6	950	\$950	\$0	Market	No	0	0.0%	N/A	None
3	1	Garden	46	1,015	\$950	\$0	Market	No	0	0.0%	N/A	None
3	1	Townhouse	15	1,015	\$1,050	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$750	\$0	\$750	\$67	\$817
2BR / 1BA	\$850 - \$950	\$0	\$850 - \$950	\$76	\$926 - \$1,026
3BR / 1BA	\$950 - \$1,050	\$0	\$950 - \$1,050	\$92	\$1,042 - \$1,142

## Green Growth 1, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Ceiling Fan  
Refrigerator  
Washer/Dryer hookup

Blinds  
Central A/C  
Oven  
Washer/Dryer

**Security**

None

**Services**

None

**Property**

Off-Street Parking

On-Site Management

**Premium**

None

**Other**

None

### Comments

The property does not accept housing choice vouchers. Several units offer washers and dryers, while some units just have washer and dryer connections.

# PROPERTY PROFILE REPORT

## Jasmine Place

<b>Effective Rent Date</b>	6/29/2015
<b>Location</b>	2323 Downing Ave Savannah, GA 31404 Chatham County
<b>Distance</b>	3 miles
<b>Units</b>	112
<b>Vacant Units</b>	2
<b>Vacancy Rate</b>	1.8%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1979 / 2005
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	River Crossing
<b>Tenant Characteristics</b>	Majority families, approximately 30 percent students.
<b>Contact Name</b>	Sherry
<b>Phone</b>	(912) 352-7152



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	30%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	5%
<b>Leasing Pace</b>	Within one week to one month
<b>Annual Chg. in Rent</b>	Increased 2 - 3%
<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>	not included
<b>Sewer</b>	not 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
2	1.5	Garden (2 stories)	80	844	\$815	\$0	Market	No	2	2.5%	N/A	None
3	2	Garden (2 stories)	32	1,144	\$925	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1.5BA	\$815	\$0	\$815	\$45	\$860
3BR / 2BA	\$925	\$0	\$925	\$61	\$986

### Amenities

In-Unit	Security	Services
Blinds	Limited Access	None
Central A/C	Perimeter Fencing	
Ceiling Fan		
Oven		
Walk-In Closet		
Carpeting		
Dishwasher		
Garbage Disposal		
Refrigerator		
Washer/Dryer hookup		
Property	Premium	Other
Clubhouse/Meeting	None	None
Central Laundry		
On-Site Management		
Swimming Pool		
Exercise Facility		
Off-Street Parking		
Picnic Area		

## **Jasmine Place, continued**

### **Comments**

Management stated that there are over 200 parking spaces at the property, however there is no assigned parking for residents. The contact stated that the property is doing well with only two vacancies.

# PROPERTY PROFILE REPORT

## River Crossing Apartments

<b>Effective Rent Date</b>	6/25/2015
<b>Location</b>	2612 Dogwood Avenue Savannah, GA 31404 Chatham County
<b>Distance</b>	3.3 miles
<b>Units</b>	176
<b>Vacant Units</b>	2
<b>Vacancy Rate</b>	1.1%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	1978 / 2005
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Islandtree, Westwind Landing, The Oaks, Buccaneer
<b>Tenant Characteristics</b>	20-30% SCAD and Savannah State students; Some seniors
<b>Contact Name</b>	Jennifer
<b>Phone</b>	(912) 355-3722



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	33%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Two weeks
<b>Annual Chg. in Rent</b>	Decreased 1-4%
<b>Concession</b>	N/A

### 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>	not included
<b>Sewer</b>	not 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
1	1	Garden (3 stories)	56	770	\$790	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	104	1,026	\$890	\$0	Market	No	1	1.0%	N/A	None
3	2	Garden (3 stories)	16	1,270	\$1,050	\$0	Market	No	1	6.2%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$790	\$0	\$790	\$36	\$826
2BR / 2BA	\$890	\$0	\$890	\$45	\$935
3BR / 2BA	\$1,050	\$0	\$1,050	\$61	\$1,111

## River Crossing Apartments, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Dishwasher  
Ceiling Fan  
Oven  
Walk-In Closet

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

**Security**

None

**Services**

None

**Property**

Car Wash  
Exercise Facility  
Off-Street Parking  
Picnic Area  
Sport Court

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Playground  
Swimming Pool

**Premium**

None

**Other**

None

### Comments

JRC LLC took over as the management company in January 2015 and decreased the rents slightly. The property does not keep a waiting list and vacancies have decreased since new management took over in January.

# PROPERTY PROFILE REPORT

## Royal Oaks

<b>Effective Rent Date</b>	6/30/2015
<b>Location</b>	301 Noble Oaks Dr. Savannah, GA 31406 Chatham County
<b>Distance</b>	4.5 miles
<b>Units</b>	208
<b>Vacant Units</b>	4
<b>Vacancy Rate</b>	1.9%
<b>Type</b>	Various
<b>Year Built/Renovated</b>	1975 / 2007
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Greentree, Spanish Villas, Oakwood
<b>Tenant Characteristics</b>	Mixed.
<b>Contact Name</b>	Ashley
<b>Phone</b>	912.352.8300



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	30%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Two to three weeks
<b>Annual Chg. in Rent</b>	Increased 2% to 7%
<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>	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
2	2	Garden (2 stories)	72	1,368	\$1,048	\$0	Market	none	2	2.8%	N/A	None
2	2	Townhouse (2 stories)	72	1,438	\$1,068	\$0	Market	none	2	2.8%	N/A	None
3	2.5	Townhouse (2 stories)	64	1,723	\$1,180	\$0	Market	none	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	\$1,048 - \$1,068	\$0	\$1,048 - \$1,068	\$76	\$1,124 - \$1,144
3BR / 2.5BA	\$1,180	\$0	\$1,180	\$92	\$1,272

## Royal Oaks, continued

### Amenities

**In-Unit**

Balcony/Patio  
Carpeting  
Coat Closet  
Furnishing  
Hand Rails  
Oven  
Vaulted Ceilings  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Garbage Disposal  
Microwave  
Refrigerator  
Walk-In Closet

**Security**

Limited Access  
Patrol  
Perimeter Fencing  
Video Surveillance

**Services**

None

**Property**

Business Center/Computer Lab  
Exercise Facility  
On-Site Management  
Playground  
Tennis Court

Clubhouse/Meeting  
Off-Street Parking  
Picnic Area  
Swimming Pool  
Volleyball Court

**Premium**

None

**Other**

None

### Comments

This property uses Yield Star and rents can change daily.

# PROPERTY PROFILE REPORT

## Walden At Chatham Center

<b>Effective Rent Date</b>	6/29/2015
<b>Location</b>	100 Walden Lane Savannah, GA 31405 Chatham County
<b>Distance</b>	4.2 miles
<b>Units</b>	236
<b>Vacant Units</b>	4
<b>Vacancy Rate</b>	1.7%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	2003 / 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>	Springs at Chatham, Fenwick, Avala, Savannah Qtrs
<b>Tenant Characteristics</b>	18% students, 4% senior are from Savannah.
<b>Contact Name</b>	Amanda
<b>Phone</b>	912-238-8596



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	60%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one to 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>	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
1	1	Garden (3 stories)	N/A	1,013	\$877	\$0	Market	No	1	N/A	N/A	HIGH
1	1	Garden (3 stories)	N/A	642	\$762	\$0	Market	No	2	N/A	N/A	LOW
2	2	Garden (3 stories)	N/A	1,211	\$1,369	\$0	Market	No	0	N/A	N/A	HIGH
2	2	Garden (3 stories)	N/A	1,131	\$1,022	\$0	Market	No	1	N/A	N/A	LOW
3	2	Garden (3 stories)	N/A	1,358	\$1,700	\$0	Market	No	0	N/A	N/A	HIGH
3	2	Garden (3 stories)	N/A	1,358	\$1,350	\$0	Market	No	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$762 - \$877	\$0	\$762 - \$877	\$67	\$829 - \$944
2BR / 2BA	\$1,022 - \$1,369	\$0	\$1,022 - \$1,369	\$76	\$1,098 - \$1,445
3BR / 2BA	\$1,350 - \$1,700	\$0	\$1,350 - \$1,700	\$92	\$1,442 - \$1,792

## Walden At Chatham Center, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

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

#### Security

Patrol  
Perimeter Fencing

#### Services

None

#### Property

Business Center/Computer Lab  
Clubhouse/Meeting  
Garage  
Off-Street Parking  
Picnic Area  
Swimming Pool

Car Wash  
Exercise Facility  
Central Laundry  
On-Site Management  
Playground

#### Premium

None

#### Other

Dog park, putting green

### Comments

Management stated that there are two parking spaces assigned per unit. Management reported that turnover is due to the property's location close to colleges. The property utilizes a LRO and thus rent prices fluctuate daily. The contact also stated that the last three-bedroom unit leased was priced low according to their LRO system. That is the reason for the large price discrepancy reported in the three-bedroom units. The contact was able to provide rental information on all unit types except the three-bedrooms and the largest two-bedroom units.

**Amenities**

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix below. The matrix has been color coded. Those properties that offer an amenity that the Subject does not offer are shaded in red, while those properties that do not offer an amenity that the Subject does offer are shaded in blue. Thus, the inferior properties can be identified by the blue and the superior properties can be identified by the red.

UNIT MATRIX REPORT - FRED WESSELS HOMES (SITE A)

	Fred Wessels Homes	Ashley Midtown Phase I	Ashley Midtown Phase II	Heritage Corner & Heritage Row	Heritage Place	Montgomery Landing	Savannah Gardens I	Savannah Gardens III	Savannah Gardens IV
Comp#	Subject	1	2	3	4	5	6	7	8
<b>Property Information</b>									
Property Type	Various (2 stories)	Various (2 stories)	Townhouse	Garden (2 stories)	Conversion (3 stories)	Garden (2 stories)	Garden (3 stories)	Garden (3 stories)	Various (2 stories)
Year Built / Renovated	1954 / 2016	2004 / n/a	2008 / n/a	2005/2006 / n/a	1930 / 2006	2005 / n/a	2011 / n/a	2012 / n/a	2014 / n/a
<b>Market (Conv./Subsidy Type)</b>									
	LIHT/RAD	LIHTC/Subsidized	LIHTC/Subsidized	LIHTC	LIHTC	LIHTC/Market	LIHTC	LIHTC/Market	LIHTC/Market
<b>Utility Adjustments</b>									
Cooking	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no
Water	yes	no	no	no	yes	no	no	no	no
Sewer	yes	no	no	no	yes	no	no	no	no
Trash Collection	yes	no	no	no	yes	yes	yes	yes	yes
<b>In-Unit Amenities</b>									
Balcony/Patio	no	yes	yes	yes	no	yes	no	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	no	no	no	no	no	no	no	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	no	yes	yes	no	yes	yes	yes
Dishwasher	no	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	no	no	no	no	no	no
Ceiling Fan	no	no	yes	yes	yes	no	yes	yes	yes
Furnishing	no	no	no	no	no	no	no	no	no
Garbage Disposal	no	yes	yes	yes	yes	yes	yes	yes	yes
Hand Rails	no	no	no	no	no	no	yes	yes	yes
Microwave	no	no	yes	yes	no	no	yes	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	yes	no	no	no	no	no
Walk-In Closet	no	yes	no	yes	yes	no	yes	yes	yes
Washer/Dryer	yes	yes	yes	yes	no	no	no	no	no
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Property Amenities</b>									
Basketball Court	yes	no	no	no	no	no	no	no	no
Business Center/Computer Lab	no	no	yes	yes	yes	no	yes	yes	yes
Car Wash	no	no	no	no	no	no	no	no	no
Clubhouse/Meeting Room/Community Room	no	yes	yes	yes	yes	yes	yes	yes	yes
Courtyard	no	yes	no	yes	yes	yes	no	no	no
Elevators	no	no	no	no	no	yes	no	no	no
Exercise Facility	no	yes	no	no	yes	yes	yes	yes	yes
Garage	no	no	no	no	no	no	no	no	no
Central Laundry	no	no	no	yes	yes	yes	yes	yes	yes
Neighborhood Network	no	no	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	no	yes	yes	no	yes	yes	yes	yes	yes
Picnic Area	yes	no	yes	yes	yes	no	yes	yes	yes
Playground	yes	yes	yes	yes	yes	yes	yes	yes	no
Recreation Areas	yes	no	no	yes	no	no	no	no	yes
Service Coordination	no	no	yes	yes	yes	no	yes	no	yes
Sport Court	no	no	no	no	no	no	no	no	no
Swimming Pool	no	yes	no	no	no	yes	no	no	no
Tennis Court	no	no	no	no	no	no	no	no	no
Volleyball Court	no	no	no	no	no	no	no	no	no
Wi-Fi	no	no	no	no	no	no	no	no	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Services</b>									
Adult Education	no	no	no	yes	yes	no	no	no	no
Afterschool Program	no	no	no	yes	yes	no	no	no	no
Computer Tutoring	no	no	no	no	no	no	no	no	no
<b>Security</b>									
In-Unit Alarm	no	yes	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	yes	no	no	no	no
Limited Access	no	no	no	yes	yes	yes	no	no	no
Patrol	no	no	no	yes	yes	yes	no	no	no
Perimeter Fencing	no	no	no	no	yes	no	no	yes	no
Video Surveillance	no	yes	no	no	yes	no	no	yes	yes

UNIT MATRIX REPORT - FRED WESSELS HOMES (SITE A)

	Fred Wessels Homes	Sustainable Fellwood I	Sustainable Fellwood II	Alhambra Apartments	Chelsea At Five Points	Green Growth I	Jasmine Place	River Crossing Apartments	Royal Oaks	Walden At Chatham Center
Comp#	Subject	9	10	11	12	13	14	15	16	17
<b>Property Information</b>										
Property Type	Various (2 stories)	Various	Garden (2 stories)	Various (2 stories)	Garden (2 stories)	Various	Garden (2 stories)	Garden (3 stories)	Various	Garden (3 stories)
Year Built / Renovated	1954 / 2016	2009 / n/a	2011 / n/a	1968 / n/a	1947 / 1983	1920 / 2002	1979 / 2005	1978 / 2005	1975 / 2007	2003 / n/a
Market (Conv./Subsidy Type)	LIHT/RAD	LIHTC/Subsidized	LIHTC/Subsidized/ Rental	Market	Market	Market	Market	Market	Market	Market
<b>Utility Adjustments</b>										
Cooking	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no
Water	yes	yes	yes	no	no	no	no	no	no	no
Sewer	yes	yes	yes	no	no	no	no	no	no	no
Trash Collection	yes	yes	yes	yes	yes	no	yes	yes	no	no
<b>In-Unit Amenities</b>										
Balcony/Patio	no	yes	yes	yes	no	yes	no	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	no	no	no	no	yes	no	no	no	no	no
Carpeting	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	no	no	no	no	no	yes	no
Dishwasher	no	yes	yes	yes	yes	no	yes	yes	yes	yes
Exterior Storage	no	no	no	no	no	no	no	yes	no	no
Ceiling Fan	no	yes	yes	yes	no	yes	yes	yes	no	yes
Furnishing	no	no	no	no	no	no	no	no	yes	no
Garbage Disposal	no	yes	yes	yes	no	no	yes	yes	yes	yes
Hand Rails	no	no	no	no	no	no	no	no	yes	no
Microwave	no	no	no	no	no	no	no	no	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	no	no	no	no	no	yes	no
Walk-In Closet	no	yes	yes	yes	no	no	yes	yes	yes	yes
Washer/Dryer	yes	no	no	no	no	yes	no	no	no	no
Washer/Dryer hookup	yes	yes	yes	no	no	yes	yes	yes	yes	yes
<b>Property Amenities</b>										
Basketball Court	yes	no	no	no	no	no	no	no	no	no
Business Center/Computer Lab	no	yes	yes	no	no	no	no	no	yes	yes
Car Wash	no	no	no	yes	no	no	no	yes	no	yes
Clubhouse/Meeting Room/Community Room	no	yes	yes	yes	no	no	yes	yes	yes	yes
Courtyard	no	yes	yes	no	no	no	no	no	no	no
Elevators	no	no	no	no	no	no	no	no	no	no
Exercise Facility	no	no	no	no	no	no	yes	yes	yes	yes
Garage	no	no	no	no	no	no	no	no	no	yes
Central Laundry	no	yes	yes	yes	yes	no	yes	yes	no	yes
Neighborhood Network	no	yes	yes	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	yes	no	yes	yes	no	yes	yes	yes	yes
Playground	yes	yes	yes	yes	no	no	no	yes	yes	yes
Recreation Areas	yes	yes	no	no	no	no	no	no	no	no
Service Coordination	no	no	no	no	no	no	no	no	no	no
Sport Court	no	no	no	no	no	no	no	yes	no	no
Swimming Pool	no	no	no	yes	yes	no	yes	yes	yes	yes
Tennis Court	no	no	no	no	no	no	no	no	yes	no
Volleyball Court	no	yes	yes	no	no	no	no	no	yes	no
Wi-Fi	no	yes	yes	yes	no	no	no	no	no	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00
<b>Services</b>										
Adult Education	no	no	no	no	no	no	no	no	no	no
Afterschool Program	no	yes	no	no	no	no	no	no	no	no
Computer Tutoring	no	yes	no	no	no	no	no	no	no	no
<b>Security</b>										
In-Unit Alarm	no	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	no	no	no	no	no	no
Limited Access	no	no	no	no	no	no	yes	no	yes	no
Patrol	no	yes	yes	yes	no	no	no	no	yes	yes
Perimeter Fencing	no	no	no	yes	no	no	yes	no	yes	yes
Video Surveillance	no	no	no	no	yes	no	no	no	yes	no

UNIT MATRIX REPORT - EDGAR BLACKSHEAR HOMES (SITE B)

	Edgar Blackshear Homes	Ashley Midtown Phase I	Ashley Midtown Phase II	Heritage Corner & Heritage Row	Heritage Place	Montgomery Landing	Savannah Gardens I	Savannah Gardens III	Savannah Gardens IV
Comp#	Subject	1	2	3	4	5	6	7	8
<b>Property Information</b>									
Property Type	Various	Various (2 stories)	Townhouse	Garden (2 stories)	Conversion (3 stories)	Garden (2 stories)	Garden (3 stories)	Garden (3 stories)	Various (2 stories)
Year Built / Renovated	1984 / 2016	2004 / n/a	2008 / n/a	2005/2006 / n/a	1930 / 2006	2005 / n/a	2011 / n/a	2012 / n/a	2014 / n/a
<b>Market (Conv.)/Subsidy Type</b>									
Type	LIHTC/RAD	LIHTC/Subsidized	LIHTC/Subsidized	LIHTC	LIHTC	LIHTC/Market	LIHTC	LIHTC/Market	LIHTC/Market
<b>Utility Adjustments</b>									
Cooking	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no
Water	no	no	no	no	yes	no	no	no	no
Sewer	no	no	no	no	yes	no	no	no	no
Trash Collection	no	no	no	no	yes	yes	yes	yes	yes
<b>In-Unit Amenities</b>									
Balcony/Patio	no	yes	yes	yes	no	yes	no	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	no	no	no	no	no	no	no	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	no	no	yes	yes	no	yes	yes	yes
Dishwasher	no	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	no	no	no	no	no	no
Ceiling Fan	yes	no	yes	yes	yes	no	yes	yes	yes
Furnishing	no	no	no	no	no	no	no	no	no
Garbage Disposal	no	yes	yes	yes	yes	yes	yes	yes	yes
Hand Rails	no	no	no	no	no	no	yes	yes	yes
Microwave	no	no	yes	yes	no	no	yes	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	yes	no	no	no	no	no
Walk-In Closet	no	yes	no	yes	yes	no	yes	yes	yes
Washer/Dryer	yes	yes	yes	yes	no	no	no	no	no
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Property Amenities</b>									
Basketball Court	no	no	no	no	no	no	no	no	no
Business Center/Computer Lab	yes	no	yes	yes	yes	no	yes	yes	yes
Car Wash	no	no	no	no	no	no	no	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	yes	yes	yes	yes
Courtyard	no	yes	no	yes	yes	yes	no	no	no
Elevators	no	no	no	no	no	yes	no	no	no
Exercise Facility	no	yes	no	no	yes	yes	yes	yes	yes
Garage	no	no	no	no	no	no	no	no	no
Central Laundry	no	no	no	yes	yes	yes	yes	yes	yes
Neighborhood Network	no	no	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	no	yes	yes	yes	yes	yes
Picnic Area	yes	no	yes	yes	yes	no	yes	yes	yes
Playground	yes	yes	yes	yes	yes	yes	yes	yes	no
Recreation Areas	yes	no	no	yes	no	no	no	no	yes
Service Coordination	no	no	yes	yes	yes	no	yes	no	yes
Sport Court	no	no	no	no	no	no	no	no	no
Swimming Pool	no	yes	no	no	no	yes	no	no	no
Tennis Court	no	no	no	no	no	no	no	no	no
Volleyball Court	no	no	no	no	no	no	no	no	no
Wi-Fi	no	no	no	no	no	no	no	no	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Services</b>									
Adult Education	no	no	no	yes	yes	no	no	no	no
Afterschool Program	no	no	no	yes	yes	no	no	no	no
Computer Tutoring	no	no	no	no	no	no	no	no	no
<b>Security</b>									
In-Unit Alarm	no	yes	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	yes	no	no	no	no
Limited Access	no	no	no	yes	yes	yes	no	no	no
Patrol	no	no	no	yes	yes	yes	no	no	no
Perimeter Fencing	no	no	no	no	yes	no	no	yes	no
Video Surveillance	no	yes	no	no	yes	no	no	yes	yes

UNIT MATRIX REPORT - EDGAR BLACKSHEAR HOMES (SITE B)

	Edgar Blackshear Homes	Sustainable Fellwood I	Sustainable Fellwood II	Alhambra Apartments	Chelsea At Five Points	Green Growth 1	Jasmine Place	River Crossing Apartments	Royal Oaks	Walden At Chatham Center
Comp#	Subject	9	10	11	12	13	14	15	16	17
<b>Property Information</b>										
Property Type	Various	Various	Garden (2 stories)	Various (2 stories)	Garden (2 stories)	Various	Garden (2 stories)	Garden (3 stories)	Various	Garden (3 stories)
Year Built / Renovated	1984 / 2016	2009 / n/a	2011 / n/a	1968 / n/a	1947 / 1983	1920 / 2002	1979 / 2005	1978 / 2005	1975 / 2007	2003 / n/a
Market (Conv./Subsidy Type)	LIHTC/RAD	LIHTC/Subsidized	LIHTC/Subsidized/ Rental	Market	Market	Market	Market	Market	Market	Market
<b>Utility Adjustments</b>										
Cooking	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no
Water	no	yes	yes	no	no	no	no	no	no	no
Sewer	no	yes	yes	no	no	no	no	no	no	no
Trash Collection	no	yes	yes	yes	yes	no	yes	yes	no	no
<b>In-Unit Amenities</b>										
Balcony/Patio	no	yes	yes	yes	no	yes	no	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	no	no	no	no	yes	no	no	no	no	no
Carpeting	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	no	no	no	no	no	yes	no
Dishwasher	no	yes	yes	yes	yes	no	yes	yes	yes	yes
Exterior Storage	no	no	no	no	no	no	no	yes	no	no
Ceiling Fan	yes	yes	yes	yes	no	yes	yes	yes	no	yes
Furnishing	no	no	no	no	no	no	no	no	yes	no
Garbage Disposal	no	yes	yes	yes	no	no	yes	yes	yes	yes
Hand Rails	no	no	no	no	no	no	no	no	yes	no
Microwave	no	no	no	no	no	no	no	no	yes	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	no	no	no	no	no	yes	no
Walk-In Closet	no	yes	yes	yes	no	no	yes	yes	yes	yes
Washer/Dryer	yes	no	no	no	no	yes	no	no	no	no
Washer/Dryer hookup	yes	yes	yes	no	no	yes	yes	yes	yes	yes
<b>Property Amenities</b>										
Basketball Court	no	no	no	no	no	no	no	no	no	no
Business Center/Computer Lab	yes	yes	yes	no	no	no	no	no	yes	yes
Car Wash	no	no	no	yes	no	no	no	yes	no	yes
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	no	no	yes	yes	yes	yes
Courtyard	no	yes	yes	no	no	no	no	no	no	no
Elevators	no	no	no	no	no	no	no	no	no	no
Exercise Facility	no	no	no	no	no	no	yes	yes	yes	yes
Garage	no	no	no	no	no	no	no	no	no	yes
Central Laundry	no	yes	yes	yes	yes	no	yes	yes	no	yes
Neighborhood Network	no	yes	yes	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	yes	no	yes	yes	no	yes	yes	yes	yes
Playground	yes	yes	yes	yes	no	no	no	yes	yes	yes
Recreation Areas	yes	yes	no	no	no	no	no	no	no	no
Service Coordination	no	no	no	no	no	no	no	no	no	no
Sport Court	no	no	no	no	no	no	no	yes	no	no
Swimming Pool	no	no	no	yes	yes	no	yes	yes	yes	yes
Tennis Court	no	no	no	no	no	no	no	no	yes	no
Volleyball Court	no	yes	yes	no	no	no	no	no	yes	no
Wi-Fi	no	yes	yes	yes	no	no	no	no	no	no
Garage Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00
<b>Services</b>										
Adult Education	no	no	no	no	no	no	no	no	no	no
Afterschool Program	no	yes	no	no	no	no	no	no	no	no
Computer Tutoring	no	yes	no	no	no	no	no	no	no	no
<b>Security</b>										
In-Unit Alarm	no	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	no	no	no	no	no	no	no	no	no	no
Limited Access	no	no	no	no	no	no	yes	no	yes	no
Patrol	no	yes	yes	yes	no	no	no	no	yes	yes
Perimeter Fencing	no	no	no	yes	no	no	yes	no	yes	yes
Video Surveillance	no	no	no	no	yes	no	no	no	yes	no

### Unit Amenities

The Subject's unit amenities will be generally slightly inferior to superior to the LIHTC and market rate comparables, which typically include a balcony or patio, ceiling fan, and walk-in closet. However, the units at the Subject will include a washer/dryer, which the majority of the comparables do not include (although most include hookups).

### Common Area Amenities

In terms of project amenities, the Subject is generally superior to most LIHTC comparables and is slightly superior to inferior compared to the market rate comparable properties. Overall, we believe that the unit and project amenities will allow the Subject to effectively compete in the market.

### Utility Structure

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.

### MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

### Vacancy Levels

The following table illustrates the current vacancy levels reported by the comparable properties in the market.

#### OVERALL VACANCY

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Ashley Midtown Phase I	LIHTC/ Market	168	0	0.0%
Ashley Midtown Phase II	LIHTC/Public Housing	38	2	5.3%
Heritage Corner & Heritage Row	LIHTC	70	5	7.1%
Heritage Place	LIHTC	88	1	1.1%
Montgomery Landing	LIHTC/ Market	144	3	2.1%
Savannah Gardens I	LIHTC	115	3	2.6%
Savannah Gardens III	LIHTC/ Market	95	0	0.0%
Savannah Gardens IV**	LIHTC/ Market	114	0	0.0%
Sustainable Fellwood I	LIHTC/Public Housing/Market	110	2	1.8%
Sustainable Fellwood II	LIHTC/Public Housing/Market	110	1	0.9%
Alhambra Apartments	Market	150	2	1.3%
Chelsea At Five Points	Market	136	0	0.0%
Green Growth 1	Market	99	3	3.0%
Jasmine Place	Market	112	2	1.8%
River Crossing Apartments	Market	176	2	1.1%
Royal Oaks	Market	208	4	1.9%
Walden At Chatham Center	Market	236	4	1.7%
<b>LIHTC Average</b>		<b>835</b>	<b>15</b>	<b>1.8%</b>
<b>Market Rate Average</b>		<b>1,334</b>	<b>19</b>	<b>1.4%</b>
<b>Total</b>		<b>2,169</b>	<b>34</b>	<b>1.6%</b>

(1) The LIHTC units and market rate units at mixed-income projects have been included with the appropriate project types in aggregate

\*\* There are no vacancies at this property in the units that have a certificate of occupancy

The vacancy rates among the multifamily comparables range from 0.0 to 7.1 percent with an overall vacancy rate of 1.6 percent. The LIHTC developments reported vacancy rates ranging from 0.0 to

7.1 percent, with a low average vacancy rate of 1.8 percent (only includes LIHTC units at LIHTC/market rate comparables). The market rate comparables we surveyed have vacancy rates ranging from zero to three percent. The average market rate vacancy rate is 1.6 percent, indicating a relatively stable market for market rate units.

The Subject properties have operated at less than five percent vacancy and collection loss over the past three years. We will conclude to a vacancy and collection loss rate of 5.0 percent for all scenarios.

### Absorption

We were able to obtain absorption information from several comparable properties, illustrated in the following table.

**ABSORPTION**

Property Name	Type	Year Built	Number of Units	Units Absorbed / Month
Savannah Gardens IV	LIHTC, Market	2015	114	N/A
Savannah Gardens III	LIHTC, Market	2012	95	14
Sustainable Fellwood II	LIHTC, Market, Subsidized	2011	110	18
Savannah Gardens I	LIHTC	2010	115	11
Sustainable Fellwood I	LIHTC, Market, Subsidized	2009	110	18

As per DCA guidelines, we have calculated the absorption at comparables as the time necessary to achieve 93 percent occupancy. We have not provided a calculation for Savannah Gardens IV's absorption given that delays in opening completed units are influencing the absorption process. Management at Savannah Gardens stated the 18 townhouse units at Phase IV were completed on January 4, 2015, with tenants moving in shortly thereafter. The remaining units were completed in early March, all of which are preleased. The units are slowly achieving their Certificate of Occupancy, at a rate of approximately 10 to 15 units per week, with move-ins occurring immediately after. As of the effective date, approximately 65 units at the property are occupied. The contact was unable to specify which remaining units are occupied, as they have been busy filling units upon receipt of certificates of occupancy at remaining buildings. Savannah Gardens III is the most recently completed and established apartment property we surveyed. This project opened in 2012 and averaged an absorption rate of 14 units per month, a good absorption rate for a LIHTC and market rate development. Other LIHTC properties we surveyed stated historical absorption rates ranged from 11 to 56 units per month. Given the wide range of absorption rates, we have considered the most recent absorption rates at Savannah Gardens III and Sustainable Fellwood II, as well as the average absorption rate of these projects in our estimation of absorption for the Subject following completion of renovations. Note that if the RAD program rental assistance were not available following renovations, it is our opinion the Subject could still achieve 93 percent stabilized occupancy.

Per DCA guidelines, we have calculated the absorption rate for the Subject to achieve 93 percent occupancy. If the Subject was 100 percent vacant following the renovations with a RAD program rental assistance subsidy in place for all the units, which is very unlikely given the relocation plan,

we would expect the two combined combined sites to experience an absorption pace of approximately 29 units per month, which equates to an absorption period of nine months for the 280 total units to reach 93 percent occupancy. In the unlikely event the RAD program rental assistance was to not be in place following renovations, we still believe the Subject could achieve 93 percent occupancy at the proposed rent levels within less than a year. In this scenario, we would anticipate an average absorption rate of 22 units per month, with stabilization occurring within approximately 12 months.

DCA requires that the new rent structure will not result in rent increases during the term of existing leases at the Subject. Rent increases will be made gradually, maintaining rents which are affordable to the existing tenants. All current residents will be income-qualified for the Subject under the RAD program. We anticipate that with renovations occurring on a rolling basis, the Subject will likely achieve stabilized 93 percent occupancy within less than four months of completing renovations.

### Achievable Market Rents ‘As Proposed’

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the subsidized rents are below the achievable market rates for the Subject’s area. The following table shows the similarity of the market rate comparables to the Subject property.

#### WESSELS (SITE A) COMPARISON TO MARKET RENTS

Unit Type	Subject	Surveyed Minimum	Surveyed Maximum	Surveyed Average	Achievable Market	Subject Rent Advantage
1 BR @ 60% Garden	\$464	\$661	\$944	\$760	\$770	-40%
2 BR @ 60% Garden	\$515	\$730	\$1,445	\$941	\$830	-38%
3 BR @ 60% Garden	\$670	\$895	\$1,792	\$1,099	\$1,060	-37%
4 BR @ 60% Garden	\$680	\$995	\$998	\$997	\$1,245	-45%
2 BR @ 60% TH	\$515	\$730	\$1,576	\$980	\$890	-42%
3 BR @ 60% TH	\$670	\$875	\$1,792	\$1,129	\$1,060	-37%

#### BLACKSHEAR (SITE B) COMPARISON TO MARKET RENTS

Unit Type	Subject	Surveyed Minimum	Surveyed Maximum	Surveyed Average	Achievable Market	Subject Rent Advantage
1 BR @60% Duplex	\$464	\$594	\$877	\$693	\$750	-38%
2 BR @60% Duplex	\$515	\$654	\$1,369	\$865	\$830	-38%
3 BR @60% Duplex	\$670	\$803	\$1,700	\$1,007	\$995	-33%
3 BR @60% SFH	\$670	\$803	\$1,700	\$1,007	\$1,045	-36%
4 BR @60% SFH	\$680	\$886	\$889	\$888	\$1,270	-46%

As illustrated in the previous table, the Subject’s proposed 60 percent AMI rents are below the range of the unrestricted units at the comparables. Note, we have supplemented our rent analysis with four-bedroom classified listings due to the limited availability of four-bedroom market rate units. The Subject will be similar to slightly inferior to the comparable market rate properties in terms of location. The comparables with unrestricted units were constructed or renovated between 1968 and 2012 and exhibit average to good condition. In terms of condition, the Subject will be superior to slightly superior to the market rate comparables. The Subject offers competitive design that includes a mix of garden-style, townhouses, duplex, and single-family homes. However, the Subject’s unit

sizes are generally inferior to the market rate comparables. The Subject’s unit and community amenities will be competitive. However, several of surveyed market rate properties offer balconies/patios, dishwashers, walk-in closets, and swimming pools amenities not offered by the proposed Subject. Overall, the Subject will be generally superior in terms of design, slightly superior to slightly inferior in terms of amenities, and inferior in terms of unit-size. We believe achievable market rents similar to below the average of surveyed properties are reasonable and achievable.

Additionally, we supplemented our analysis with four-bedroom classified listings in the Savannah area. The tables on the following detail our findings.

**SINGLE-FAMILY HOME RENTALS IN SAVANNAH**

Address	Bedrooms	Baths	Square Feet	Asking Rent**	Year Built	Notes
801 Wexler Street	4	1.5	1,768	\$850	1985	Two-story, hardwood floors
1002 East 36th Street	4	2	1,338	\$895	1928	Fenced yard, fireplace
25 Saint Johns Avenue	4	2	1,404	\$1,095	1982	Deck, hardwood floors
415 Windsor Road	4	2	1,680	\$1,195	1965	Attached garage, fenced yard, fireplace
609 W 39th Street	4	2	1,674	\$1,200	1930	Finished kitchen, W/D included, off-street parking
2100 Brentwood Drive	4	3	1,580	\$1,200	1940	Attic, Fireplace, front lawn
7 Bradley Cv	4	2	1,901	\$1,295	1989	Garage W/D hookup, fenced yard
701 Maupas Avenue	4	2	2,200	\$2,100	1929	Fireplace, hardwood floors, tile
<b>Average</b>			<b>1,693</b>	<b>\$1,229</b>		

Source\* Zillow.com

\*\*Not adjusted for tenant-paid utilities

As illustrated, the average four-bedroom asking rent is \$1,229. Note this rent is not inclusive of any tenant-paid utility costs. The majority of these homes are older properties that are at least 30 years old. Each Subject’s proposed four-bedroom rent of \$680 is significantly below the range of asking rents of the four-bedroom single-family home classifieds. This will benefit the marketability of each Subject’s four-bedroom units.

**Achievable Market Rents ‘As Is’**

The estimated as-is achievable market rents are lower than most adjusted rents at the market rate comparable properties. This is due to units at the Subject being smaller than comparable unit sizes, as well as the Subject offering similar or inferior amenities when evaluated against the comparables. Some of the comparables are also newer than the Subject and in better condition. The following table illustrates the achievable as is unrestricted rents.

<b>Achievable As Is Market Rents</b>	
<i>Wessels</i>	
1 BR Garden	\$660
2 BR Garden	\$720
3 BR Garden	\$900
4 BR Garden	\$1,085
2 BR TH	\$780
3 BR TH	\$955
<i>Blackshear</i>	
1 BR Duplex	\$630
2 BR Duplex	\$710
3 BR Duplex	\$825
3 BR SFH	\$875
4 BR SFH	\$1,100

The Subject’s potential rental income as is assumes the achievable as is unrestricted rents derived in the Supply Section of this report, while the potential rental income as proposed restricted assumes the RAD program CHAP rents. The as proposed unrestricted income assumes the achievable as renovated unrestricted rents.

## **Indications of Demand**

Based upon our market research, demographic calculations and analysis, we believe there is demand for the Subject property as conceived. Strengths of the Subject will include its age/condition, in-unit amenities, and community amenities. The Subject's weakness will include its lack of a swimming pool and its smaller unit sizes. Overall, the comparable properties surveyed exhibited an average vacancy rate of less than 2.0 percent. In addition to strong occupancy levels at most of the comparables, all of the LIHTC surveyed properties maintain waiting lists along with two of the market rate comparables. There is adequate demand for the Subject based on our calculations. We also believe the proposed rents offer value in the market.

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by DCA.

### **1. INCOME RESTRICTIONS**

LIHTC rents are based upon a percentage of the Area Median Gross Income ("AMI"), adjusted for household size and utilities. The Georgia Department of Community Affairs ("DCA") will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a household will pay is 35 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom).

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

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

### **2. AFFORDABILITY**

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

### **3. DEMAND**

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated in the following tables.

#### **3A. DEMAND FROM NEW HOUSEHOLDS**

The number of new households entering the market is the first level of demand calculated. We have utilized 2015 base year data and March 2017 as the anticipated date of market entry for the analysis. This number of new households in the PMA is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2017. This number takes the overall growth from 2015 to 2017 and applies it to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

### 3B. DEMAND FROM EXISTING HOUSEHOLDS

Demand for existing households is estimated by summing three sources of potential tenants. The first source (**2a.**) is tenants who are rent overburdened. These are households who are paying over 35 percent for family households and 40 percent for senior households of their income in housing costs. This data is interpolated using CHAS data based on appropriate income levels.

The second source (**2b.**) is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source (**2c.**) is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that per DCA guidelines, we have lowered demand from seniors who convert to homeownership to be at or below 2.0 percent of total demand.

In general, we will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject.

### 3C. SECONDARY MARKET AREA

Per the 2015 GA DCA Qualified Allocation Plan (QAP) and Market Study Manual, GA DCA does not consider demand from outside the Primary Market Area (PMA), including the Secondary Market Area (SMA). Therefore, we have not accounted for leakage from outside the PMA boundaries in our demand analysis.

### 3D. OTHER

DCA does not consider household turnover to be a source of market demand. Therefore, we have not accounted for household turnover in our demand analysis.

## 4. NET DEMAND, CAPTURE RATES AND STABILIZATION CALCULATIONS

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed or placed in service from 2013 to the present.

**ADDITIONS TO SUPPLY**

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we have deducted the following units from the demand analysis.

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2013 or 2014.
- Vacancies in projects placed in service prior to 2013 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2013 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

According to the Georgia Department of Community Affairs, the only properties that have been awarded tax credits since 2013 in the Subject's Primary Market Area were Savannah Gardens Phases IV and V, as well as Hitch Village Phase I and Sister's Court Senior.

Savannah Gardens IV recently opened a total of 18 units that are all occupied and will have 114 total units when construction is completed in summer 2015. Of these 114 total units, 90 will be LIHTC units that could compete with the Subject sites. The other 24 units will include market rate units with rents above LIHTC rents that will not compete with the very affordably-priced units at the Subjects. Some units have not yet received certificates of occupancy, but all are preleased.

Savannah Gardens V was awarded tax credits in 2013 and is currently under construction, with an anticipated December 2015 completion date. Upon completion, Savannah Gardens V will also compete with the Subject. This property will offer 76 total units, 59 of which will be competitive LIHTC units. The remaining 17 units will be market rate units and a manager's unit. The market rate units will have rents well above the LIHTC rents, and as such will not compete with the affordably-priced units at the Subjects.

Hitch Village Phase I, which was allocated in 2014 will have 72 total units, 57 of which will be LIHTC units that are competitive with the Subject sites. The remaining 15 units will be market rate and will not compete with the very affordable rent units at the Subjects. Note that the Savannah Housing Authority, which is the sponsor of the Subject sites, also has plans to develop two additional phases of Hitch Village in the future.

Sister's Court Senior offers 77 LIHTC units designed for seniors, and opened in 1999. It received a 2014 allocation to allow for rehabilitation of the property. Note that because the property has a vacancy rate of just 1.3 percent, and rehabilitation work will be conducted without displacing tenants, this property is not considered as new LIHTC supply for our demand calculations.

To summarize, we have deducted the LIHTC units from Savannah Gardens IV and V, as well as Hitch Village Phase I from our demand analysis. In total, there are 206 recently opened, under construction, or planned and allocated LIHTC units that have been deducted as supply from our demand analysis.

When construction is completed at Savannah Gardens IV, there will be 23 LIHTC units restricted to 50 percent of AMI or less and 67 LIHTC units restricted to 60 percent of AMI or less. In total, the Savannah Gardens IV project will offer nine LIHTC one-bedroom units, 52 two-bedroom LIHTC units, and 29 three-bedroom LIHTC units when all units are open.

At the planned Savannah Gardens V property, there will be 23 units restricted to 50 percent of AMI or less and 36 units restricted to 60 percent of AMI or less. Savannah Gardens V will have six one-bedroom LIHTC units, 36 two-bedroom LIHTC units, and 17 three-bedroom LIHTC units.

At Hitch Village Phase I, there will be 57 units targeting up to 60 percent of AMI. There will be four, one-bedroom units, 32 two-bedroom units, and 21 three-bedroom units.

**Competitive Supply Analysis for Demand**

Additions To Supply (Recently Allocated or Unstabilized Units)	50%	60%	Overall
One Bedroom	6	13	19
Two Bedroom	27	93	120
Three Bedroom	13	54	67
Four Bedroom	-	-	-
<b>Total</b>	<b>46</b>	<b>160</b>	<b>206</b>

**PMA OCCUPANCY**

Per DCA’s guidelines, we have determined the average occupancy rate based on all available competitive conventional and affordable properties in the PMA. We have provided a combined average occupancy level for the PMA based on the average occupancy rates reported. Overall, PMA average occupancy is high at 97.4 percent. All of the properties surveyed reported stabilized occupancy rates of 90 percent or higher, and as such no competitive supply units were deducted from the existing properties.

## OVERALL PMA OCCUPANCY

Property Name	Type	Tenancy	Units	Occupancy
Ashley Midtown Phase I	LIHTC/PHA/Market	Family	168	100%
Ashley Midtown Phase II	LIHTC/PHA	Family	38	95%
Heritage Corner and Heritage Row	LIHTC	Family	70	93%
Heritage Place	LIHTC	Family	88	99%
Montgomery Landing	LIHTC/Market	Family	144	98%
Savannah Gardens I	LIHTC	Family	115	97%
Savannah Gardens III	LIHTC/Market	Family	95	100%
Savannah Gardens IV	LIHTC/Market	Family	114	100%
Sustainable Fellwood I	LIHTC/PHA/Market	Family	110	100%
Sustainable Fellwood II	LIHTC/PBRA/PHA/Market	Family	110	98%
East Huntingdon Street Housing	LIHTC	Family	14	N/A
Rose of Sharon	LIHTC/FHA	Elderly	206	98%
Savannah Gardens II	HUD 202	Elderly	39	100%
Sustainable Fellwood III	LIHTC/PHA/Market	Elderly	210	99%
SNAP I	LIHTC/Section 8	Family	101	98%
SNAP II	LIHTC/Section 8	Family	89	98%
SNAP III	LIHTC/Section 8	Family	44	100%
Telfair Arms	LIHTC/Section 8	Elderly	53	95%
Alhambra Apartments	Market	Family	150	99%
Chelsea At Five Points	Market	Family	136	100%
Green Growth 1	Market	Family	99	97%
Jasmine Place	Market	Family	112	98%
River Crossing Apartments	Market	Family	176	99%
Royal Oaks	Market	Family	208	98%
Walden At Chatham Center	Market	Family	236	98%
Drayton Tower	Market	Family	99	100%
Kingstown Apartments	Market	Family	130	N/A
Strathmore Estates	Market	Family	N/A	N/A
Sunrise Villas	Market	Family	148	97%
Courtney Station Apartments	Market	Family	300	96%
Veranda at Midtown	Market/PBRA	Elderly	100	98%
Edgar Blackshear Homes	PHA	Family	100	88%
Fred Wessels Homes	PHA	Family	250	89%
Savannah Summit	Section 8	Family	138	N/A
Cars V Inc	Section 8	Disabled	N/A	N/A
Chatham Assoc For Res Sev Inc I	Section 8	Disabled	11	N/A
Chatham Assoc For Res Sev Inc II	Section 8	Disabled	13	N/A
Georgia Infirmary A/ Habersham Place	Section 8	Disabled	N/A	N/A
Georgia Infirmary B/ Hamilton Place	Section 8	Disabled	N/A	N/A
Ponderosa Forest Apts	Section 8	Family	56	100%
Presidential Plaza I	Section 8	Family	132	100%
St. Johns Villa Apartments	Section 8	Elderly	19	N/A
Presidential Plaza II	Section 8	Family	100	100%
Thomas Francis Williams Court Apts	Section 8	Elderly	151	100%
<b>Total Reporting Occupancy</b>			<b>4,233</b>	<b>97%</b>
<b>Total</b>			<b>4,584</b>	

**Rehab Developments and PBRA**

For any properties that are rehab developments, the capture rates will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet.

Units that are subsidized with PBRA or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.

*According to the Georgia DCA market study guidelines, capture rate calculations for proposed renovation developments will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet provided by the applicant. Tenants who are income qualified to remain in the property at the proposed stabilized renovated rents will be deducted from the property unit count prior to determining the applicable capture rates.*

*Site A has 28 vacant units, with no tenants who are over income-qualified under the LIHTC program income limits, and nine tenants who are income-qualified under LIHTC program income guidelines for their specific unit type. Site B has 12 vacant units, with no tenants who are over income-qualified under the LIHTC program income limits, and 11 tenants who are income-qualified under LIHTC program income guidelines for their specific unit type.*

*Therefore, we have determined the 60 percent AMI capture rates for the two combined sites based on 260 units, considering the 280 total units that will exist following renovations and the 20 income-eligible resident households that have been deducted per DCA guidelines. The capture rates considering the RAD program assistance that will be in place consider all 280 units at the Subject.*

*The Subject will offer one through four-bedroom units restricted at 60 percent of AMI. It should be noted that DCA requires that the new rent structure will not result in rent increases during the term of existing leases at the Subject. Rent increases will be made gradually, maintaining rents which are affordable to the existing tenant base. We do not expect that the Subject will need to re-lease 260 units following rehabilitation. Therefore, our demand analysis is considered conservative.*

### Capture Rates

The above calculations and derived capture rates are illustrated in the following tables.

Renter Household Income Distribution 2015-2019							
Fred Wessels Homes & Edgar Blacksheat Homes (Sites A & B)							
PMA							
	2015		Projected Mkt Entry October 2016		2019		Percent Growth
	#	%	#	%	#	%	
\$0-9,999	4,896	26.3%	4,986	26.4%	5,183	26.6%	5.5%
\$10,000-19,999	4,251	22.9%	4,322	22.9%	4,478	23.0%	5.1%
\$20,000-29,999	3,037	16.3%	3,085	16.4%	3,189	16.4%	4.8%
\$30,000-39,999	2,122	11.4%	2,138	11.3%	2,174	11.2%	2.4%
\$40,000-49,999	1,258	6.8%	1,276	6.8%	1,314	6.8%	4.2%
\$50,000-59,999	1,058	5.7%	1,065	5.6%	1,080	5.6%	2.1%
\$60,000-74,999	796	4.3%	810	4.3%	839	4.3%	5.1%
\$75,000-99,999	511	2.7%	515	2.7%	525	2.7%	2.7%
\$100,000-124,999	273	1.5%	275	1.5%	280	1.4%	2.4%
\$125,000-149,999	181	1.0%	181	1.0%	180	0.9%	-0.1%
\$150,000-199,999	104	0.6%	106	0.6%	109	0.6%	4.5%
\$200,000+	108	0.6%	107	0.6%	106	0.5%	-2.3%
Total	18,595	100.0%	18,865	100.0%	19,458	100.0%	0

Households by Tenure Projected Mkt Entry October 2016		
	Number	Percentage
Renter	18,865	57.5%
Owner	13,946	42.5%
Total	32,811	100.0%

Renter Household Size for Projected Mkt Entry October 2016		
Size	Number	Percentage
1	6,959	36.89%
2	5,041	26.72%
3	3,022	16.02%
4	1,848	9.80%
5+	1,994	10.57%
Total	18,865	100%

Inadequate Plumbing:	1.22%				
Does the Project Benefit from Rent Subsidy? (Y/N)	No				
Type of Housing (Family vs Senior)	Family				
Location of Subject (Rural versus Urban)	Urban				
2000 Median Income	\$25,039.00				
Projected Mkt Entry October 2016	\$26,807.88				
Average Annual Change	0.1%				
Inflation Rate	0.1%				
Maximum Allowable Income				\$42,720	\$42,720
Maximum Number of Occupants				6	6
Rent Income Categories	30%	40%	50%	60%	Overall with RAD
Initial Gross Rent for Smallest Unit				\$541.00	\$0.00
Persons in Household	0BR	1BR	2BR	3BR	4BR
1		85%	15%		
2		15%	85%		
3			60%	40%	
4				90%	10%
5+				80%	20%

60% AMI

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

Percent of AMI Level		60%			
Minimum Income Limit		\$18,549			
Maximum Income Limit		\$42,720		6 person	
Income Category	New Renter Households - Total Change in Households PMA 2015 to Prj Mrkt Entry October 2016	Income Brackets	Percent within Cohort	Renter Households within Bracket	
\$0-9,999	71.28		26.4%	0.0%	0
\$10,000-19,999	61.79		22.9%	14.5%	9
\$20,000-29,999	44.10	1,451	16.4%	100.0%	44
\$30,000-39,999	30.57	9,999	11.3%	100.0%	31
\$40,000-49,999	18.24	2,720	6.8%	27.2%	5
\$50,000-59,999	15.22		5.6%	0.0%	0
\$60,000-74,999	11.57		4.3%	0.0%	0
\$75,000-99,999	7.36		2.7%	0.0%	0
\$100,000-124,999	3.93		1.5%	0.0%	0
\$125,000-149,999	2.58		1.0%	0.0%	0
\$150,000-199,999	1.51		0.6%	0.0%	0
\$200,000+	1.54		0.6%	0.0%	0
	270		100.0%		89
Percent of renter households within limits versus total number of renter households					32.85%

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

Percent of AMI Level		60%			
Minimum Income Limit		\$18,549			
Maximum Income Limit		\$42,720		6 person	
Income Category	Total Renter Households PMA Prj Mrkt Entry October 2016	Income Brackets	Percent within Cohort	Households within Bracket	
\$0-9,999	4,986		26.4%	0.0%	0
\$10,000-19,999	4,322		22.9%	14.5%	627
\$20,000-29,999	3,085	\$1,451	16.4%	100.0%	3,085
\$30,000-39,999	2,138	\$9,999	11.3%	100.0%	2,138
\$40,000-49,999	1,276	\$2,720	6.8%	27.2%	347
\$50,000-59,999	1,065		5.6%	0.0%	0
\$60,000-74,999	810		4.3%	0.0%	0
\$75,000-99,999	515		2.7%	0.0%	0
\$100,000-124,999	275		1.5%	0.0%	0
\$125,000-149,999	181		1.0%	0.0%	0
\$150,000-199,999	106		0.6%	0.0%	0
\$200,000+	107		0.6%	0.0%	0
	18,865		100.0%		6,197
Percent of renter households within limits versus total number of renter households					32.85%

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

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

2015 Median Income

Change from 2015 to Prj Mrkt Entry October 2016

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Family		
Urban		
35%		
\$25,039		
\$26,808		
\$1,769		
6.6%		
0.1%		
0.1%	Two year adjustment	1.0000
\$42,720		
\$42,720		
6		
60%		
\$541		
\$541.00		

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	85%	15%	0%	0%	0%	100%
2	0%	15%	85%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	90%	10%	0%	100%
5+	0%	0%	0%	80%	20%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2015 to Prj Mrkt Entry October 2016

Income Target Population		60%
New Renter Households PMA		270
Percent Income Qualified		32.8%
New Renter Income Qualified Households		89

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

Demand from Existing Households 2015

Demand form Rent Overburdened Households

Income Target Population		60%
Total Existing Demand		18,865
Income Qualified		32.8%
Income Qualified Renter Households		6,197
Percent Rent Overburdened Prj Mrkt Entry October 2016		38.1%
Rent Overburdened Households		2361

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		6,197
Percent Living in Substandard Housing		1.2%
Households Living in Substandard Housing		76

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

Senior Households Converting from Homeownership

Income Target Population		60%
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		2,437
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		2437
Total New Demand		89
Total Demand (New Plus Existing Households)		2,525

Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No

By Bedroom Demand

One Person	36.9%	931
Two Persons	26.7%	675
Three Persons	16.0%	404
Four Persons	9.8%	247
Five Persons	10.6%	267
Total	100.0%	2,525

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	85%	792
Of two-person households in 1BR units	15%	101
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	15%	140
Of two-person households in 2BR units	85%	574
Of three-person households in 2BR units	60%	243
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	162
Of four-person households in 3BR units	90%	223
Of five-person households in 3BR units	80%	214
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	10%	25
Of five-person households in 4BR units	20%	53
Total Demand		2,525
Total Demand by Bedroom		60%
1 BR		893
2 BR		956
3 BR		598
4 BR		78
Total Demand		2,525
Additions To Supply 2015 to Proj Mrkt Entry October 2016		60%
1 BR		13
2 BR		93
3 BR		54
4 BR		0
Total		160
Net Demand		60%
1 BR		880
2 BR		863
3 BR		544
4 BR		78
Total		2,365
Developer's Unit Mix		60%
1 BR		43
2 BR		110
3 BR		98
4 BR		9
Total		260
Capture Rate Analysis		60%
1 BR		4.9%
2 BR		12.7%
3 BR		18.0%
4 BR		11.5%
Total		11.0%

Overall with RAD

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

Percent of AMI Level			Overall with RAD		
Minimum Income Limit			\$0		
Maximum Income Limit			\$42,720 6 person		
Income Category	New Renter Households - Total Change in Households PMA 2015 to Prj Mrkt Entry October 2016		Income Brackets	Percent within Cohort	Renter Households within Bracket
	\$0-9,999	71.28			
\$10,000-19,999	61.79	22.9%	9,999	100.0%	62
\$20,000-29,999	44.10	16.4%	9,999	100.0%	44
\$30,000-39,999	30.57	11.3%	9,999	100.0%	31
\$40,000-49,999	18.24	6.8%	2,720	27.2%	5
\$50,000-59,999	15.22	5.6%		0.0%	0
\$60,000-74,999	11.57	4.3%		0.0%	0
\$75,000-99,999	7.36	2.7%		0.0%	0
\$100,000-124,999	3.93	1.5%		0.0%	0
\$125,000-149,999	2.58	1.0%		0.0%	0
\$150,000-199,999	1.51	0.6%		0.0%	0
\$200,000+	1.54	0.6%		0.0%	0
	270	100.0%			213
Percent of renter households within limits versus total number of renter households					78.87%

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

Percent of AMI Level			Overall with RAD		
Minimum Income Limit			\$0		
Maximum Income Limit			\$42,720 6 person		
Income Category	Total Renter Households PMA Prj Mrkt Entry October 2016		Income Brackets	Percent within Cohort	Households within Bracket
	\$0-9,999	4,986			
\$10,000-19,999	4,322	22.9%	\$9,999	100.0%	4,322
\$20,000-29,999	3,085	16.4%	\$9,999	100.0%	3,085
\$30,000-39,999	2,138	11.3%	\$9,999	100.0%	2,138
\$40,000-49,999	1,276	6.8%	\$2,720	27.2%	347
\$50,000-59,999	1,065	5.6%		0.0%	0
\$60,000-74,999	810	4.3%		0.0%	0
\$75,000-99,999	515	2.7%		0.0%	0
\$100,000-124,999	275	1.5%		0.0%	0
\$125,000-149,999	181	1.0%		0.0%	0
\$150,000-199,999	106	0.6%		0.0%	0
\$200,000+	107	0.6%		0.0%	0
	18,865	100.0%			14,878
Percent of renter households within limits versus total number of renter households					78.87%

Does the Project Benefit from Rent Subsidy? (Y/N) **Y**  
 Type of Housing (Family vs Senior) **Family**  
 Location of Subject (Rural versus Urban) **Urban**  
 Percent of Income for Housing **35%**  
 2000 Median Income **\$25,039**  
 2015 Median Income **\$26,808**  
 Change from 2015 to Prj Mrkt Entry October 2016 **\$1,769**  
 Total Percent Change **6.6%**  
 Average Annual Change **0.1%**  
 Inflation Rate **0.1%** Two year adjustment **1.0000**  
 Maximum Allowable Income **\$42,720**  
 Maximum Allowable Income Inflation Adjusted **\$42,720**  
 Maximum Number of Occupants **6**  
 Rent Income Categories **Overall with RAD**  
 Initial Gross Rent for Smallest Unit **\$0**  
 Initial Gross Rent for Smallest Unit Inflation Adjusted **\$0.00**

Y
Family
Urban
35%
\$25,039
\$26,808
\$1,769
6.6%
0.1%
0.1%
Two year adjustment
1.0000
\$42,720
\$42,720
6
Overall with RAD
\$0
\$0.00

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	85%	15%	0%	0%	0%	100%
2	0%	15%	85%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	90%	10%	0%	100%
5+	0%	0%	0%	80%	20%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2015 to Prj Mrkt Entry October 2016

Income Target Population		Overall with RAD
New Renter Households PMA		270
Percent Income Qualified		78.9%
<hr/>		
New Renter Income Qualified Households		213

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

Demand from Existing Households 2015

Demand form Rent Overburdened Households

Income Target Population		Overall with RAD
Total Existing Demand		18,865
Income Qualified		78.9%
Income Qualified Renter Households		14,878
Percent Rent Overburdened Prj Mrkt Entry October 2016		38.1%
<hr/>		
Rent Overburdened Households		5669

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

Demand from Living in Substandard Housing

Income Qualified Renter Households		14,878
Percent Living in Substandard Housing		1.2%
<hr/>		
Households Living in Substandard Housing		181

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

Senior Households Converting from Homeownership

Income Target Population		Overall with RAD
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
<hr/>		
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		5,850
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		5850
<hr/>		
Total New Demand		213
<hr/>		
Total Demand (New Plus Existing Households)		6,063

Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No

By Bedroom Demand

One Person	36.9%	2,237
Two Persons	26.7%	1,620
Three Persons	16.0%	971
Four Persons	9.8%	594
Five Persons	10.6%	641
<hr/>		
Total	100.0%	6,063

To place Person Demand into Bedroom Type Units		
Of one-person households in 1BR units	85%	1,901
Of two-person households in 1BR units	15%	243
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	15%	336
Of two-person households in 2BR units	85%	1,377
Of three-person households in 2BR units	60%	583
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	389
Of four-person households in 3BR units	90%	534
Of five-person households in 3BR units	80%	513
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	10%	59
Of five-person households in 4BR units	20%	128
<b>Total Demand</b>		<b>6,063</b>

Total Demand by Bedroom	Overall with RAD
1 BR	2,144
2 BR	2,296
3 BR	1,436
4 BR	188
<b>Total Demand</b>	<b>6,063</b>

Additions To Supply 2015 to Prj Mrkt Entry October 2016	Overall with RAD
1 BR	19
2 BR	120
3 BR	67
4 BR	0
<b>Total</b>	<b>206</b>

Net Demand	Overall with RAD
1 BR	2,125
2 BR	2,176
3 BR	1,369
4 BR	188
<b>Total</b>	<b>5,857</b>

Developer's Unit Mix	Overall with RAD
1 BR	47
2 BR	119
3 BR	105
4 BR	9
<b>Total</b>	<b>280</b>

Capture Rate Analysis	Overall with RAD
1 BR	2.2%
2 BR	5.5%
3 BR	7.7%
4 BR	4.8%
<b>Total</b>	<b>4.8%</b>

**Conclusions**

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

- The number of renter households in the PMA is expected to increase almost five percentage points between 2014 and 2019.
- Sites A and B are able to attract a wide range of household sizes in offering one through four-bedroom units.
- We considered the 260 units combined at the two Subject sites that do not have tenants who will income-qualify under the LIHTC program in our 60 percent of AMI capture rate calculations for the Subject. For the overall capture rate analysis that considers the Sites' RAD program rental assistance that will be in place following renovations, we considered all 280 units at Sites A and B following renovations.
- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

**CAPTURE RATE ANALYSIS CHART**

Unit Size	Income Limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min-Max	Proposed Rents
1BR @60% AMI	\$18,549-\$29,460	43	893	13	880	4.9%	Seven Months	\$629-\$696	\$458-\$1,167	\$464
1BR Overall w/ RAD	\$0-\$29,460	47	2,144	19	2,125	2.2%	Four Months	\$629-\$696	\$458-\$1,167	\$464
2BR @60% AMI	\$20,469-\$33,120	110	956	93	863	12.7%	12 Months	\$787-\$863	\$554-\$1,576	\$515
2BR Overall w/ RAD	\$0-\$33,120	119	2,296	120	2,176	5.5%	Nine Months	\$787-\$863	\$554-\$1,576	\$515
3BR @60% AMI	\$25,954-\$39,780	98	598	54	544	18.0%	12 Months	\$882-\$977	\$583-\$1,792	\$670
3BR Overall w/ RAD	\$0-\$39,780	105	1,436	67	1,369	7.7%	Eight Months	\$882-\$977	\$583-\$1,792	\$670
4BR @60% AMI	\$26,400-\$42,720	9	78	0	78	11.5%	Three Months	\$820-\$929	\$705-\$998	\$680
4BR Overall w/ RAD	\$0-\$42,720	9	188	0	188	4.8%	Two Months	\$820-\$929	\$705-\$998	\$680
<b>@60% AMI Total</b>	<b>\$18,549-\$42,720</b>	<b>260*</b>	<b>2,525</b>	<b>160</b>	<b>2,365</b>	<b>11.0%</b>	<b>12 Months</b>	<b>\$629-\$930</b>	<b>\$458-\$1,792</b>	<b>\$464-\$680</b>
<b>Overall w/ RAD Total</b>	<b>\$0-\$42,720</b>	<b>280</b>	<b>6,063</b>	<b>206</b>	<b>5,857</b>	<b>4.8%</b>	<b>Nine Months</b>	<b>\$629-\$930</b>	<b>\$458-\$1,792</b>	<b>\$464-\$680</b>

\*Units with residents that would income-qualify under LIHTC income guidelines are excluded.

**Demand and Net Demand**

	HH at 60% AMI (\$18,549- \$42,720)	Overall LIHTC with RAD (\$0-\$42,720)
Demand from New Households (age and income appropriate)	89	213
<b>PLUS</b>	<b>+</b>	<b>+</b>
Demand from Existing Renter Households - Substandard Housing	76	181
<b>PLUS</b>	<b>+</b>	<b>+</b>
Demand from Existing Renter Households - Rent Overburdened Households	2361	5669
<b>PLUS</b>	<b>+</b>	<b>+</b>
<b>Secondary Market Demand adjustment IF ANY Subject to 15% Limitation</b>	<b>0</b>	<b>0</b>
<b>Sub Total</b>	<b>2525</b>	<b>6063</b>
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)	0	0
<b>Equals Total Demand</b>	<b>2525</b>	<b>6063</b>
<b>Less</b>	<b>-</b>	<b>-</b>
Supply of comparable LIHTC or Market Rate housing units built and/or planned in the projected market	160	206
<b>Equals Net Demand</b>	<b>2365</b>	<b>5857</b>

As the analysis illustrates, the Subject's capture rates at the 60 percent AMI level will range from 4.9 to 18.0 percent, with an overall capture rate of 11.0 percent. The Subject's overall capture rates when we consider the RAD program rental assistance that will be in place range from 2.2 to 7.7 percent, with an overall capture rate of 4.8 percent. Therefore, we believe there is more than adequate demand for the Subject based on Georgia DCA demand thresholds.

## 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 (Fifth Edition, 2010), 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, and to the site as it is improved.

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 if vacant", meaning vacant and available for development, and also "as is".

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 AS VACANT

### Physically Possible

According to the sponsor's surveys, Sites A and B are 11.81 and 11.52 acres, respectively, for the underlying land that includes the units proposed for rehabilitation. This equates to a total of 23.33 acres (or 1,016,255 square feet). The Subject sites both have generally level topography and irregular shapes. Both also have good accessibility. The sites are considered adequate for a variety of legally permissible uses.

### Legally Permissible

According to Charlotte Moore, Planner with Chatham County-Savannah Metropolitan Planning Commission, Site A is located within the Fred Wessels/Hitch Village Planned Unit Development (PUD) Master Plan District. According to the PUD Master Plan, Fred Wessels Homes site is permitted to develop up to 350 multifamily units with a maximum height of three stories. There will be 44 units existing on the Fred Wessels Homes site when excluding the 206 units apportioned for the Subject (Site A), thus allowing up to 306 units as if vacant (or 25.9 units per acre). Site B is zoned R-M-25, Multiple-Family Residential District. The principal residential uses permitted under this zoning code are single-family and multifamily developments. This zoning district allows for a maximum density of 25 units per acre, which would permit approximately 288 units (based on Site B size of 11.52 acres). The comparable land sales indicate a density range between 20 and 28 units per acre. However, the overall number of units per development ranges from 94 to 323 units, with an average of 177 units. Therefore, we believe a density toward the low end of the density range (high end of the size of multifamily projects in the PMA) is more in line with the supply and demand within the market and conclude to a density of 20 units per acre, or 236 and 234 units for Sites A and B, respectively. The Subject consisted of scattered sites and the total number of units on a per site basis is within the range of the comparable sales and considered reasonable. Additionally, the combined total units would be feasible as part of a multi-phased development, which is a common practice in the market.

### 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 feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the site can be used for varying densities of residential uses. Given the site attributes, allowable uses and surrounding uses, we believe multifamily residential development is most likely.

In order to determine financial feasibility for a multifamily property scenario, we performed a simple development analysis, based upon the rental and cost data secured during our market investigation. We used a residual technique to determine the cost feasibility of multifamily development. It

should be noted that we derived the replacement costs using the price per square foot to construct multifamily development as provided by RS Means.

#### COST ANALYSIS

Stabilized Overall Capitalization Rate		6%
Typical Economic Life		55
Inferred Annual Building Recapture Rate		1.4%
Inferred Land to Total Value Ratio (M)		8.2%
Land Capitalization Rate	Rl	
Building Capitalization Rate (Rl + Recapture Rate)	Rb	
$Ro = (Rl * M) + ((1 - M) * Rb)$		
Rl =		4.7%
Rb =		6.1%
Land Value		\$2,800,000
Land Capitalization Rate		4.7%
Required Return to Land		\$131,600
Replacement Cost of Improvements		\$33,944,319
Building Capitalization Rate (Rb)		6.1%
Required Return On and Recapture of Improvement Costs		\$2,070,603
Total Required Net Operating Income		\$2,202,203
Net Rentable Square Footage		\$74,810
Required NOI per SF of Improvements		\$29.4
Operating Expenses per SF		\$17.2
Required Effective Gross Revenue		\$46.6
Stabilized Vacancy Adjustment Factor		233%
<b>Cost Feasible Market Rent</b>		<b>\$48.94</b>
<b>Market Rent (based on market rental rates)</b>		<b>\$41.03</b>

As the table illustrates, a market rate development is not feasible according to this cost analysis.

#### **Maximally Productive**

Based upon our analysis, new construction of a market rate apartment community is not financially viable without some other source of gap funding, such as Low Income Housing Tax Credits. However, this is not entirely evident by the lack of new market rate multifamily construction in the local area. Therefore, the maximally productive use of this site as if vacant would be to construct a

multifamily rental property with financial subsidies. Without subsidies, it would be to hold until the market rent supports construction.

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

Based on the recent development patterns, the highest and best use “as if vacant” would be to construct a 470-unit multifamily development (236 and 234 units on Sites A and B, respectively) with subsidy or gap financing, such as LIHTC.

**Highest and Best Use “As Improved”:**

The Subject property currently operates as an affordable multifamily property in average condition. The property currently generates positive income and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as an affordable multifamily housing development.

# **APPRAISAL METHODOLOGY**

## **APPRAISAL METHODOLOGY**

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.

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. Investors in the marketplace do not typically rely upon the cost approach. As a result, the cost approach is considered to have only limited use in the valuation of the Subject property. However, we have provided an estimate of land value.

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. Because the Subject will be an income producing property, this is considered to be the best method of valuation. A direct capitalization technique is utilized.

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 both the EGIM and NOI/Unit analyses in valuing the Subject property.

## **COST APPROACH**

## **COST APPROACH**

The employment of the Cost Approach in the valuation process estimates the replacement cost of improvements, less depreciation from all causes, which is then added to the land value. As discussed, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property. This is primarily attributed to the age and condition of the improvements, and the attendant difficulty in accurately estimating accrued physical depreciation. For these reasons, the Cost Approach has not been presented in this report. However, an indication of land value is a component of this engagement.

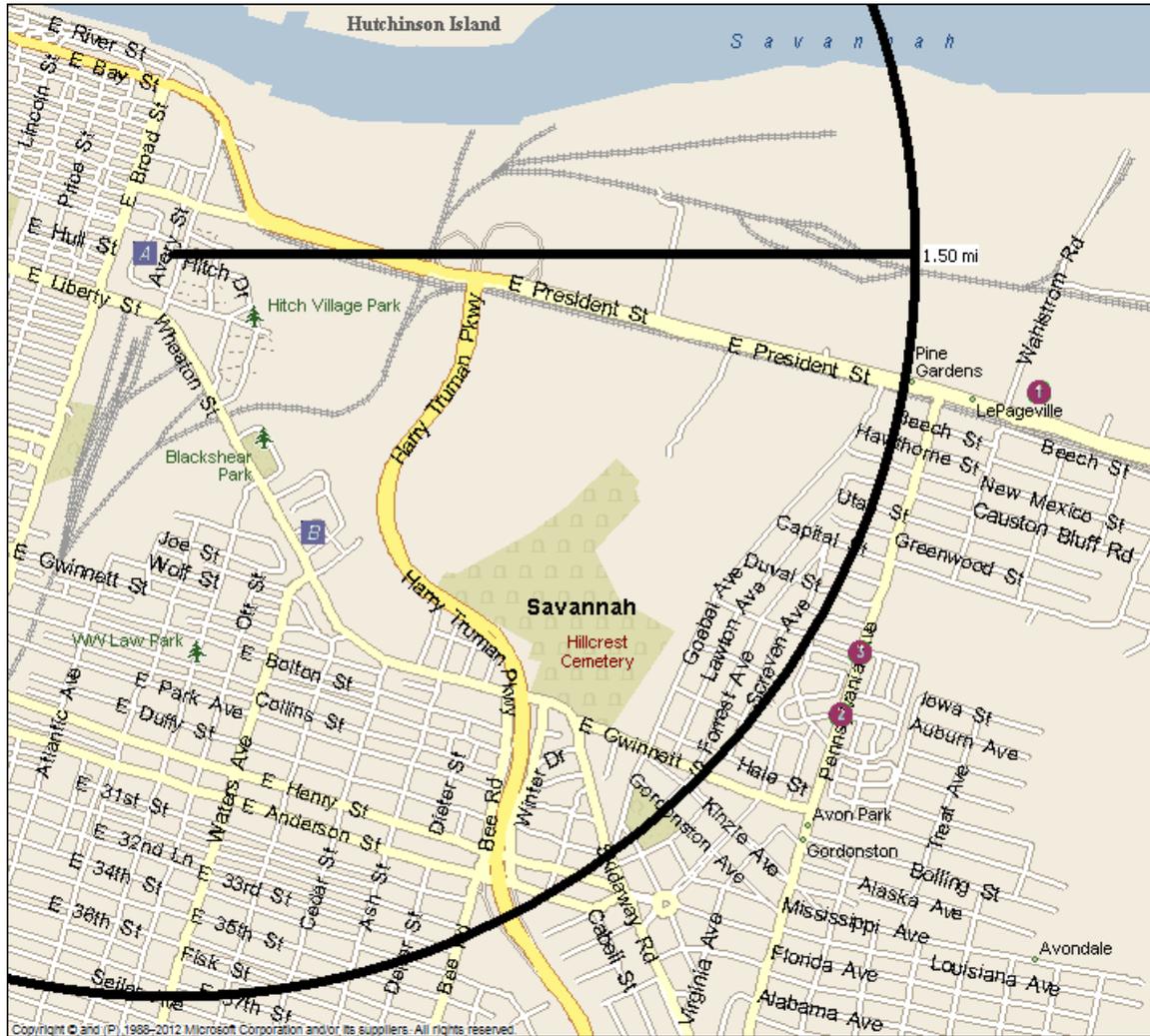
## **LAND VALUATION**

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 October 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	2010 E. President St.	Savannah, GA	Jul-14	\$2,145,000	16.2	323	\$6,641
2	514 Pennsylvania Ave.	Savannah, GA	Dec-13	\$1,140,000	4.96	114	\$10,000
3	500 Pennsylvania Ave.	Savannah, GA	Oct-11	\$940,000	3.34	94	\$10,000

COMPARABLE LAND SALES

Number	Location	City	Buyer	Seller
1	2010 E. President St.	Savannah, GA	Mariner Group Ltd.	JS&H Enterprises LP
2	514 Pennsylvania Ave.	Savannah, GA	Mercy Housing Southeast, Inc.	CHSA Development, Inc.
3	500 Pennsylvania Ave.	Savannah, GA	Mercy Housing Georgia X, LP	CHSA Development, Inc.

**ADJUSTMENTS**

The following table illustrates adjustments applied to the sale comparables.

<b>Comparable Land Data Adjustment Grid</b>				
	Subject	1	2	3
Location	200 E. Broad St/ 939 Wheaton St	2010 E. President St.	514 Pennsylvania Ave.	500 Pennsylvania Ave.
City, State	Savannah, GA	Savannah, GA	Savannah, GA	Savannah, GA
Parcel Data				
Zoning	Multifamily	Multifamily	Multifamily	Multifamily
Topography	Level	Level	Level	Level
Shape	Irregular	Irregular	Rectangular	Rectangular
Corner	Yes	Yes	Yes	Yes
Size (SF)	1,016,255	705,672	215,970	145,490
Size (Acres)	23.3	16.2	5.0	3.3
Units	470	323	114	94
Units Per Acre	20	20	23	28
Sales Data				
Date		Jul-14	Dec-13	Oct-11
Interest		Fee Simple	Fee Simple	Fee Simple
Price		\$2,145,000	\$1,140,000	\$940,000
Price per Unit		\$6,641	\$10,000	\$10,000
Adjustments				
Property Rights		0	0	0
		\$2,145,000	\$1,140,000	\$940,000
Financing		0	0	0
		\$2,145,000	\$1,140,000	\$940,000
Conditions of Sale		0	0	0
		\$2,145,000	\$1,140,000	\$940,000
Market Conditions		0.0%	0.0%	5.0%
Adjusted Sale Price		\$2,145,000	\$1,140,000	\$987,000
Adjusted Price Per Unit		\$6,641	\$10,000	\$10,500
Adjustments				
Location		-5%	-5%	-5%
Zoning		0%	0%	0%
Topography		0%	0%	0%
Shape		-10%	-10%	-10%
Size		5%	-15%	-15%
Overall Adjustment		-10%	-30%	-30%
Adjusted Price Per Unit		\$5,977	\$7,000	\$7,350
Low		\$5,977		
High		\$7,350		
Mean		\$6,776		
Median		\$7,000		
Conclusion		\$6,500 x	470	\$3,055,000
Rounded				\$3,100,000

## Explanation of Adjustments

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

Based on the most recent second quarter 2015 report from REIS, market conditions have improved slightly since 2012. The market vacancy was 6.2 percent as of the second quarter 2015 was similar to the one and three year annualized averages of 5.8 and 6.4 percent, respectively, while asking rents have continued to rise over the past five years.

	Asking Rent Growth						
	Quarterly			Annualized			
	3Q14	2Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Savannah	1.3%	0.7%	0.9%	2.0%	2.0%	1.0%	2.2%
South Atlantic	1.0%	0.9%	0.9%	2.7%	2.5%	1.6%	2.8%
United States	1.1%	1.0%	0.9%	3.1%	2.8%	1.5%	3.0%
Period Ending:	09/30/14	06/30/14	09/30/14	12/31/13	12/31/13	12/31/13	12/31/18

	Asking Rent Growth						
	Quarterly			Annualized			
	2Q15	1Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Savannah	1.1%	-0.3%	0.4%	2.6%	1.9%	2.0%	2.1%
South Atlantic	0.9%	0.6%	0.8%	3.3%	3.0%	2.5%	2.7%
United States	1.1%	0.6%	0.9%	3.5%	3.3%	2.7%	3.0%
Period Ending:	06/30/15	03/31/15	06/30/15	12/31/14	12/31/14	12/31/14	12/31/19

Capitalization rates (not shown in the above tables) decreased by 50 basis points nationwide since early 2012. Based on these figures, it is evident that the regional apartment market continues to recover. Sale 3 was negotiated in 2012 and was adjusted upward by five percent. Sales 1 and 2 have generally similar market conditions and no adjustments are necessary.

### 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.

#### LOCATION COMPARISON

Property	Zip Code	Median Household Income	Median Gross Rent
<b>Subject</b>	<b>31401</b>	<b>\$23,090</b>	<b>\$830</b>
Sale 1	31404	\$31,263	\$864
Sale 2	31404	\$31,263	\$864
Sale 3	31404	\$31,263	\$864

Source: 2013 American Community Survey

All of the comparable sales are located in zip code 31404, which has generally superior median household income and median gross rents than the Subject's zip code. We have adjusted the comparables downward by five percent to account for the slightly superior location.

### Zoning / Density

All of the land sales' zoning permits multifamily development; therefore no adjustments are necessary.

### Site Conditions

Site characteristics such as access, frontage, visibility, and shape can affect the marketability of sites, making them more or less attractive to investors. The Subject consists of scattered sites, which is generally inferior the comparable sales. We have made downward adjustments of 10 percent to all the sales.

### 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. Sale 1 has slightly more units and has been adjusted upward five percent, while Sales 2 and 3 have significantly fewer and have been adjusted downward 15 percent.

**CONCLUSION OF VALUE**

The sales indicate a range of adjusted price per unit from \$5,977 to \$7,350 per unit, with a mean of \$6,776 per unit. We have given weight to all the sales in determining the Subject's value and have concluded to a sale price of \$6,500 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 value of the underlying land in fee simple, as of July 27, 2015, is:

**THREE MILLION ONE HUNDRED THOUSAND DOLLARS  
(\$3,100,000)**

# **INCOME CAPITALIZATION APPROACH**

## INCOME CAPITALIZATION APPROACH

### INTRODUCTION

We were asked to provide several value estimates, including:

- Market Value “As Is.”
- Hypothetical Market Value Upon Completion Assuming Restricted Rents.
- Hypothetical Market Value Upon Completion Assuming Unrestricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” –assuming restricted rents.
- Hypothetical Market Value “As Complete and Stabilized” –assuming unrestricted rents.
- Prospective Market Value at loan maturity.

The market values “upon completion and stabilization” are hypothetical value estimates based upon the anticipated benefits and timing of encumbrances and the development plan as proposed by the developer, as described in the “Description of Improvements” section of this report. *Please see attached assumptions and limiting conditions for additional remarks concerning hypothetical 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 these future income streams.

The Subject’s hypothetical market value under the restricted scenario and “Upon Completion and Stabilization” is determined using Direct Capitalization.

**POTENTIAL GROSS INCOME**

In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

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 as is restricted is assumes the achievable as is unrestricted rents derived in the Supply Section of this report, while the potential rental income as proposed restricted assumes the RAD program CHAP rents. The as proposed unrestricted income assumes the achievable as renovated unrestricted rents.

## POTENTIAL GROSS RENTAL INCOME - As Is

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
1BR/1BA Duplex	7	\$630	\$4,410	\$52,920
2BR/1BA Duplex	21	\$710	\$14,910	\$178,920
3BR/1BA Duplex	40	\$825	\$33,000	\$396,000
3BR/1BA SFH	1	\$875	\$875	\$10,500
4BR/1.5BA SFH	5	\$1,100	\$5,500	\$66,000
1BR/1BA Garden	40	\$660	\$26,400	\$316,800
2BR/1BA Garden	82	\$720	\$59,040	\$708,480
2BR/1BA Townhome	16	\$780	\$12,480	\$149,760
3BR/1BA Garden	56	\$900	\$50,400	\$604,800
3BR/1BA Townhome	8	\$955	\$7,640	\$91,680
4BR/1BA Garden	4	\$1,085	\$4,340	\$52,080
<b>Total</b>	<b>280</b>			<b>\$2,627,940</b>

## POTENTIAL GROSS RENTAL INCOME - As Proposed Restricted

Unit Type	Number of Units	RAD Program CHAP Rents	Monthly Gross Rent	Annual Gross Rent
<i>60% AMI (RAD/PBRA)</i>				
1BR/1BA Duplex	7	\$464	\$3,248	\$38,976
2BR/1BA Duplex	21	\$515	\$10,815	\$129,780
3BR/2BA Duplex	40	\$670	\$26,800	\$321,600
3BR/2BA SFH	1	\$670	\$670	\$8,040
4/2.5BA SFH	5	\$680	\$3,400	\$40,800
1BR/1BA Garden	40	\$464	\$18,560	\$222,720
2BR/1BA Garden	82	\$515	\$42,230	\$506,760
2BR/1BA Townhome	16	\$515	\$8,240	\$98,880
3BR/2BA Garden	56	\$670	\$37,520	\$450,240
3BR/1BA Townhome	8	\$670	\$5,360	\$64,320
4BR/2BA Garden	4	\$680	\$2,720	\$32,640
<b>Total</b>	<b>280</b>			<b>\$1,914,756</b>

## POTENTIAL GROSS RENTAL INCOME - As Proposed Unrestricted

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
1BR/1BA Duplex	7	\$750	\$5,250	\$63,000
2BR/1BA Duplex	21	\$830	\$17,430	\$209,160
3BR/1BA Duplex	40	\$995	\$39,800	\$477,600
3BR/2BA SFH	1	\$1,045	\$1,045	\$12,540
4/2.5BA SFH	5	\$1,270	\$6,350	\$76,200
1BR/1BA Garden	40	\$770	\$30,800	\$369,600
2BR/1BA Garden	82	\$830	\$68,060	\$816,720
2BR/1BA Townhome	16	\$890	\$14,240	\$170,880
3BR/2BA Garden	56	\$1,060	\$59,360	\$712,320
3BR/1BA Townhome	8	\$1,060	\$8,480	\$101,760
4BR/2BA Garden	4	\$1,245	\$4,980	\$59,760
<b>Total</b>	<b>280</b>			<b>\$3,069,540</b>

**Other Income**

The other income category is primarily revenue generated from late charges, special service fees, vending machines, etc. Three of the four comparables were able to report other income, ranging from \$99 to \$489 per unit, with two of the three comparables reporting \$99 to \$108 per unit in other income. The Subject's historical other income ranges from \$92 to \$169 per unit. The developer's budget indicates other income of \$131 per unit. We will conclude to other income of \$130 per unit, which is within the historical and comparable ranges.

**Vacancy and Collection Loss**

The vacancy rates in the market are generally stable. As indicated in the supply analysis, we have concluded to a vacancy and collections loss rate of 5.0 percent for all scenarios.

**EXPLANATION OF EXPENSES**

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. Historical operating expenses of comparable properties were relied upon in estimating the Subject's operating expenses. The comparable data can be found on the following pages.

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. The Subject offers 280 units that target households of all ages. The Subject's historical fiscal year (ending March 31) 2012, 2013, and 2014 expenses as well as comparable operating expense data from 2011 to 2013 from properties located in Savannah, Hinesville, and Rincon serve as the basis of comparison.

**Wessels-Blackshear Redevelopment, Savannah, GA; Appraisal**

EXPENSE CATEGORY	Novogradac Estimates As Is Savannah, GA		Novogradac Estimates As Proposed Restricted Savannah, GA		Novogradac Estimates As Proposed Unrestricted Savannah, GA		SUBJECT BUDGETED EXPENSES Savannah, GA		FY 2014 SUBJECT ACTUAL EXPENSES Savannah, GA		FY 2013 SUBJECT ACTUAL EXPENSES Savannah, GA		FY 2012 SUBJECT ACTUAL EXPENSES Savannah, GA		2013 CONFIDENTIAL ACTUAL EXPENSES Hinesville, GA		2013 CONFIDENTIAL ACTUAL EXPENSES Savannah, GA		2012 CONFIDENTIAL ACTUAL EXPENSES Savannah, GA		2011 CONFIDENTIAL ACTUAL EXPENSES Rincon, GA		
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	
	280	280	280	280	280	280	280	280	280	280	280	280	280	280	80	80	324	324	147	147	184	184	
<b>OTHER INCOME</b>	\$36,400	\$130	\$36,400	\$130	\$36,400	\$130	\$36,680	\$131	\$41,160	\$147	\$40,880	\$146	\$22,400	\$80	\$8,669	\$108	\$32,035	\$99	\$71,846	\$489	N/Av	N/Av	
<b>MARKETING</b>																							
Advertising / Screening / Credit	\$14,000	\$50	\$14,000	\$50	\$14,000	\$50	\$79,214	\$283	\$29	\$0	\$0	\$0	\$49	\$0	\$644	\$8	\$3,842	\$12	\$7,855	\$53	\$12,880	\$70	
<b>SUBTOTAL</b>	<b>\$14,000</b>	<b>\$50</b>	<b>\$14,000</b>	<b>\$50</b>	<b>\$14,000</b>	<b>\$50</b>	<b>\$79,214</b>	<b>\$283</b>	<b>\$29</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$49</b>	<b>\$0</b>	<b>\$644</b>	<b>\$8</b>	<b>\$3,842</b>	<b>\$12</b>	<b>\$7,855</b>	<b>\$53</b>	<b>\$12,880</b>	<b>\$70</b>	
<b>ADMINISTRATION</b>																							
Legal	\$2,800	\$10	\$2,800	\$10	\$2,800	\$10	\$2,610	\$9	\$2,240	\$8	\$3,640	\$13	\$6,160	\$22	\$9,074	\$113	\$10,690	\$33	\$2,874	\$20	\$0	\$0	
Audit	\$2,800	\$10	\$21,000	\$75	\$2,800	\$10	\$21,000	\$75	\$3,920	\$14	\$3,920	\$14	\$3,640	\$13	\$0	\$0	\$8,500	\$26	\$0	\$0	\$0	\$0	
Office & Other	\$77,000	\$275	\$106,400	\$380	\$102,200	\$365	\$85,813	\$306	\$111,160	\$397	\$229,040	\$818	\$361,760	\$1,292	\$19,381	\$242	\$117,199	\$362	\$46,880	\$319	\$29,624	\$161	
<b>SUBTOTAL</b>	<b>\$82,600</b>	<b>\$295</b>	<b>\$130,200</b>	<b>\$465</b>	<b>\$107,800</b>	<b>\$385</b>	<b>\$109,423</b>	<b>\$391</b>	<b>\$117,320</b>	<b>\$419</b>	<b>\$236,600</b>	<b>\$845</b>	<b>\$371,560</b>	<b>\$1,327</b>	<b>\$28,455</b>	<b>\$356</b>	<b>\$136,389</b>	<b>\$421</b>	<b>\$49,754</b>	<b>\$338</b>	<b>\$29,624</b>	<b>\$161</b>	
<b>TOTAL ADMINISTRATION</b>	<b>\$96,600</b>	<b>\$345</b>	<b>\$144,200</b>	<b>\$515</b>	<b>\$121,800</b>	<b>\$435</b>	<b>\$188,637</b>	<b>\$674</b>	<b>\$117,349</b>	<b>\$419</b>	<b>\$236,600</b>	<b>\$845</b>	<b>\$371,609</b>	<b>\$1,327</b>	<b>\$29,099</b>	<b>\$364</b>	<b>\$140,231</b>	<b>\$433</b>	<b>\$57,609</b>	<b>\$392</b>	<b>\$42,504</b>	<b>\$231</b>	
<b>MAINTENANCE</b>																							
Painting / Turnover / Cleaning	\$42,000	\$150	\$42,000	\$150	\$42,000	\$150	\$52,469	\$187	\$0	\$0	\$0	\$0	\$0	\$0	\$5,809	\$73	\$149,107	\$460	\$39,214	\$267	\$0	\$0	
Repairs	\$70,000	\$250	\$42,000	\$150	\$42,000	\$150	\$46,370	\$166	\$0	\$0	\$0	\$0	\$0	\$0	\$16,628	\$208	\$104,774	\$323	\$56,827	\$387	\$75,072	\$408	
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Grounds	\$56,000	\$200	\$56,000	\$200	\$56,000	\$200	\$56,750	\$203	\$0	\$0	\$0	\$0	\$0	\$0	\$11,591	\$145	\$2,654	\$8	\$53,622	\$365	\$19,320	\$105	
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,719	\$8	\$20,204	\$137	\$0	\$0	
Supplies/Other	\$82,880	\$296	\$54,880	\$196	\$54,880	\$196	\$95,006	\$339	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,022	\$164	\$3,419	\$23	\$0	\$0	
<b>SUBTOTAL</b>	<b>\$250,880</b>	<b>\$896</b>	<b>\$194,880</b>	<b>\$696</b>	<b>\$194,880</b>	<b>\$696</b>	<b>\$250,795</b>	<b>\$896</b>	<b>\$244,160</b>	<b>\$872</b>	<b>\$259,000</b>	<b>\$925</b>	<b>\$854,840</b>	<b>\$3,053</b>	<b>\$34,028</b>	<b>\$425</b>	<b>\$312,276</b>	<b>\$964</b>	<b>\$173,286</b>	<b>\$1,179</b>	<b>\$94,392</b>	<b>\$513</b>	
<b>OPERATING</b>																							
Contracts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,314	\$124	\$55,818	\$380	\$0	\$0	
Exterminating	\$0	\$0	\$0	\$0	\$0	\$0	\$6,216	\$22	\$0	\$0	\$0	\$0	\$0	\$0	\$2,280	\$29	\$12,351	\$38	\$7,462	\$51	\$0	\$0	
Security	\$1,120	\$4	\$1,120	\$4	\$1,120	\$4	\$0	\$0	\$1,120	\$4	\$1,400	\$5	\$1,120	\$4	\$0	\$0	\$24,619	\$76	\$1,312	\$9	\$0	\$0	
<b>SUBTOTAL</b>	<b>\$1,120</b>	<b>\$4</b>	<b>\$1,120</b>	<b>\$4</b>	<b>\$1,120</b>	<b>\$4</b>	<b>\$6,216</b>	<b>\$22</b>	<b>\$1,120</b>	<b>\$4</b>	<b>\$1,400</b>	<b>\$5</b>	<b>\$1,120</b>	<b>\$4</b>	<b>\$2,280</b>	<b>\$29</b>	<b>\$77,284</b>	<b>\$239</b>	<b>\$64,592</b>	<b>\$439</b>	<b>\$0</b>	<b>\$0</b>	
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$252,000</b>	<b>\$900</b>	<b>\$196,000</b>	<b>\$700</b>	<b>\$196,000</b>	<b>\$700</b>	<b>\$257,011</b>	<b>\$918</b>	<b>\$245,280</b>	<b>\$876</b>	<b>\$260,400</b>	<b>\$930</b>	<b>\$855,960</b>	<b>\$3,057</b>	<b>\$36,308</b>	<b>\$454</b>	<b>\$389,560</b>	<b>\$1,202</b>	<b>\$237,878</b>	<b>\$1,618</b>	<b>\$94,392</b>	<b>\$513</b>	
<b>PAYROLL</b>																							
On-site manager	\$135,000	\$482	\$135,000	\$482	\$135,000	\$482	\$50,003	\$179	\$146,440	\$523	\$147,280	\$526	\$127,120	\$454	\$0	\$0	\$217,506	\$671	\$32,898	\$224	\$0	\$0	
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$64,127	\$229	\$0	\$0	\$0	\$0	\$0	\$0	\$69,816	\$873	\$0	\$0	\$0	\$0	\$203,504	\$1,106	
Maintenance staff	\$100,000	\$357	\$100,000	\$357	\$100,000	\$357	\$101,171	\$361	\$224,560	\$802	\$146,440	\$523	\$180,600	\$645	\$0	\$0	\$129,843	\$401	\$40,288	\$274	\$0	\$0	
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Benefits	\$25,000	\$89	\$25,000	\$89	\$25,000	\$89	\$72,864	\$260	\$197,960	\$707	\$195,440	\$698	\$203,840	\$728	\$0	\$0	\$0	\$0	\$15,025	\$102	\$0	\$0	
Payroll taxes	\$28,200	\$101	\$28,200	\$101	\$28,200	\$101	\$32,912	\$118	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,640	\$52	\$0	\$0	
<b>SUBTOTAL</b>	<b>\$288,200</b>	<b>\$1,029</b>	<b>\$288,200</b>	<b>\$1,029</b>	<b>\$288,200</b>	<b>\$1,029</b>	<b>\$321,077</b>	<b>\$1,147</b>	<b>\$568,960</b>	<b>\$2,032</b>	<b>\$489,160</b>	<b>\$1,747</b>	<b>\$511,560</b>	<b>\$1,827</b>	<b>\$69,816</b>	<b>\$873</b>	<b>\$347,349</b>	<b>\$1,072</b>	<b>\$95,851</b>	<b>\$652</b>	<b>\$203,504</b>	<b>\$1,106</b>	
<b>UTILITIES</b>																							
Water & Sewer	\$74,200	\$265	\$65,800	\$235	\$65,800	\$235	\$122,400	\$437	\$78,960	\$282	\$60,760	\$217	\$78,400	\$280	\$29,167	\$365	\$181,116	\$559	\$43,805	\$298	\$109,112	\$593	
Electricity	\$51,800	\$185	\$32,200	\$115	\$32,200	\$115	\$80,325	\$287	\$53,480	\$191	\$51,240	\$183	\$78,680	\$281	\$17,664	\$221	\$68,153	\$210	\$36,302	\$247	\$0	\$0	
Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,400	\$5	\$1,400	\$5	\$560	\$2	\$1,167	\$15	\$30,290	\$93	\$4,843	\$33	\$0	\$0	
Cable Television	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Trash	\$42,000	\$150	\$42,000	\$150	\$42,000	\$150	\$41,400	\$148	\$0	\$0	\$0	\$0	\$0	\$0	\$7,217	\$90	\$0	\$0	\$15,305	\$104	\$0	\$0	
<b>SUBTOTAL</b>	<b>\$168,000</b>	<b>\$600</b>	<b>\$140,000</b>	<b>\$500</b>	<b>\$140,000</b>	<b>\$500</b>	<b>\$244,125</b>	<b>\$872</b>	<b>\$133,840</b>	<b>\$478</b>	<b>\$113,400</b>	<b>\$405</b>	<b>\$157,640</b>	<b>\$563</b>	<b>\$55,215</b>	<b>\$690</b>	<b>\$279,559</b>	<b>\$863</b>	<b>\$100,255</b>	<b>\$682</b>	<b>\$109,112</b>	<b>\$593</b>	
<b>MISCELLANEOUS</b>																							
Insurance	\$80,004	\$286	\$80,004	\$286	\$80,004	\$286	\$80,004	\$286	\$49,840	\$178	\$43,400	\$155	\$44,800	\$160	\$31,414	\$393	\$180,363	\$557	\$43,773	\$298	\$30,176	\$164	
Real Estate Taxes / PILOT	\$220,349	\$787	\$3,600	\$13	\$289,933	\$1,035	\$3,600	\$13	\$35,560	\$127	\$31,080	\$111	\$13,720	\$49	\$75,737	\$947	\$182,246	\$562	\$119,123	\$810	\$59,984	\$326	
Reserves	\$84,000	\$300	\$70,000	\$250	\$70,000	\$250	\$70,000	\$250	\$84,000	\$300	\$84,000	\$300	\$84,000	\$300	\$20,000	\$250	\$81,000	\$250	\$36,750	\$250	\$46,000	\$250	
Supportive Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,520	\$84	\$35,280	\$126	\$102,200	\$365	\$42	\$1	\$0	\$0	\$0	\$0	\$0	\$0	
<b>SUBTOTAL</b>	<b>\$384,353</b>	<b>\$1,373</b>	<b>\$153,604</b>	<b>\$549</b>	<b>\$439,937</b>	<b>\$1,571</b>	<b>\$153,604</b>	<b>\$549</b>	<b>\$192,920</b>	<b>\$689</b>	<b>\$193,760</b>	<b>\$692</b>	<b>\$244,720</b>	<b>\$874</b>	<b>\$127,193</b>	<b>\$1,590</b>	<b>\$443,609</b>	<b>\$1,369</b>	<b>\$199,646</b>	<b>\$1,358</b>	<b>\$136,160</b>	<b>\$740</b>	
<b>MANAGEMENT</b>																							
<b>SUBTOTAL</b>	<b>\$101,245</b>	<b>\$362</b>	<b>\$92,680</b>	<b>\$331</b>	<b>\$118,026</b>	<b>\$422</b>	<b>\$90,742</b>	<b>\$324</b>	<b>\$170,800</b>	<b>\$610</b>	<b>\$151,480</b>	<b>\$541</b>	<b>\$117,880</b>	<b>\$421</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,525</b>	<b>\$20</b>	<b>\$72,336</b>	<b>\$492</b>	<b>\$63,296</b>	<b>\$344</b>	
<b>TOTAL EXPENSES</b>	<b>\$1,290,398</b>	<b>\$4,609</b>	<b>\$1,014,684</b>	<b>\$3,624</b>	<b>\$1,303,963</b>	<b>\$4,657</b>	<b>\$1,255,196</b>	<b>\$4,483</b>	<b>\$1,429,149</b>	<b>\$5,104</b>	<b>\$1,444,800</b>	<b>\$5,160</b>	<b>\$2,259,369</b>	<b>\$8,069</b>	<b>\$317,631</b>	<b>\$3,970</b>	<b>\$1,606,833</b>	<b>\$4,959</b>	<b>\$763,575</b>	<b>\$5,194</b>	<b>\$648,968</b>	<b>\$3,527</b>	

### **General Administrative**

This category includes all professional fees for items such as legal, accounting, and marketing expenses, as well as office supplies and general and administrative costs. Historically, the Subject's administrative expense has ranged from \$419 to \$1,327 per unit. It was explained that the relatively high 2012 and 2013 expenses were due to temporary personnel contracts to handle turnover associated with substantial capital improvements in 2012. The developer's budget indicates a general administrative expense of \$674 per unit. However, this includes the Subject's budgeted payroll expenses. The comparable expense data ranges from \$231 to \$433 per unit.

The developer will enter into a lease with the Housing Authority of Savannah (HAS) for the ground underlying the proposed Subject buildings. The term of the ground lease will be for 75 years for a level annual rent payment of \$25,000, or \$89 per unit. We have considered the ground lease expense in the as proposed scenarios.

We have concluded to \$345 for as is scenario and \$515 and \$435 per unit for the as proposed restricted and unrestricted scenarios, respectively inclusive of the ground lease payment. According to a Novogradac & Company LLP comprehensive analysis of national 2012 operating expense data (Multifamily Rental Housing Operating Expense Report, 2014), it costs on average approximately \$80 more per unit for administrative costs for low income housing tax credit property nationally than it does for a market-rate property.

### **Repairs, Maintenance, and Operating**

Included in this expense are normal items of repair including roof, painting, decorating, maintenance of public areas, cleaning, etc. Historically, the Subject's maintenance and operating expenses per unit have ranged from \$3,057 in 2012, \$930 in 2013, and \$877 in 2014. In 2012, the Subject underwent capital improvements totaling \$3,117,794 (or \$8,908 per unit) that included HVAC and bathroom fixtures at Fred Wessels Homes. The developer's budgeted expense is \$918 per unit. The comparable expense data ranges from \$454 to \$1,618 per unit. Operating expense comparable three was built in 1986 and is the oldest comparable and has a maintenance, and operating expense that appears to be somewhat high (\$1,618 per unit) when compared to the remaining properties. The Subject will be newly renovated. We have concluded to an expense of \$900 per unit for the as is scenario and \$700 per unit for both proposed scenarios, which are within the range of the comparables and well below the developer's estimate.

### **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 Subject has historically had payroll expenses in 2012, 2013, and 2014 of \$1,827, \$1,748, and \$2,031 per unit, respectively. The developer estimates a payroll expense is factored into the general administrative fee. The comparable expense data ranges from \$652 to \$1,106 per unit. We estimate three full-time management staff and four full-time maintenance staff for the Subject as is and three full-time management staff and two full-time and one part-time maintenance staff for the Subject as proposed. The following table illustrates Novoco's staffing plan for the Subject for the as is scenario and the as proposed (restricted/unrestricted) scenarios.

**PAYROLL EXPENSE CALCULATION**

	<b>Expenses</b>	<b>Per Unit</b>
Office Salary	\$135,000	\$482
Maintenance Salary	\$100,000	\$357
Benefits (\$5,000 per FTE)	\$25,000	\$89
Payroll Taxes (estimated at 12%)	\$28,200	\$101
<b>Total Annual Payroll</b>	<b>\$288,200</b>	<b>\$1,029</b>

**Utilities**

The tenant will continue to be responsible for all utilities at Blackshear and all utilities except water/sewer, and trash collection at Wessels. The landlord will also pay common area and vacant unit utilities. Historically, the Subject's utility expenses for 2012, 2013, and 2014 were \$563, \$405, and \$479 per unit. The Subject's budgeted expense is \$872 per unit. We believe that the proposed renovations will improve utility efficiency. According to a June 2014 Stewards of Affordable Housing for the Future (SAHF) article detailing the energy savings of 236 multifamily properties nationally that benefited from the US Department of Housing and Urban Development's Green Retrofit Program (<http://www.sahfnet.org/mfretrofitreport.html>), energy efficiency upgrades averaged an 18 percent reduction in energy [electric] consumption. Also, water consumption in the portfolio was reduced by 26 percent on average. We will conclude to utility expense of \$600 per unit for the as is scenario and will conclude to utility expenses \$500 per unit for both proposed scenarios, which is below the developers budget yet considered reasonable based on the renovations.

**Insurance**

Comparable data illustrates a range from \$164 to \$557 per unit, with an average of \$353. The historical expenses have ranged from \$155 to \$178 per unit. The budgeted expense is \$286 per unit. We have concluded to the developers' estimate which is within the range of the comparables.

**Taxes**

Real estate taxes have been previously discussed in the real estate tax analysis. We have assumed a full tax exemption for the as renovated restricted scenario. The developer's budget of \$13 per unit is based on direct fees for public services. As such, we have concluded to \$13 per unit for the as proposed restricted.

**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 range from \$250 to \$350 per unit per year. We have used an expense of \$300 per unit for the as is scenario and \$250 for the as proposed scenarios.

### Management Fees

The typical range for professionally managing an apartment property such as the Subject is 4.0 to 7.0 percent of effective gross rental income, 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. Only one of the comparables reported gross rental income, indicating a management fee of 5.3 percent. Three comparables were able to report a management fee per unit, ranging between \$20 and \$492 per unit. Historically, the Subject has operated with management fee of 7.0 to 8.6 percent. The developer's budget indicates a management fee of 5.0 percent. We have concluded to a management fee of 5.0 percent for the as renovated restricted scenario and a management fee of 4.0 percent for the as is and as renovated unrestricted scenarios.

### SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the total operating expenses per unit proposed by the Subject with the Subject's historical expenses, and the total expenses reported by comparable expense properties.

Total Expense per Unit	Comparable Expense Properties	
	W/ Taxes	W/O Taxes
Developer's Budget	\$4,483	\$4,470
Subject FY 2014	\$5,104	\$4,977
Subject FY 2013	\$5,160	\$5,049
Subject FY 2012	\$8,069	\$8,020
Expense Comparable 1	\$3,970	\$3,024
Expense Comparable 2	\$4,959	\$4,397
Expense Comparable 3	\$5,194	\$4,384
Expense Comparable 4	\$3,527	\$3,201
<b>Subject (As Is)</b>	<b>\$4,609</b>	<b>\$3,822</b>
<b>Subject (As Proposed Restricted)</b>	<b>\$3,624</b>	<b>\$3,611</b>
<b>Subject (As Proposed Unrestricted)</b>	<b>\$4,657</b>	<b>\$3,622</b>

The estimated operating expenses for the Subject are below the budget and historical ranges yet within the range of the comparables. The budget and historical expenses exhibit relatively high payroll and/or maintenance expenses that we believe would be lower with proper management as well as proposed rehabilitation. We believe that the estimated expenses for the restricted and unrestricted scenarios are reasonable based upon the comparable expenses.

### Prospective Market Value at Loan Maturity

To quantify the income potential of the Subject, a future cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate terminal capitalization and discount rates. As examined earlier, we believe there is ample demand in the income ranges targeted by the management of the Subject to support a stable cash flow. Therefore, the restrictions do not affect the risk of the Subject investment. We based our valuation on market-derived reversion and discount rates. It should be noted that we have only utilized the future cash flow analysis to identify the prospective market value at loan maturity.

### Income and Expense Growth Projections

The AMI in Chatham County increased 2.1 percent annually between 2000 and 2015. Since 2012, the AMI in the county has increased 0.3 percent annually. Several of the LIHTC and market rate comparables experienced rent growth over the past year. The LIHTC comparables had rent increases between one and three percent, while the market rate comparables reported rent changes from a four percent decrease to a six percent increase, with an overall increasing trend. We have increased the income and expense line items by 1.5 percent per annum over the holding period. This is based upon the AMI growth and the market-oriented rent increases of the comparable properties.

### Terminal Capitalization Rate

In order to estimate the appropriate capitalization rate, we used the *PwC Real Estate Investor Survey*. The following summarizes this survey:

<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:	5.30%
<b>Non-Institutional Grade Investments</b>	
Range:	3.75% - 12.00%
Average:	6.52%

Source: PwC Real Estate Investor Survey, Q2 2015

Additionally, we have considered the market extracted capitalization rates in the Savannah market. As discussed in detail later in this report, we have estimated a going in capitalization rate of 6.0 percent for the Subject.

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

- Anticipated annual capture of the Subject.
- The anticipated demand growth in the market associated with both local residential and corporate growth.
- The Subject's construction and market position.
- Local market overall rates.

In view of the preceding data, observed rate trends, and careful consideration of the Subject's physical appeal and economic characteristics, a terminal rate of 6.5 percent has been used, which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following construction.

### VALUATION ANALYSIS

Based upon the indicated operating statements and the discount rate discussion above, we developed a cash flow for the Subject. The following pages illustrate the cash flow and present value analysis.

## As Proposed Restricted Scenario (Years 1 through 15)

## Restricted Cash Flow Value Derivation of "as complete"

Fiscal Year	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	Year 6 2020	Year 7 2021	Year 8 2022	Year 9 2023	Year 10 2024	Year 11 2025	Year 12 2026	Year 13 2027	Year 14 2028	Year 15 2029
<b>Income</b>															
Low Income Units	\$1,914,756	\$1,943,477	\$1,972,630	\$2,002,219	\$2,032,252	\$2,062,736	\$2,093,677	\$2,125,082	\$2,156,958	\$2,189,313	\$2,222,153	\$2,255,485	\$2,289,317	\$2,323,657	\$2,358,512
Nonresidential	\$36,400	\$36,946	\$37,500	\$38,063	\$38,634	\$39,213	\$39,801	\$40,398	\$41,004	\$41,619	\$42,244	\$42,877	\$43,521	\$44,173	\$44,836
Gross Project Income	\$1,951,156	\$1,980,423	\$2,010,130	\$2,040,282	\$2,070,886	\$2,101,949	\$2,133,478	\$2,165,481	\$2,197,963	\$2,230,932	\$2,264,396	\$2,298,362	\$2,332,838	\$2,367,830	\$2,403,348
Vacancy Allowance	-\$97,558	-\$99,021	-\$100,506	-\$102,014	-\$103,544	-\$105,097	-\$106,674	-\$108,274	-\$109,898	-\$111,547	-\$113,220	-\$114,918	-\$116,642	-\$118,392	-\$120,167
Effective Gross Income	\$1,853,598	\$1,881,402	\$1,909,623	\$1,938,268	\$1,967,342	\$1,996,852	\$2,026,804	\$2,057,207	\$2,088,065	\$2,119,386	\$2,151,176	\$2,183,444	\$2,216,196	\$2,249,439	\$2,283,180
<b>Expenses</b>															
Administrative and Marketing	\$144,200	\$146,363	\$148,558	\$150,787	\$153,049	\$155,344	\$157,675	\$160,040	\$162,440	\$164,877	\$167,350	\$169,860	\$172,408	\$174,994	\$177,619
Maintenance and Operating	\$196,000	\$198,940	\$201,924	\$204,953	\$208,027	\$211,148	\$214,315	\$217,530	\$220,793	\$224,104	\$227,466	\$230,878	\$234,341	\$237,856	\$241,424
Payroll	\$288,200	\$292,523	\$296,911	\$301,365	\$305,885	\$310,473	\$315,130	\$319,857	\$324,655	\$329,525	\$334,468	\$339,485	\$344,577	\$349,746	\$354,992
Utilities	\$140,000	\$142,100	\$144,232	\$146,395	\$148,591	\$150,820	\$153,082	\$155,378	\$157,709	\$160,075	\$162,476	\$164,913	\$167,387	\$169,897	\$172,446
Insurance	\$80,004	\$81,204	\$82,422	\$83,658	\$84,913	\$86,187	\$87,480	\$88,792	\$90,124	\$91,476	\$92,848	\$94,241	\$95,654	\$97,089	\$98,545
Real Estate Taxes	\$3,600	\$3,654	\$3,709	\$3,764	\$3,821	\$3,878	\$3,936	\$3,995	\$4,055	\$4,116	\$4,178	\$4,241	\$4,304	\$4,369	\$4,434
Replacement Reserve	\$70,000	\$71,050	\$72,116	\$73,197	\$74,295	\$75,410	\$76,541	\$77,689	\$78,854	\$80,037	\$81,238	\$82,456	\$83,693	\$84,949	\$86,223
Management Fee	\$92,680	\$94,070	\$95,481	\$96,913	\$98,367	\$99,843	\$101,340	\$102,860	\$104,403	\$105,969	\$107,559	\$109,172	\$110,810	\$112,472	\$114,159
Total Expenses	\$1,014,684	\$1,029,904	\$1,045,353	\$1,061,033	\$1,076,949	\$1,093,103	\$1,109,499	\$1,126,142	\$1,143,034	\$1,160,179	\$1,177,582	\$1,195,246	\$1,213,175	\$1,231,372	\$1,249,843
<b>Net Operating Income</b>	<b>\$838,914</b>	<b>\$851,498</b>	<b>\$864,270</b>	<b>\$877,235</b>	<b>\$890,393</b>	<b>\$903,749</b>	<b>\$917,305</b>	<b>\$931,065</b>	<b>\$945,031</b>	<b>\$959,206</b>	<b>\$973,594</b>	<b>\$988,198</b>	<b>\$1,003,021</b>	<b>\$1,018,066</b>	<b>\$1,033,337</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	6.5%														
Sales Costs	3.0%														
Net Sales Proceeds	\$15,400,000														

## As Proposed Restricted Scenario (Years 16 through 30)

Restricted Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>Income</b>															
Low Income Units	\$2,393,889	\$2,429,798	\$2,466,245	\$2,503,238	\$2,540,787	\$2,578,899	\$2,617,582	\$2,656,846	\$2,696,699	\$2,737,149	\$2,778,206	\$2,819,879	\$2,862,178	\$2,905,110	\$2,948,687
Nonresidential	\$45,508	\$46,191	\$46,884	\$47,587	\$48,301	\$49,026	\$49,761	\$50,507	\$51,265	\$52,034	\$52,814	\$53,607	\$54,411	\$55,227	\$56,055
Gross Project Income	\$2,439,398	\$2,475,989	\$2,513,129	\$2,550,826	\$2,589,088	\$2,627,924	\$2,667,343	\$2,707,353	\$2,747,964	\$2,789,183	\$2,831,021	\$2,873,486	\$2,916,588	\$2,960,337	\$3,004,742
Vacancy Allowance	-\$121,970	-\$123,799	-\$125,656	-\$127,541	-\$129,454	-\$131,396	-\$133,367	-\$135,368	-\$137,398	-\$139,459	-\$141,551	-\$143,674	-\$145,829	-\$148,017	-\$150,237
Effective Gross Income	\$2,317,428	\$2,352,189	\$2,387,472	\$2,423,284	\$2,459,634	\$2,496,528	\$2,533,976	\$2,571,986	\$2,610,565	\$2,649,724	\$2,689,470	\$2,729,812	\$2,770,759	\$2,812,320	\$2,854,505
<b>Expenses</b>															
Administrative and Marketing	\$180,283	\$182,988	\$185,733	\$188,519	\$191,346	\$194,216	\$197,130	\$200,087	\$203,088	\$206,134	\$209,226	\$212,365	\$215,550	\$218,783	\$222,065
Maintenance and Operating	\$245,045	\$248,721	\$252,452	\$256,239	\$260,082	\$263,984	\$267,943	\$271,962	\$276,042	\$280,183	\$284,385	\$288,651	\$292,981	\$297,376	\$301,836
Payroll	\$360,317	\$365,722	\$371,207	\$376,776	\$382,427	\$388,164	\$393,986	\$399,896	\$405,894	\$411,983	\$418,162	\$424,435	\$430,801	\$437,263	\$443,822
Utilities	\$175,032	\$177,658	\$180,323	\$183,028	\$185,773	\$188,560	\$191,388	\$194,259	\$197,173	\$200,130	\$203,132	\$206,179	\$209,272	\$212,411	\$215,597
Insurance	\$100,024	\$101,524	\$103,047	\$104,592	\$106,161	\$107,754	\$109,370	\$111,011	\$112,676	\$114,366	\$116,081	\$117,823	\$119,590	\$121,384	\$123,205
Real Estate Taxes	\$4,501	\$4,568	\$4,637	\$4,706	\$4,777	\$4,849	\$4,921	\$4,995	\$5,070	\$5,146	\$5,223	\$5,302	\$5,381	\$5,462	\$5,544
Replacement Reserve	\$87,516	\$88,829	\$90,161	\$91,514	\$92,887	\$94,280	\$95,694	\$97,129	\$98,586	\$100,065	\$101,566	\$103,090	\$104,636	\$106,206	\$107,799
Management Fee	\$115,871	\$117,609	\$119,374	\$121,164	\$122,982	\$124,826	\$126,699	\$128,599	\$130,528	\$132,486	\$134,473	\$136,491	\$138,538	\$140,616	\$142,725
Total Expenses	\$1,268,590	\$1,287,619	\$1,306,934	\$1,326,538	\$1,346,436	\$1,366,632	\$1,387,132	\$1,407,939	\$1,429,058	\$1,450,494	\$1,472,251	\$1,494,335	\$1,516,750	\$1,539,501	\$1,562,593
<b>Net Operating Income</b>	<b>\$1,048,838</b>	<b>\$1,064,570</b>	<b>\$1,080,539</b>	<b>\$1,096,747</b>	<b>\$1,113,198</b>	<b>\$1,129,896</b>	<b>\$1,146,844</b>	<b>\$1,164,047</b>	<b>\$1,181,508</b>	<b>\$1,199,230</b>	<b>\$1,217,219</b>	<b>\$1,235,477</b>	<b>\$1,254,009</b>	<b>\$1,272,819</b>	<b>\$1,291,912</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate					6.5%					6.5%					6.5%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$16,600,000					\$17,900,000					\$19,300,000

As Proposed Unrestricted Scenario (Years 1 through 15)

Market Cash Flow Value Derivation of "as complete"

Fiscal Year	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	Year 6 2020	Year 7 2021	Year 8 2022	Year 9 2023	Year 10 2024	Year 11 2025	Year 12 2026	Year 13 2027	Year 14 2028	Year 15 2029
<b>Income</b>															
Low Income Units	\$3,069,540	\$3,115,583	\$3,162,317	\$3,209,752	\$3,257,898	\$3,306,766	\$3,356,368	\$3,406,713	\$3,457,814	\$3,509,681	\$3,562,326	\$3,615,761	\$3,669,998	\$3,725,048	\$3,780,923
Nonresidential	\$36,400	\$36,946	\$37,500	\$38,063	\$38,634	\$39,213	\$39,801	\$40,398	\$41,004	\$41,619	\$42,244	\$42,877	\$43,521	\$44,173	\$44,836
Gross Project Income	\$3,105,940	\$3,152,529	\$3,199,817	\$3,247,814	\$3,296,532	\$3,345,979	\$3,396,169	\$3,447,112	\$3,498,818	\$3,551,301	\$3,604,570	\$3,658,639	\$3,713,518	\$3,769,221	\$3,825,759
Vacancy Allowance	-\$155,297	-\$157,626	-\$159,991	-\$162,391	-\$164,827	-\$167,299	-\$169,808	-\$172,356	-\$174,941	-\$177,565	-\$180,229	-\$182,932	-\$185,676	-\$188,461	-\$191,288
Effective Gross Income	\$2,950,643	\$2,994,903	\$3,039,826	\$3,085,424	\$3,131,705	\$3,178,681	\$3,226,361	\$3,274,756	\$3,323,877	\$3,373,736	\$3,424,342	\$3,475,707	\$3,527,842	\$3,580,760	\$3,634,471
<b>Expenses</b>															
Administrative and Marketing	\$121,800	\$123,627	\$125,481	\$127,364	\$129,274	\$131,213	\$133,181	\$135,179	\$137,207	\$139,265	\$141,354	\$143,474	\$145,626	\$147,811	\$150,028
Maintenance and Operating	\$196,000	\$198,940	\$201,924	\$204,953	\$208,027	\$211,148	\$214,315	\$217,530	\$220,793	\$224,104	\$227,466	\$230,878	\$234,341	\$237,856	\$241,424
Payroll	\$288,200	\$292,523	\$296,911	\$301,365	\$305,885	\$310,473	\$315,130	\$319,857	\$324,655	\$329,525	\$334,468	\$339,485	\$344,577	\$349,746	\$354,992
Utilities	\$140,000	\$142,100	\$144,232	\$146,395	\$148,591	\$150,820	\$153,082	\$155,378	\$157,709	\$160,075	\$162,476	\$164,913	\$167,387	\$169,897	\$172,446
Insurance	\$80,004	\$81,204	\$82,422	\$83,658	\$84,913	\$86,187	\$87,480	\$88,792	\$90,124	\$91,476	\$92,848	\$94,241	\$95,654	\$97,089	\$98,545
Real Estate Taxes	\$289,933	\$294,282	\$298,696	\$303,177	\$307,724	\$312,340	\$317,025	\$321,781	\$326,607	\$331,506	\$336,479	\$341,526	\$346,649	\$351,849	\$357,127
Replacement Reserve	\$70,000	\$71,050	\$72,116	\$73,197	\$74,295	\$75,410	\$76,541	\$77,689	\$78,854	\$80,037	\$81,238	\$82,456	\$83,693	\$84,949	\$86,223
Management Fee	\$118,026	\$149,745	\$151,991	\$154,271	\$156,585	\$158,934	\$161,318	\$163,738	\$166,194	\$168,687	\$171,217	\$173,785	\$176,392	\$179,038	\$181,724
Total Expenses	\$1,303,963	\$1,353,471	\$1,373,773	\$1,394,380	\$1,415,296	\$1,436,525	\$1,458,073	\$1,479,944	\$1,502,143	\$1,524,675	\$1,547,545	\$1,570,759	\$1,594,320	\$1,618,235	\$1,642,508
<b>Net Operating Income</b>	<b>\$1,646,680</b>	<b>\$1,641,431</b>	<b>\$1,666,053</b>	<b>\$1,691,044</b>	<b>\$1,716,409</b>	<b>\$1,742,156</b>	<b>\$1,768,288</b>	<b>\$1,794,812</b>	<b>\$1,821,734</b>	<b>\$1,849,060</b>	<b>\$1,876,796</b>	<b>\$1,904,948</b>	<b>\$1,933,522</b>	<b>\$1,962,525</b>	<b>\$1,991,963</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	6.5%														
Sales Costs	3.0%														
Net Sales Proceeds	\$29,700,000														

## As Proposed Unrestricted Scenario (Years 16 through 30)

## Market Cash Flow Value Derivation of "as complete"

Fiscal Year	Year 16 2030	Year 17 2031	Year 18 2032	Year 19 2033	Year 20 2034	Year 21 2035	Year 22 2036	Year 23 2037	Year 24 2038	Year 25 2039	Year 26 2040	Year 27 2041	Year 28 2042	Year 29 2043	Year 30 2044
<b>Income</b>															
Low Income Units	\$3,837,637	\$3,895,202	\$3,953,630	\$4,012,934	\$4,073,128	\$4,134,225	\$4,196,239	\$4,259,182	\$4,323,070	\$4,387,916	\$4,453,735	\$4,520,541	\$4,588,349	\$4,657,174	\$4,727,032
Nonresidential	\$45,508	\$46,191	\$46,884	\$47,587	\$48,301	\$49,026	\$49,761	\$50,507	\$51,265	\$52,034	\$52,814	\$53,607	\$54,411	\$55,227	\$56,055
Gross Project Income	\$3,883,146	\$3,941,393	\$4,000,514	\$4,060,522	\$4,121,429	\$4,183,251	\$4,246,000	\$4,309,690	\$4,374,335	\$4,439,950	\$4,506,549	\$4,574,147	\$4,642,760	\$4,712,401	\$4,783,087
Vacancy Allowance	-\$194,157	-\$197,070	-\$200,026	-\$203,026	-\$206,071	-\$209,163	-\$212,300	-\$215,484	-\$218,717	-\$221,997	-\$225,327	-\$228,707	-\$232,138	-\$235,620	-\$239,154
Effective Gross Income	\$3,688,988	\$3,744,323	\$3,800,488	\$3,857,495	\$3,915,358	\$3,974,088	\$4,033,700	\$4,094,205	\$4,155,618	\$4,217,952	\$4,281,222	\$4,345,440	\$4,410,622	\$4,476,781	\$4,543,933
<b>Expenses</b>															
Administrative and Marketing	\$152,278	\$154,562	\$156,881	\$159,234	\$161,623	\$164,047	\$166,508	\$169,005	\$171,540	\$174,113	\$176,725	\$179,376	\$182,067	\$184,798	\$187,570
Maintenance and Operating	\$245,045	\$248,721	\$252,452	\$256,239	\$260,082	\$263,984	\$267,943	\$271,962	\$276,042	\$280,183	\$284,385	\$288,651	\$292,981	\$297,376	\$301,836
Payroll	\$360,317	\$365,722	\$371,207	\$376,776	\$382,427	\$388,164	\$393,986	\$399,896	\$405,894	\$411,983	\$418,162	\$424,435	\$430,801	\$437,263	\$443,822
Utilities	\$175,032	\$177,658	\$180,323	\$183,028	\$185,773	\$188,560	\$191,388	\$194,259	\$197,173	\$200,130	\$203,132	\$206,179	\$209,272	\$212,411	\$215,597
Insurance	\$100,024	\$101,524	\$103,047	\$104,592	\$106,161	\$107,754	\$109,370	\$111,011	\$112,676	\$114,366	\$116,081	\$117,823	\$119,590	\$121,384	\$123,205
Real Estate Taxes	\$362,484	\$367,921	\$373,440	\$379,041	\$384,727	\$390,498	\$396,355	\$402,301	\$408,335	\$414,460	\$420,677	\$426,987	\$433,392	\$439,893	\$446,491
Replacement Reserve	\$87,516	\$88,829	\$90,161	\$91,514	\$92,887	\$94,280	\$95,694	\$97,129	\$98,586	\$100,065	\$101,566	\$103,090	\$104,636	\$106,206	\$107,799
Management Fee	\$184,449	\$187,216	\$190,024	\$192,875	\$195,768	\$198,704	\$201,685	\$204,710	\$207,781	\$210,898	\$214,061	\$217,272	\$220,531	\$223,839	\$227,197
Total Expenses	\$1,667,146	\$1,692,153	\$1,717,535	\$1,743,298	\$1,769,448	\$1,795,990	\$1,822,929	\$1,850,273	\$1,878,027	\$1,906,198	\$1,934,791	\$1,963,813	\$1,993,270	\$2,023,169	\$2,053,517
<b>Net Operating Income</b>	<b>\$2,021,843</b>	<b>\$2,052,170</b>	<b>\$2,082,953</b>	<b>\$2,114,197</b>	<b>\$2,145,910</b>	<b>\$2,178,099</b>	<b>\$2,210,770</b>	<b>\$2,243,932</b>	<b>\$2,277,591</b>	<b>\$2,311,755</b>	<b>\$2,346,431</b>	<b>\$2,381,627</b>	<b>\$2,417,352</b>	<b>\$2,453,612</b>	<b>\$2,490,416</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate					6.5%					6.5%					6.5%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$32,000,000					\$34,500,000					\$37,200,000

**Conclusion**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2046, as of July 27, 2015, is:

**NINETEEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$19,300,000)**

**Prospective Market Value as Proposed Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2046, as of July 27, 2015, is:

**THIRTY SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$37,200,000)**

## DIRECT CAPITALIZATION

We have provided an estimate of the Subject's prospective value assuming completion and stabilization as of the date of value, for the restricted rate scenario. *Please see the assumptions and limiting conditions regarding hypothetical conditions.*

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	Location	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross	Overall
								Income Multiplier	
1	River Crossing Apartments	Savannah, GA	1978	Jan-15	\$14,125,000	176	\$80,256	8.5	6.0%
2	Georgetown Crossing	Savannah, GA	1994	Jun-14	\$15,850,000	168	\$94,345	8.9	5.9%
3	Courtney Station Apartments	Savannah, GA	2008	Apr-13	\$35,250,000	300	\$117,500	10.7	5.5%
4	Carrington Square Apartments	Pooler, GA	2007	Feb-13	\$30,540,000	288	\$106,042	7.7	5.5%
5	Preston Grove Apartments	Savannah, GA	1999	Aug-12	<u>\$18,950,000</u>	<u>192</u>	<u>\$98,698</u>	<u>9.8</u>	<u>6.0%</u>
	<b>Average</b>				<b>\$22,943,000</b>	<b>225</b>	<b>\$99,368</b>	<b>9.1</b>	<b>5.7%</b>

The properties are all stabilized and represent typical market transactions for multifamily properties in south-central Georgia. The primary factors that influences the selection of a rate is the Subject's condition and location. The sales illustrate a range of overall rates from 5.5 percent to 6.1 percent and occurred between February 2013 and January 2015. It appears that capitalization rates have remained stable in the region during this time period. Comparable Sales 4 and 5 were constructed between 2007 and 2008 and are generally superior to the Subject in terms of age and condition. Sale 1, 2, and 3 were constructed between 1978 and 1994 and exhibit average condition and generally similar to the Subject in terms of age and condition. All the sales are located in Savannah or Pooler, between six and 13 miles from the Subject, within slightly superior to superior locations. Further, all the sales have generally inferior number of units yet are considered large enough to attract similar institutional investors. We believe a capitalization rate of 6.0 percent is considered reasonable based on market extraction for the Subject.

REIS capitalization rate data is not available for Savannah, Chatham County, or any of the surrounding counties. Therefore, this data was not presented in the report.

### 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:

#### PwC REAL ESTATE INVESTOR SURVEY

##### National Apartment Market

##### Overall Capitalization Rate - Institutional Grade Investments

Range:	3.50% - 8.00%
Average:	5.30%

##### Non-Institutional Grade Investments

Range:	3.75% - 12.00%
Average:	6.52%

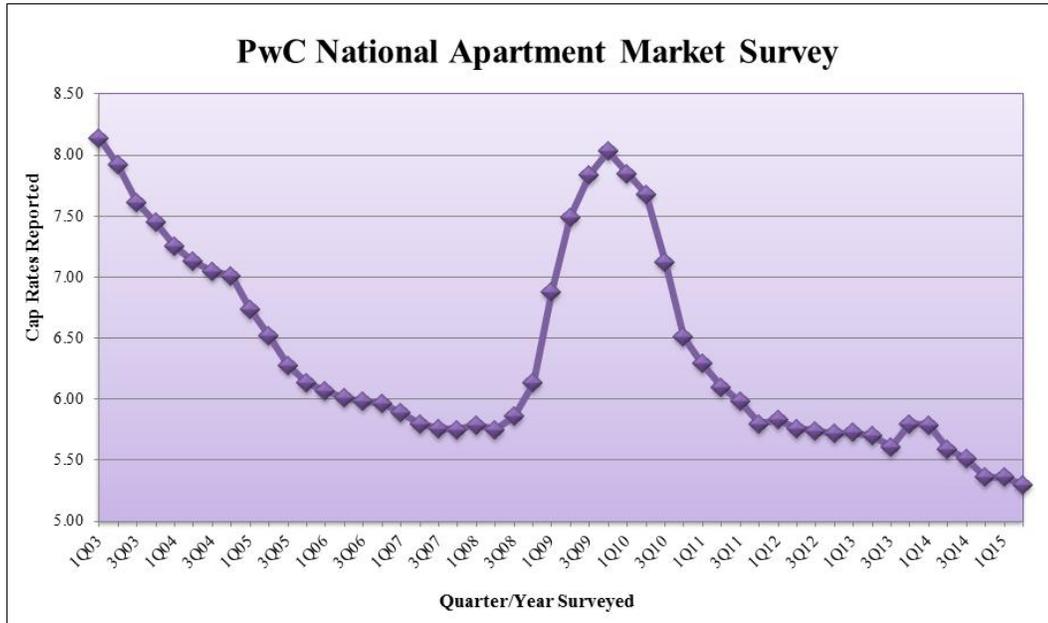
Source: PwC Real Estate Investor Survey, Q2 2015

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>2</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>2</sup> PwC Real Estate Investor Survey

PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments					
Quarter	Cap Rate	Change (bps)	Quarter	Cap Rate	Change (bps)
1Q03	8.14	-	2Q09	7.49	0.61
2Q03	7.92	-0.22	3Q09	7.84	0.35
3Q03	7.61	-0.31	4Q09	8.03	0.19
4Q03	7.45	-0.16	1Q10	7.85	-0.18
1Q04	7.25	-0.20	2Q10	7.68	-0.17
2Q04	7.13	-0.12	3Q10	7.12	-0.56
3Q04	7.05	-0.08	4Q10	6.51	-0.61
4Q04	7.01	-0.04	1Q11	6.29	-0.22
1Q05	6.74	-0.27	2Q11	6.10	-0.19
2Q05	6.52	-0.22	3Q11	5.98	-0.12
3Q05	6.28	-0.24	4Q11	5.80	-0.18
4Q05	6.13	-0.15	1Q12	5.83	0.03
1Q06	6.07	-0.06	2Q12	5.76	-0.07
2Q06	6.01	-0.06	3Q12	5.74	-0.02
3Q06	5.98	-0.03	4Q12	5.72	-0.02
4Q06	5.97	-0.01	1Q13	5.73	0.01
1Q07	5.89	-0.08	2Q13	5.70	-0.03
2Q07	5.80	-0.09	3Q13	5.61	-0.09
3Q07	5.76	-0.04	4Q13	5.80	0.19
4Q07	5.75	-0.01	1Q14	5.79	-0.01
1Q08	5.79	0.04	2Q14	5.59	-0.20
2Q08	5.75	-0.04	3Q14	5.51	-0.08
3Q08	5.86	0.11	4Q14	5.36	-0.15
4Q08	6.13	0.27	1Q15	5.36	0.00
1Q09	6.88	0.75	2Q15	5.30	-0.06

Source: PwC Real Estate Investor Survey, Q2 2015



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 first quarter of 2015 with the exception of an increase from the third quarter of 2013 through the fourth quarter of 2013. Capitalization rates as of the second quarter of 2015 have exhibited a decrease over capitalization rates from the second quarter of 2014. Overall, we have estimated a capitalization rate of 6.0 percent, 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 Mortgage Constant ( $R_M$ ) is based upon the calculated interest rate from the ten year treasury. The equity dividend rate  $R_E$ , also known as the cash on cash return rate, is the rate of return that an equity investor expects on an annual basis. It is a component of the overall return requirement. The equity dividend rate is impacted by the returns on other similar investments as well as the risk profile of the investment market and finally the expectation for future value growth. The equity

dividend rate is lower in cases where the market is strong and there is a perception of lower risk related to the return of the investment. Further, the dividend rate is lower in markets that have greater expectation for capital appreciation. In some cases we have seen dividend rates that are zero or even negative, suggesting that buyers are willing to forego an annual return because of a larger expectation of capital appreciation. Of course the converse is also true. Generally we see equity dividend rates ranging from two to 10 percent. In this case, the Subject is located within an urban market. An equity dividend estimate of 6.0 percent is considered reasonable in this analysis.

The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 4.5 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.00 and 6.00 percent. Therefore, we believe a 4.5 percent interest rate with a 30 year amortization period and a loan to value of 80 percent is reasonable. The following table illustrates the band of investment for the Subject property

**CAPITALIZATION RATE DERIVATION**

Inputs and Assumptions	Interest Rate Calculations		
DCR	1.25	Treasury Bond Basis	
Rm	0.06	10 Year T Bond Rate (4/15) <span style="float: right;">1.93%</span>	
Interest (per annum)*	4.50%	Interest rate spread <span style="float: right;">257</span>	
Amortization (years)	30	Interest Rate (per annum) <span style="float: right;">4.50%</span>	
M	80%		
Re	6%		

---

**Debt Coverage Ratio**

<b>Ro</b>	=	DCR	X	Rm	X	M
<b>6.08%</b>	=	1.25 X		0.06 X		80%

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**Band of Investment**

<b>Ro</b>	=	(M	X	Rm)	+	((1-M)	X	Re)
<b>6.06%</b>	=	80% X		0.06 +		20% X		6%

**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	6.00%
PwC Survey	6.00%
Debt Coverage Ratio	6.08%
Band of Investment	6.06%

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

- Current market health
- Existing competition
- Subject's construction type and tenancy and physical appeal
- The anticipated demand growth in the Subject sub-market
- The demand growth expected over the next three years
- Local market overall rates

The four approaches indicate a range from 6.0 to 6.1 percent. Therefore, we reconciled to a 6.0 percent capitalization rate for all scenarios based primarily upon the market-extracted rates. A summary of the direct capitalization analysis for these scenarios can be found on the following pages.

Direct Capitalization Technique Year One Operating Statement

Expense Analysis

Operating Revenues

	As Is		As Proposed Restricted		As Proposed Unrestricted			
	As Is Unit Mix	As Proposed Unit Mix	Rent	Total Revenue	Rent	Total Revenue	Rent	Total Revenue
Apartment Rentals								
1BR/1BA Duplex	7	7	\$630	\$52,920	\$464	\$38,976	\$750	\$63,000
2BR/1BA Duplex	21	21	\$710	\$178,920	\$515	\$129,780	\$830	\$209,160
3BR/1BA Duplex	40	40	\$825	\$396,000	\$670	\$321,600	\$995	\$477,600
3BR/1BA SFH	1	1	\$875	\$10,500	\$670	\$8,040	\$1,045	\$12,540
4BR/1.5BA SFH	5	5	\$1,100	\$66,000	\$680	\$40,800	\$1,270	\$76,200
1BR/1BA Garden	40	40	\$660	\$316,800	\$464	\$222,720	\$770	\$369,600
2BR/1BA Garden	82	82	\$720	\$708,480	\$515	\$506,760	\$830	\$816,720
2BR/1BA Townhome	16	16	\$780	\$149,760	\$515	\$98,880	\$890	\$170,880
3BR/1BA Garden	56	56	\$900	\$604,800	\$670	\$450,240	\$1,060	\$712,320
3BR/1BA Townhome	8	8	\$955	\$91,680	\$670	\$64,320	\$1,060	\$101,760
4BR/1BA Garden	4	4	\$1,085	\$52,080	\$680	\$32,640	\$1,245	\$59,760
<b>Total Potential Rental Income</b>	<b>280</b>	<b>280</b>	<b>\$782</b>	<b>\$2,627,940</b>	<b>\$570</b>	<b>\$1,914,756</b>	<b>\$914</b>	<b>\$3,069,540</b>
Other Income								
Miscellaneous			\$130	\$36,400	\$130	\$36,400	\$130	\$36,400
<b>Residential Potential Revenues</b>			<b>\$9,516</b>	<b>\$2,664,340</b>	<b>\$6,968</b>	<b>\$1,951,156</b>	<b>\$11,093</b>	<b>\$3,105,940</b>
Vacancy			-\$476	-\$133,217	-\$348	-\$97,558	-\$555	-\$155,297
Vacancy and Collections Loss Percentage				-5%		-5%		-5%
<b>Effective Gross Income</b>			<b>\$9,040</b>	<b>\$2,531,123</b>	<b>\$6,620</b>	<b>\$1,853,598</b>	<b>\$10,538</b>	<b>\$2,950,643</b>

Operating Expenses

	As Is		As Proposed Restricted		As Proposed Unrestricted			
	As Is	As Proposed	As Is	As Proposed	As Is	As Proposed		
Administration and Marketing			\$345	\$96,600	\$515	\$144,200	\$435	\$121,800
Maintenance and Operating			\$900	\$252,000	\$700	\$196,000	\$700	\$196,000
Payroll			\$1,029	\$288,200	\$1,029	\$288,200	\$1,029	\$288,200
Utilities			\$600	\$168,000	\$500	\$140,000	\$500	\$140,000
Property & Liability Insurance			\$286	\$80,004	\$286	\$80,004	\$286	\$80,004
Real Estate and Other Taxes			\$787	\$220,349	\$13	\$3,600	\$1,035	\$289,933
Replacement Reserves			\$300	\$84,000	\$250	\$70,000	\$250	\$70,000
Management Fee	4.0%	5.0%	\$362	\$101,245	\$331	\$92,680	\$422	\$118,026
<b>Total Operating Expenses</b>			<b>\$4,609</b>	<b>\$1,290,398</b>	<b>\$3,624</b>	<b>\$1,014,684</b>	<b>\$4,657</b>	<b>\$1,303,963</b>
<b>Expenses as a ratio of EGI</b>				<b>51%</b>		<b>55%</b>		<b>44%</b>

Valuation

Valuation

	As Is		As Proposed Restricted		As Proposed Unrestricted	
	As Is	As Proposed	As Is	As Proposed	As Is	As Proposed
Net Operating Income	\$4,431	\$1,240,725	\$2,996	\$838,914	\$5,881	\$1,646,680
Capitalization Rate		6%		6%		6%
<b>Indicated Value "rounded"</b>		<b>\$20,700,000</b>		<b>\$14,000,000</b>		<b>\$27,400,000</b>

As Complete Restricted

As Complete Unrestricted

Number of Months to lease to Stabilized 93%	9	12
Income loss	\$731,684 38%	\$1,552,970 50%
Initial market costs	\$10,000	\$10,000
Total loss to lease	\$741,684	\$1,562,970
Value as complete	\$13,258,317	\$25,837,030
<b>As Complete Value Rounded</b>	<b>\$13,300,000</b>	<b>\$25,800,000</b>

**Conclusion**

The following table summarizes the findings of the previously conducted direct capitalization analysis.

**DIRECT CAPITALIZATION ANALYSIS - "AS IS"**

<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.0%	\$1,240,725	\$20,700,000

**DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"**

<b>Scenario</b>	<b>Loss To Lease</b>	<b>Indicated Value (Rounded)</b>
As Complete Restricted	\$741,684	\$13,300,000
As Complete Unrestricted	\$1,562,970	\$25,800,000

**DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"**

<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.0%	\$838,914	\$14,000,000
As Proposed Unrestricted	6.0%	\$1,646,680	\$27,400,000

The Subject's market value of the real estate "As Is", via the Income Capitalization Approach, as of July 27, 2015 is:

**TWENTY MILLION DOLLARS**  
**(\$20,000,000)**

The Subject's hypothetical market value of the real estate assuming the proposed RAD program CHAP rents "As Complete", via the Income Capitalization Approach, as of July 27, 2015 is:

**THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS**  
**(\$13,300,000)**

The Subject's hypothetical market value of the real estate assuming the achievable unrestricted rents "As Complete", via the Income Capitalization Approach, as of July 27, 2015 is:

**TWENTY FIVE MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$25,800,000)**

The Subject's hypothetical market value of the real estate assuming the proposed RAD program CHAP rents "As Complete and Stabilized", via the Income Capitalization Approach, as of July 27, 2015 is:

**FOURTEEN MILLION DOLLARS**  
**(\$14,000,000)**

The Subject's hypothetical market value of the real estate assuming the achievable unrestricted rents "As Complete and Stabilized", via the Income Capitalization Approach, as of July 27, 2015 is:

**SEVENTY SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS**  
**(\$27,400,000)**

**Extraordinary Assumptions**

*It is an extraordinary assumption of this report that the Subject's public housing restrictions 'as is' would be disposed. The Subject currently operates as a public housing development under a flat rent schedule. This rent schedule is not market-oriented; the Subject essentially operates on a breakeven basis, and not in a profit-generating manner. As a result, the current rent structure is not an accurate basis upon which to value the property.*

*It is reasonable to assume that any potential buyer would not purchase a property that is not sustainable or does not allow for a reasonable profit. Therefore, our estimate of as is value assumes achievable market rents in the as is condition. Further, we assume that the restrictions affiliated with a public housing development are removed and that the Subject operates with market rents and market-based operating expenses. Based on these assumptions, the Subject, in its as is condition, would be sustainable and operate with a reasonable profit.*

*Additionally, according to the sponsor's attorney, the Subject is eligible by right (being a housing authority entity) to be fully tax exempt following rehabilitation. Therefore, it is an extraordinary assumption that the Subject will benefit from a full tax exemption as a restricted housing authority entity.*

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

**Below Market Debt**

The developer has indicated that there will be an \$8,800,000 soft mortgage with an interest rate of 2.41 percent and 55 year term. We have assumed a steady escalation of payment through year 20 and a balloon payment at year 30.

Favorable Financing Assumptions - Wessels/Blackshear		Market Financing Assumptions	
Principal	\$8,800,000	Principal	\$8,800,000
Interest Rate	2.41%	Interest Rate	4.50%
Term of Loan	55	Term of Loan	30

Year	Principal	Interest	Total	Year	Principal	Interest	Total	Differential	Discount Rate	Present Value
1	\$7,491	\$21,043	\$28,533	1	\$141,964	\$393,096	\$535,060	\$506,527	96%	\$484,714
2	\$7,904	\$20,681	\$28,585	2	\$148,486	\$386,574	\$535,060	\$506,475	92%	\$463,794
3	\$8,363	\$20,319	\$28,682	3	\$155,307	\$379,753	\$535,060	\$506,378	88%	\$443,737
4	\$8,876	\$19,956	\$28,832	4	\$162,442	\$372,618	\$535,060	\$506,228	84%	\$424,503
5	\$9,454	\$19,592	\$29,045	5	\$169,904	\$365,155	\$535,060	\$506,014	80%	\$406,052
6	\$10,109	\$19,227	\$29,335	6	\$177,710	\$357,350	\$535,060	\$505,725	77%	\$388,344
7	\$10,857	\$18,861	\$29,717	7	\$185,874	\$349,186	\$535,060	\$505,342	73%	\$371,340
8	\$11,720	\$18,494	\$30,214	8	\$194,413	\$340,647	\$535,060	\$504,846	70%	\$355,000
9	\$12,727	\$18,126	\$30,854	9	\$203,344	\$331,716	\$535,060	\$504,206	67%	\$339,282
10	\$13,918	\$17,758	\$31,676	10	\$212,686	\$322,374	\$535,060	\$503,384	64%	\$324,143
11	\$15,347	\$17,389	\$32,735	11	\$222,456	\$312,603	\$535,060	\$502,324	62%	\$309,532
12	\$17,093	\$17,018	\$34,111	12	\$232,676	\$302,384	\$535,060	\$500,948	59%	\$295,391
13	\$19,276	\$16,647	\$35,923	13	\$243,365	\$291,694	\$535,060	\$499,137	56%	\$281,649
14	\$22,083	\$16,275	\$38,358	14	\$254,545	\$280,514	\$535,060	\$496,702	54%	\$268,205
15	\$25,825	\$15,902	\$41,728	15	\$266,239	\$268,821	\$535,060	\$493,332	52%	\$254,915
16	\$31,065	\$15,528	\$46,594	16	\$278,470	\$256,590	\$535,060	\$488,466	49%	\$241,532
17	\$38,925	\$15,154	\$54,079	17	\$291,263	\$243,797	\$535,060	\$480,981	47%	\$227,589
18	\$52,025	\$14,778	\$66,803	18	\$304,644	\$230,416	\$535,060	\$468,256	45%	\$212,027
19	\$78,226	\$14,401	\$92,628	19	\$318,639	\$216,421	\$535,060	\$442,432	43%	\$191,707
20	\$156,830	\$14,024	\$170,854	20	\$333,277	\$201,783	\$535,060	\$364,205	41%	\$151,015
21	\$157,209	\$13,646	\$170,854	21	\$348,588	\$186,472	\$535,060	\$364,205	40%	\$144,512
22	\$157,588	\$13,266	\$170,854	22	\$364,602	\$170,458	\$535,060	\$364,205	38%	\$138,289
23	\$157,968	\$12,886	\$170,854	23	\$381,351	\$153,708	\$535,060	\$364,205	36%	\$132,334
24	\$158,349	\$12,505	\$170,854	24	\$398,871	\$136,189	\$535,060	\$364,205	35%	\$126,636
25	\$158,731	\$12,123	\$170,854	25	\$417,195	\$117,865	\$535,060	\$364,205	33%	\$121,182
26	\$159,114	\$11,740	\$170,854	26	\$436,361	\$98,699	\$535,060	\$364,205	32%	\$115,964
27	\$159,498	\$11,356	\$170,854	27	\$456,407	\$78,653	\$535,060	\$364,205	30%	\$110,970
28	\$159,883	\$10,971	\$170,854	28	\$477,374	\$57,685	\$535,060	\$364,205	29%	\$106,192
29	\$160,269	\$10,585	\$170,854	29	\$499,305	\$35,755	\$535,060	\$364,205	28%	\$101,619
30	\$6,813,277	\$10,199	\$6,823,475	30	\$522,243	\$12,817	\$535,060	-\$6,288,416	27%	-\$1,679,007
<b>Total</b>	<b>\$8,800,000</b>	<b>\$470,450</b>	<b>\$9,270,450</b>	<b>Total</b>	<b>\$8,800,000</b>	<b>\$7,251,791</b>	<b>\$16,051,791</b>	<b>\$6,781,340</b>		<b>\$5,853,160</b>
									<b>Rounded</b>	<b>\$5,900,000</b>

**FAVORABLE FINANCING VALUATION**

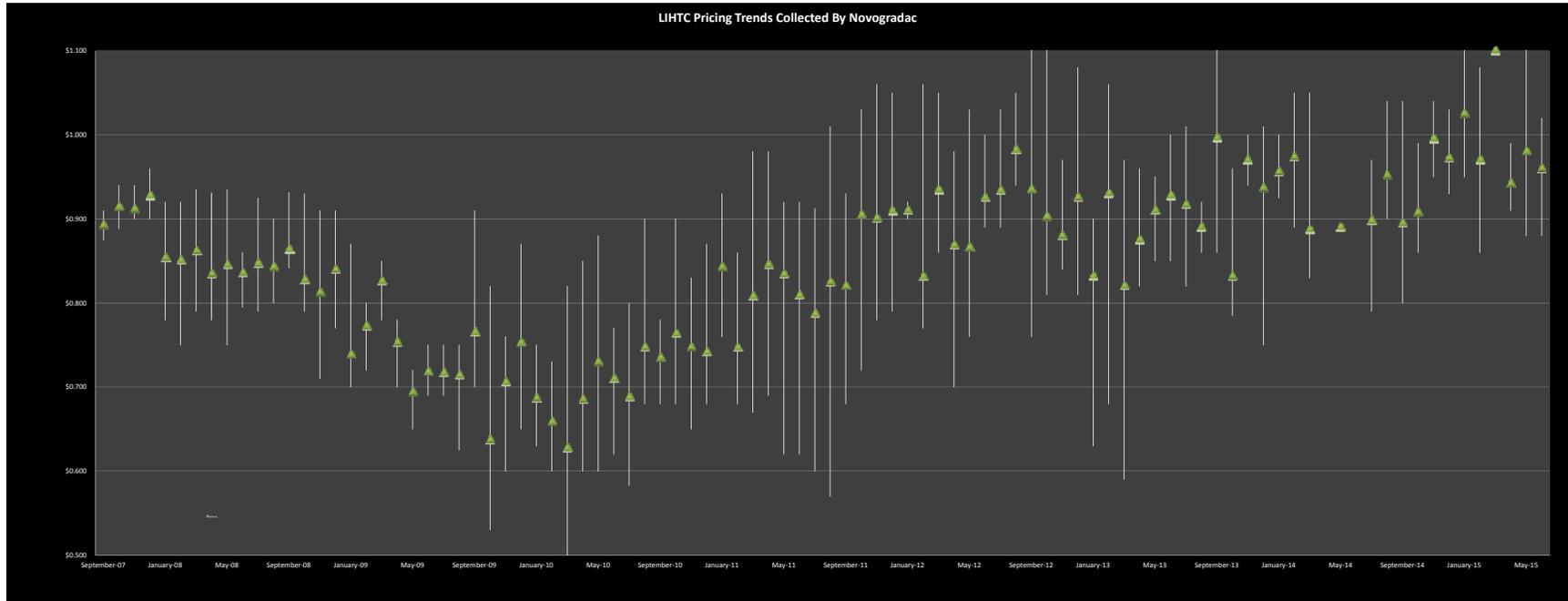
	Indicated Value (Rounded)
Restricted & Unrestricted	\$5,900,000

**VALUATION - TAX CREDIT EQUITY**

We were asked to value the federal tax credits. A 10-year federal tax credit incentive program encumbers the Subject. The Subject is a proposed multifamily LIHTC and market rate property. We were asked to value the tax credits.

As an incentive to participate in the low-income housing program the developer is awarded “tax credits” which provide the incentive to construct and rehabilitate affordable housing in otherwise financially infeasible markets. The tax credit program was created by the Internal Revenue Code Section 42, and is a Federal tax program administered by the states. The developer expects to receive a total LIHTC allocation of \$18,955,392 (\$9,477,696 federal tax credit equity and \$9,477,696 Georgia State tax credit equity).

Valuation of LIHTC is typically done by a sales approach. The industry typically values and analyzes the LIHTC transaction on a dollar per credit basis. Novogradac & Company LLP conducts monthly surveys in which we contact developers, syndicators and consultants involved in LIHTC transactions to obtain information on recent LIHTC pricing. The following graph illustrates LIHTC pricing trends. The graph illustrates the average price achieved on a monthly basis for the projects included in our survey.



As the previous table illustrates, the tax credit raise rate in recent months has averaged approximately \$0.96, with a range of \$0.88 to \$1.02. The pricing above reflects transactions similar to Subject. As part of the yield analysis and pricing determination investors consider, among other factors, construction risk, lease-up risk and timing of the credits. The Subject will be located in Savannah, GA, which is a tertiary market, offer RAD subsidy, and will be substantial renovation. Tax credit pricing has trended down over the past several months and has settled in the upper-\$0.80 to high-\$0.90 range. The developer's budget is \$0.99 per credit. We believe that the developer's budget is reasonable and conclude to \$0.99 per credit.

The following table illustrates Georgia state tax credit pricing in 2012 to 2014.

<b>GEORGIA STATE TAX CREDIT PRICING</b>			
<b>Closing Date</b>	<b>Price Per Credit</b>	<b>Location</b>	<b>Type</b>
2014	\$0.32	Union City	New Construction
2013	\$0.30	Griffin	New Construction
2013	\$0.25	Auburn	New Construction
2012	\$0.25	Ellijay	New Construction
2012	\$0.25	Cairo	Acquisition/Rehabilitation
2012	\$0.26	Locust Grove	New Construction
2012	\$0.34	Atlanta	Acquisition/Rehabilitation
2012	\$0.34	Union City	Acquisition/Rehabilitation

According to recent data, the Georgia state credit pricing ranged from \$0.25 to \$0.34 in 2012 through 2014. However, we also contacted two Georgia state LIHTC investors. Our conversations indicated a range of \$0.45 to \$0.50 per credit in 2015. Atlanta, Union City, and Griffin are metropolitan markets, similar to the proposed Subject's market. The developer's budget is \$0.41 per credit. Therefore, based on our conversations, we believe that the developer's budget is reasonable and conclude to \$0.41 per credit.

<b>Federal and State Tax Credit Value</b>		
	<b>Value</b>	<b>Pricing</b>
<b>Total credits</b>	\$18,955,392	
<b>Annual amount</b>	\$1,895,539	
<b>Federal</b>	\$9,382,919	\$0.99
<b>State</b>	<u>\$3,885,855</u>	\$0.41
<b>Total Value</b>	<b>\$13,268,774</b>	

We believe a price of approximately \$0.99 per credit for federal tax credits and \$0.41 for state tax credits is reasonable. This rate results in a total tax credit value of approximately \$12,300,000 (rounded). This value is effective as of July 27, 2015.

*Federal*

**NINE MILLION FOUR HUNDRED THOUSAND DOLLARS  
(\$9,400,000)**

*State*

**THREE MILLION NINE HUNDRED THOUSAND DOLLARS  
(\$3,900,000)**

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

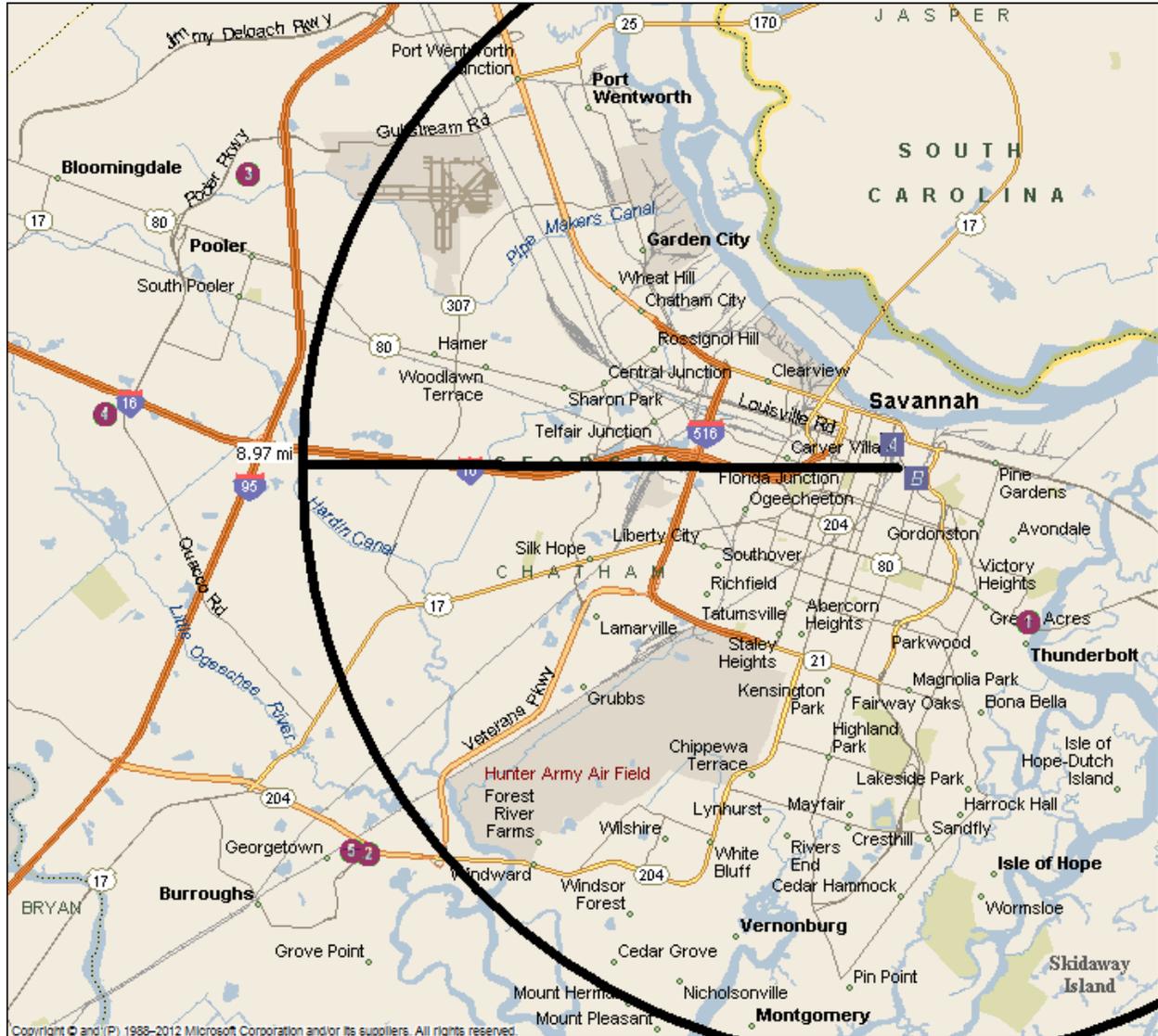
# **SALES COMPARISON APPROACH**

**SALES COMPARISON APPROACH**

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost them to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

The following pages supply the analyzed sale data and will conclude with a value estimate considered reasonable.

Comparable Sales Map



**Comparable Sale 1**

**Name:** River Crossing Apartments  
**Location:** 2616 Dogwood Avenue  
 Savannah, GA 31404



**Seller:** DT Savannah Georgia, LP  
**Buyer:** JARS at River Crossing, LLC  
**Sale Date:** Jan-15  
**Sale Price:** \$14,125,000

**Financing:** Conventional  
**Number of Units:** 176  
**Year Built:** 1978  
**Site:** 14.24 Acres

**Units of Comparison:**

Effective Gross Income:	\$1,659,228
EGIM	8.5
Total Expenses:	\$811,728
Net Operating Income:	\$847,500
Net Operating Income per Unit:	\$4,815
Overall Rate with Reserves:	6.00%
Sale Price per Unit:	\$80,256

**Comments:**

This development consists of one, two, and three-bedroom units. The property was reported to be 91 percent occupied at the time of the sale and in good condition. Stephen Chapin with JARS Residential confirmed the sales price, sales date, capitalization rate, and expenses.

**Verification:** Buyer (904.491.7736), Appraiser Files

**Comparable Sale 2**

**Name:** Georgetown Crossing  
**Location:** 1015 King George Blvd  
 Savannah, GA 31419



**Seller:** The Shoptaw Group  
**Buyer:** Georgetown Crossing Apartment  
**Sale Date:** Jun-14  
**Sale Price:** \$15,850,000

**Financing:** Conventional  
**Number of Units:** 168  
**Year Built:** 1994  
**Site:** 32.25 Acres

**Units of Comparison:**

Effective Gross Income:	\$1,775,150
EGIM	8.9
Total Expenses:	\$840,000
Net Operating Income:	\$935,150
Net Operating Income per Unit:	\$5,566
Overall Rate with Reserves:	5.90%
Sale Price per Unit:	\$94,345

**Comments:**

This development consists of one- and two-bedroom units. The property was reported to be 97 percent occupied at the time of the sale and in good condition. Derrick Bloom with Jones Lang LaSalle confirmed the sales price, sales date, and capitalization rate. Novogradac has estimated expenses at \$5,000 per unit.

**Verification:** Broker (404.995.2287), Appraiser Files

**Comparable Sale 3**

**Name:** Courtney Station Apartments  
**Location:** 285 Park Avenue  
 Pooler, GA 31322



**Buyer:** BRT Realty Trust  
**Seller:** ContraVest  
**Sale Date:** Apr-13  
**Sale Price:** \$35,250,000

**Financing:** Conventional  
**Number of Units:** 300  
**Year Built:** 2008  
**Site:** 20

**Units of Comparison:**

Effective Gross Income:	\$3,288,750
EGIM	10.7
Total Expenses:	\$1,350,000
Net Operating Income:	\$1,938,750
Net Operating Income per Unit:	\$6,463
Overall Rate with Reserves:	5.5%
Sale Price per Unit:	\$117,500

**Comments:**

This upscale property includes one, two, and three-bedroom units in three-story garden buildings. It was 95 percent occupied at the time of sale. Amenities include a clubhouse, swimming pool, and optional garage parking among others. The broker confirmed gross and net income as well as the capitalization rate.

**Verification:** Costar, Broker (Kris Mikkelson, Engler Financial Group, 678-992-2000)

**Comparable Sale 4**

**Name:** Carrington Square Apartments  
**Location:** 280 Blue Moon Crossing  
 Pooler, GA 31322



**Buyer:** Savannah Housing Partners II, LLC  
**Seller:** SG Carrington Square LLC  
**Sale Date:** Feb-13  
**Sale Price:** \$30,540,000

**Financing:** Conventional  
**Number of Units:** 288  
**Year Built:** 2007  
**Site:** 15.11

**Units of Comparison:**

Effective Gross Income:	\$3,964,700
EGIM	7.7
Total Expenses:	\$2,285,000
Net Operating Income:	\$1,679,700
Net Operating Income per Unit:	\$5,832
Overall Rate with Reserves:	5.5%
Sale Price per Unit:	\$106,042

**Comments:**

This property consists of 88 one-bedroom units, 112 two-bedroom units, and 88 three-bedroom units with rents ranging from \$850 to \$1,140. The property was in good condition at the time of the sale and was approximately 91 percent occupied. The income and capitalization rate information was confirmed with the broker.

**Verification:** Costar, Broker (Kris Mikkelson, Engler Financial Group, 678-992-2000)

**Comparable Sale 5**

**Name:** Preston Grove Apartments  
**Location:** 1825 Grove Point Road  
 Savannah, GA 31419



**Buyer:** SC Capital Master Fund LLC  
**Seller:** America First Real Estate Group  
**Sale Date:** Aug-12  
**Sale Price:** \$18,950,000

**Financing:** Conventional  
**Number of Units:** 192  
**Year Built:** 1999  
**Site:** 15.95

**Units of Comparison:**

Effective Gross Income:	\$1,938,600
EGIM	9.8
Total Expenses:	\$801,600
Net Operating Income:	\$1,137,000
Net Operating Income per Unit:	\$5,922
Overall Rate with Reserves:	6.0%
Sale Price per Unit:	\$98,698

**Comments:**

This property consists of 56 one-bedroom units, 112 two-bedroom units, and 24 three-bedroom units with rents ranging from \$920 to \$1,275. The property was in good condition at the time of the sale and was approximately 97 percent occupied. The income and capitalization rate information was confirmed with the broker.

**Verification:** Costar; Broker (Derrick Bloom, Jones Lang LaSalle, 404-995-2287)

**VALUATION ANALYSIS**

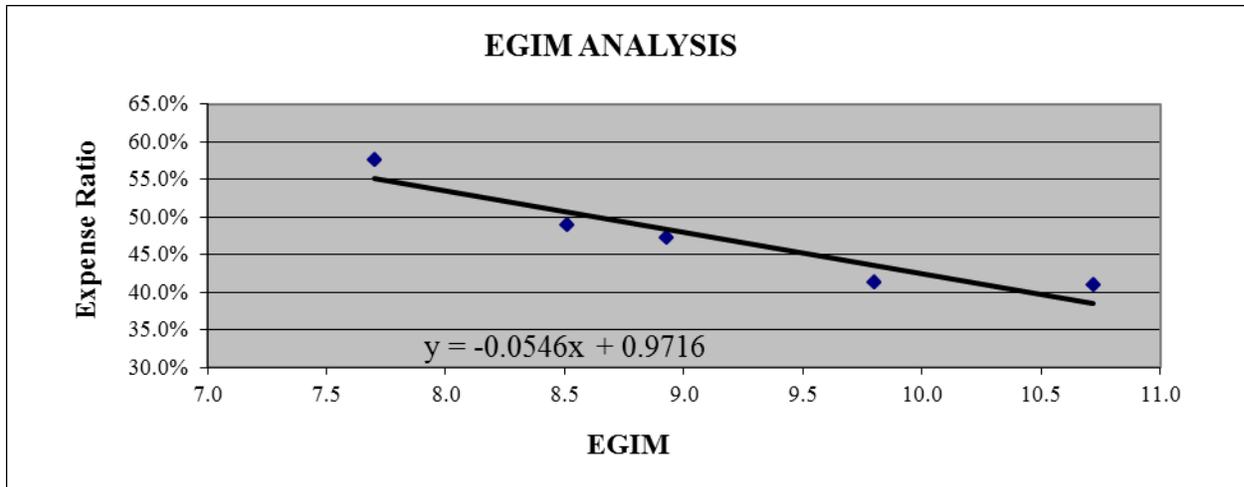
The sales selected for this analysis are summarized in the following table.

**SALES COMPARISON**

	Property	Location	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	River Crossing Apartments	Savannah, GA	1978	Jan-15	\$14,125,000	176	\$80,256	8.5	6.0%
2	Georgetown Crossing	Savannah, GA	1994	Jun-14	\$15,850,000	168	\$94,345	8.9	5.9%
3	Courtney Station Apartments	Savannah, GA	2008	Apr-13	\$35,250,000	300	\$117,500	10.7	5.5%
4	Carrington Square Apartments	Pooler, GA	2007	Feb-13	\$30,540,000	288	\$106,042	7.7	5.5%
5	Preston Grove Apartments	Savannah, GA	1999	Aug-12	<u>\$18,950,000</u>	<u>192</u>	<u>\$98,698</u>	<u>9.8</u>	<u>6.0%</u>
	<b>Average</b>				<b>\$22,943,000</b>	<b>225</b>	<b>\$99,368</b>	<b>9.1</b>	<b>5.7%</b>

**EGIM Analysis**

We first estimate the Subject’s value using the EGIM analysis. The EGIM compares the ratios of sales price to the annual gross income for the property, less a deduction for vacancy and collection loss. A reconciled multiplier for the Subject is then used to convert the Subject’s anticipated effective gross income into an estimate of value. The following chart highlights the correlation between the EGIM and the expense ratios reported by the comparable sales utilized in our analysis.



**Comparable Sales and Subject Scenarios Arrayed by Expense Ratio**

	Sale Price	EGI	Expenses	Expense Ratio	EGIM
<b>As Is Restricted</b>	<b>\$20,200,000</b>	<b>\$2,531,123</b>	<b>\$1,290,398</b>	<b>51%</b>	<b>8.0</b>
<b>As Proposed Restricted</b>	<b>\$13,900,000</b>	<b>\$1,853,598</b>	<b>\$1,014,684</b>	<b>55%</b>	<b>7.5</b>
<b>As Proposed Unrestricted</b>	<b>\$28,000,000</b>	<b>\$2,950,643</b>	<b>\$1,303,963</b>	<b>44%</b>	<b>9.5</b>
Comparable #1	\$14,125,000	\$1,659,228	\$811,728	49%	8.5
Comparable #2	\$15,850,000	\$1,775,150	\$840,000	47%	8.9
Comparable #3	\$35,250,000	\$3,288,750	\$1,350,000	41%	10.7
Comparable #4	\$30,540,000	\$3,964,700	\$2,285,000	58%	7.7
Comparable #5	\$18,950,000	\$1,938,600	\$801,600	41%	9.8

We have estimated EGIMs of 8.0 to 9.5 for the restricted and unrestricted scenarios. The Subject’s indicated value using the EGIM method is presented in the following table.

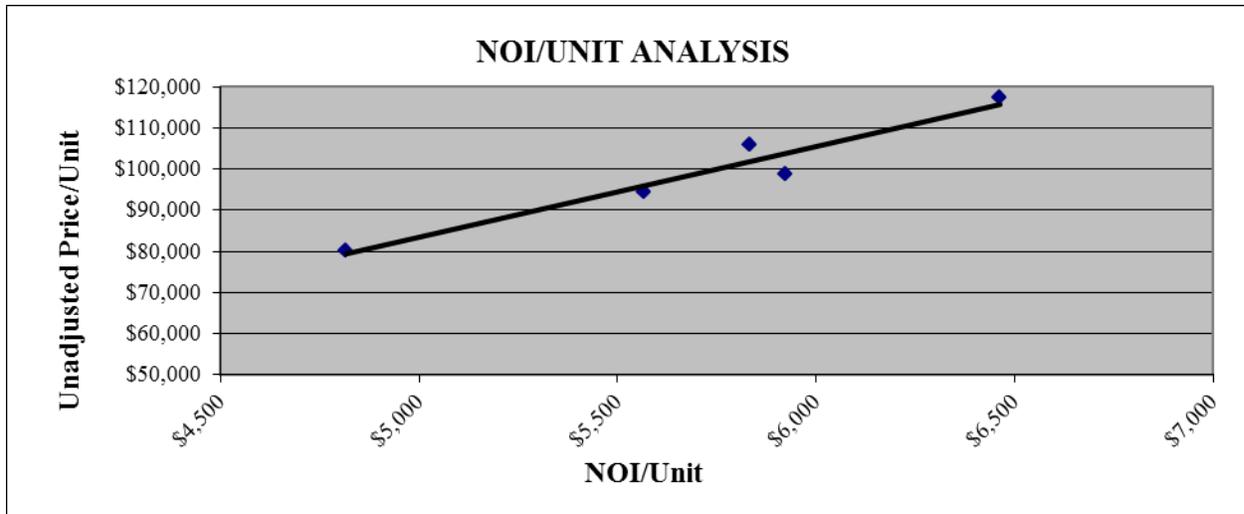
**EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"**

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is	8.0	\$2,531,123	\$20,200,000
As Proposed Restricted	7.5	\$1,853,598	\$13,900,000
As Proposed Unrestricted	9.5	\$2,950,643	\$28,000,000

**NOI/UNIT ANALYSIS**

The available sales data also permits the use of the NOI/Unit analysis. This NOI/Unit analysis examines the income potential of a property relative to the price paid per unit. The sales indicate that, in general, investors are willing to pay more for properties with greater income potential. Based on this premise, we are able to gauge the Subject's standing in our market survey group, thereby estimating a value on a price per unit applicable to the Subject. This analysis allows us to provide a quantitative adjustment process and avoids qualitative, speculative adjustments.

To estimate an appropriate price/unit for the Subject, we examined the change in NOI/Unit and how it affects the price/unit. By determining the percent variance of the comparable properties NOI/Unit to the Subject, we determine an adjusted price/unit for the Subject. As the graph illustrates there is a direct relationship between the NOI and the sale price of the comparable properties.



The tables below summarize the calculated adjustment factors and the indicated adjusted prices.

**NOI/UNIT ANALYSIS**

As Is

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$4,431	/	\$4,815	=	0.92	X	\$80,256	=	\$73,853
2	\$4,431	/	\$5,566	=	0.80	X	\$94,345	=	\$75,104
3	\$4,431	/	\$6,463	=	0.69	X	\$117,500	=	\$80,567
4	\$4,431	/	\$5,832	=	0.76	X	\$106,042	=	\$80,567
5	\$4,431	/	<u>\$5,922</u>	=	<u>0.75</u>	X	<u>\$98,698</u>	=	<u>\$73,853</u>
			<b>\$5,720</b>		<b>0.78</b>		<b>\$99,368</b>		<b>\$76,789</b>

## NOI/UNIT ANALYSIS

## As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$2,996	/	\$4,815	=	0.62	X	\$80,256	=	\$49,935
2	\$2,996	/	\$5,566	=	0.54	X	\$94,345	=	\$50,782
3	\$2,996	/	\$6,463	=	0.46	X	\$117,500	=	\$54,475
4	\$2,996	/	\$5,832	=	0.51	X	\$106,042	=	\$54,475
5	\$2,996	/	<u>\$5,922</u>	=	<u>0.51</u>	X	<u>\$98,698</u>	=	<u>\$49,935</u>
			<b>\$5,720</b>		<b>0.53</b>		<b>\$99,368</b>		<b>\$51,920</b>

## NOI/UNIT ANALYSIS

## As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$5,881	/	\$4,815	=	1.22	X	\$80,256	=	\$98,017
2	\$5,881	/	\$5,566	=	1.06	X	\$94,345	=	\$99,678
3	\$5,881	/	\$6,463	=	0.91	X	\$117,500	=	\$106,927
4	\$5,881	/	\$5,832	=	1.01	X	\$106,042	=	\$106,927
5	\$5,881	/	<u>\$5,922</u>	=	<u>0.99</u>	X	<u>\$98,698</u>	=	<u>\$98,017</u>
			<b>\$5,720</b>		<b>1.04</b>		<b>\$99,368</b>		<b>\$101,913</b>

Comparable sales three and four were constructed between 2007 and 2008 and are the most similar to the proposed Subject in terms of age and condition. Comparables one, two and five were constructed between 1978 and 1999 and are slightly inferior to the Subject in terms of age and condition. Sale two is located in a generally similar location as the Subject. The Sales are located in Savannah or Pooler and have slightly superior to superior locations relative to the Subject. Based upon the comparable properties, we have concluded to a price per unit within the middle of the range. Value indications via the NOI per unit analysis are summarized below.

## NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Is	280	\$75,000	\$21,000,000
As Proposed Restricted	280	\$50,000	\$14,000,000
As Proposed Unrestricted	280	\$100,000	\$28,000,000

## Conclusion

We utilized the EGIM, the NOI/Unit, and the per unit adjustment analyses to estimate the Subject's value using the sales comparison approach. These two methods must be reconciled into a single value estimate. Both techniques provide a reasonable indication of the Subject's value. While the EGIM analysis is considered to be a reasonable method of valuation, the NOI/unit analysis is typically considered to be the better approach due to its concentration on NOI or a point more reflective of investor returns, and its use with relation to the sales prices.

The Subject's market value of the real estate "As Is", via the Sale Comparison Approach, as of July 27, 2015 is:

**TWENTY ONE MILLION DOLLARS**  
**(\$21,000,000)**

The Subject's prospective market value of the real estate As Restricted assuming the proposed RAD program CHAP rents "As Complete and Stabilized", via the Sales Comparison Approach, as of July 27, 2015 is:

**FOURTEEN MILLION DOLLARS**  
**(\$14,000,000)**

The Subject's hypothetical market value of the real estate assuming achievable market rents "As Complete and Stabilized", via the Sales Comparison Approach, as of July 27, 2015 is:

**TWENTY EIGHT MILLION DOLLARS**  
**(\$28,000,000)**

#### **Extraordinary Assumptions**

*It is an extraordinary assumption of this report that the Subject's public housing restrictions 'as is' would be disposed. The Subject currently operates as a public housing development under a flat rent schedule. This rent schedule is not market-oriented; the Subject essentially operates on a breakeven basis, and not in a profit-generating manner. As a result, the current rent structure is not an accurate basis upon which to value the property.*

*It is reasonable to assume that any potential buyer would not purchase a property that is not sustainable or does not allow for a reasonable profit. Therefore, our estimate of as is value assumes achievable market rents in the as is condition. Further, we assume that the restrictions affiliated with a public housing development are removed and that the Subject operates with market rents and market-based operating expenses. Based on these assumptions, the Subject, in its as is condition, would be sustainable and operate with a reasonable profit.*

*Additionally, according to the sponsor's attorney, the Subject is eligible by right (being a housing authority entity) to be fully tax exempt following rehabilitation. Therefore, it is an extraordinary assumption that the Subject will benefit from a full tax exemption as a restricted housing authority entity.*

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

## **RECONCILIATION**

**RECONCILIATION**

We were asked to provide an estimate of the Subject's value with restrictions and without restricted operations. We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

<b>AS IF VACANT LAND</b>			
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>
Land Value	470	\$6,500	\$3,100,000

<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	6.0%	\$1,240,725	\$20,700,000

<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE"</b>			
<b>Scenario</b>		<b>Loss To Lease</b>	<b>Indicated Value (Rounded)</b>
As Complete Restricted		\$741,684	\$13,300,000
As Complete Unrestricted		\$1,562,970	\$25,800,000

<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.0%	\$838,914	\$14,000,000
As Proposed Unrestricted	6.0%	\$1,646,680	\$27,400,000

<b>EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>EGIM</b>	<b>Effective Gross Income</b>	<b>Indicated Value (Rounded)</b>
As Is	8.0	\$2,531,123	\$20,200,000
As Proposed Restricted	7.5	\$1,853,598	\$13,900,000
As Proposed Unrestricted	9.5	\$2,950,643	\$28,000,000

<b>NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Number of Units</b>	<b>Price per unit</b>	<b>Indicated Value (Rounded)</b>
As Is	280	\$75,000	\$21,000,000
As Proposed Restricted	280	\$50,000	\$14,000,000
As Proposed Unrestricted	280	\$100,000	\$28,000,000

<b>VALUE AT LOAN MATURITY - RESTRICTED</b>		
	<b>Year</b>	<b>Indicated Value (Rounded)</b>
Restricted	30 years	\$19,300,000

<b>VALUE AT LOAN MATURITY - UNRESTRICTED</b>		
	<b>Year</b>	<b>Indicated Value (Rounded)</b>
Unrestricted	30 years	\$37,200,000

<b>TAX CREDIT VALUATION</b>			
	<b>Credit Amount</b>	<b>Price Per Credit</b>	<b>Indicated Value (Rounded)</b>
Federal LIHTC	\$9,477,696	0.99	\$9,400,000
State LIHTC	\$9,477,696	0.41	\$3,900,000

<b>FAVORABLE FINANCING VALUATION</b>	
	<b>Indicated Value (Rounded)</b>
Restricted & Unrestricted	\$5,900,000

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 will be an 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.

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 If Vacant” Land Value**

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of July 27, 2015, is:

**THREE MILLION ONE HUNDRED THOUSAND DOLLARS  
(\$3,100,000)**

**“As Is” Value**

The Subject's market value of the real estate “As Is”, as of July 27, 2015 is:

**TWENTY MILLION SEVEN HUNDRED THOUSAND DOLLARS  
(\$20,700,000)**

**Upon Completion Assuming Restricted Rents**

The Subject's hypothetical market value of the real estate assuming proposed restricted rental rates, “Upon Completion,” as of July 27, 2015, is:

**THIRTEEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$13,300,000)**

**Upon Completion Assuming Unrestricted Rents**

The Subject's hypothetical market value of the real estate assuming unrestricted operation “Upon Completion,” as of July 27, 2015, is:

**TWENTY FIVE MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$25,800,000)**

**As Complete and Stabilized Restricted**

The Subject's hypothetical estimated market value "As Complete and Stabilized" assuming proposed restricted rental rates, as of July 27, 2015, is:

**FOURTEEN MILLION DOLLARS  
(\$14,000,000)**

**As Complete and Stabilized Unrestricted**

The Subject's hypothetical estimated market value "As Complete and Stabilized" assuming unrestricted market rental rates, as of July 27, 2015, is:

**TWENTY SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS  
(\$27,400,000)**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2044, as of July 27, 2015, is:

**NINETEEN MILLION THREE HUNDRED THOUSAND DOLLARS  
(\$19,300,000)**

**Prospective Market Value as Proposed Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2044, as of July 27, 2015, is:

**THIRTY SEVEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$37,200,000)**

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a ten-year period, on a cash equivalent basis and the date of completion, as of July 27, 2015, is:

*Federal*  
**NINE MILLION FOUR HUNDRED THOUSAND DOLLARS  
(\$9,400,000)**

*State*  
**THREE MILLION NINE HUNDRED THOUSAND DOLLARS  
(\$3,900,000)**

**Favorable Financing**

The market value of the favorable financing provided to the Subject, as of July 27, 2015, is:

**FIVE MILLION NINE HUNDRED THOUSAND DOLLARS**  
**(\$5,900,000)**

**Extraordinary Assumptions**

*It is an extraordinary assumption of this report that the Subject's public housing restrictions 'as is' would be disposed. The Subject currently operates as a public housing development under a flat rent schedule. This rent schedule is not market-oriented; the Subject essentially operates on a breakeven basis, and not in a profit-generating manner. As a result, the current rent structure is not an accurate basis upon which to value the property.*

*It is reasonable to assume that any potential buyer would not purchase a property that is not sustainable or does not allow for a reasonable profit. Therefore, our estimate of as is value assumes achievable market rents in the as is condition. Further, we assume that the restrictions affiliated with a public housing development are removed and that the Subject operates with market rents and market-based operating expenses. Based on these assumptions, the Subject, in its as is condition, would be sustainable and operate with a reasonable profit.*

*Additionally, according to the sponsor's attorney, the Subject is eligible by right (being a housing authority entity) to be fully tax exempt following rehabilitation. Therefore, it is an extraordinary assumption that the Subject will benefit from a full tax exemption as a restricted housing authority entity.*

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

**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 is" 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 12 months or less 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.

**Reasonable Exposure Time:**

Statement 6, Appraisal Standards to USPAP notes that reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to proceed the effective date of the appraisal.

It is defined as the "estimated length of time the property interests appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market." Based on our read of the market, historical information provided by the *PwC Investor Survey* and recent sales of apartment product, an exposure time of nine to 12 months appears adequate.

*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.
9. 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.
10. 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.

### **Extraordinary Assumptions**

*It is an extraordinary assumption of this report that the Subject's public housing restrictions 'as is' would be disposed. The Subject currently operates as a public housing development under a flat rent schedule. This rent schedule is not market-oriented; the Subject essentially operates on a breakeven basis, and not in a profit-generating manner. As a result, the current rent structure is not an accurate basis upon which to value the property.*

*It is reasonable to assume that any potential buyer would not purchase a property that is not sustainable or does not allow for a reasonable profit. Therefore, our estimate of as is value assumes achievable market rents in the as is condition. Further, we assume that the restrictions affiliated with a public housing development are removed and that the Subject operates with market rents and market-based operating expenses. Based on these assumptions, the Subject, in its as is condition, would be sustainable and operate with a reasonable profit.*

*Additionally, according to the sponsor's attorney, the Subject is eligible by right (being a housing authority entity) to be fully tax exempt following rehabilitation. Therefore, it is an extraordinary assumption that the Subject will benefit from a full tax exemption as a restricted housing authority entity.*

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.

## **SPECIFIC ASSUMPTIONS**

The terms of the subsidy programs are preliminary as of the appraisal's effective date, July 27, 2015; therefore, any description of such terms is intended to reflect the current expectations and perceptions of market participants along with available factual data. The terms should be judged on the information available when the forecasts are made, not whether specific items in the forecasts or programs are realized. The program terms outlined in this report, as of July 27, 2015, form the basis upon which the value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter the stated terms subsequent to the date of this report.

The prospective value estimates reported herein are prepared using assumptions stated in this report which are based on the owner's/developer's plan to complete the Subject. As of July 27, 2015, the Subject's completion date is in 2017.

Prospective value estimates, which are by the nature hypothetical estimates, are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The market conditions outlined in the report will be as of the last inspection date of the Subject, and these conditions will form the basis upon which the prospective value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter market conditions and/or the proposed property improvements subsequent to the date of the report.

At the clients' request we appraised the Subject property under a hypothetical condition. The hypothesis is that the developer proposes to use private financing and assistance from Low Income Housing Tax Credits to construct the Subject.

## **CERTIFICATION**

The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- We are performing concurrent market studies and have previously completed two market studies and two appraisals of the subject property within the three year period immediately preceding acceptance of this appraisal assignment;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- Rebecca S. Arthur has not made a personal inspection of the property that is the Subject of this report, but reviewed all comparable and market data. Ed Mitchell and Jimmy McCune made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report and are competent to perform such analyses.
- 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, Rebecca S. Arthur, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



Rebecca S. Arthur, MAI  
State Certified General Real Estate Appraiser  
Partner



Edward R. Mitchell  
Certified General Real Estate Appraiser  
GA License # 4649  
Expiration Date: 4/30/2016

*Addendum B*

*Qualifications of Consultants*

# **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**

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 and appraisals of proposed and existing Low-Income Housing Tax Credit (LIHTC) properties.
- 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 corridors, 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  
REBECCA S. ARTHUR, MAI**

**I. Education**

University of Nebraska, Lincoln, Nebraska  
Bachelor of Science in Business Administration – Finance

Appraisal Institute  
Designated Member (MAI)

**II. Licensing and Professional Affiliation**

Designated Member of the Appraisal Institute (MAI)  
Member of Commercial Real Estate Women (CREW) Network  
Member of National Council of Housing Market Analysts (NCHMA)

State of Arkansas Certified General Real Estate Appraiser No. CG2682N  
State of California Certified General Real Estate Appraiser No. AG041010  
State of Hawaii Certified General Real Estate Appraiser No. CGA-1047  
State of Iowa Certified General Real Estate Appraiser No. CG03200  
State of Kansas Certified General Real Estate Appraiser No. G-2153  
State of Michigan Certified General Real Estate Appraiser No. 1201074011  
State of Minnesota Certified General Real Estate Appraiser No. 40219655  
State of Missouri Certified General Real Estate Appraiser No. 2004035401  
State of Texas Certified General Real Estate Appraiser No. TX-1338818-G

**III. Professional Experience**

Partner, Novogradac & Company LLP  
Principal, Novogradac & Company LLP  
Manager, Novogradac & Company LLP  
Real Estate Analyst, Novogradac & Company LLP  
Corporate Financial Analyst, Deloitte & Touche LLP

**IV. Professional Training**

Forecasting Revenue, December 2012  
USPAP Update, May 2012  
How to Analyze and Value Income Properties, May 2011  
Appraising Apartments – The Basics, May 2011  
Business Practices and Ethics, December 2010  
HUD MAP Third Party Training, June 2010  
HUD LEAN Third Party Training, January 2010  
National Uniform Standards of Professional Appraisal Practice, April 2010  
MAI Comprehensive Four Part Exam, July 2008  
Report Writing & Valuation Analysis, December 2006

Advanced Applications, October 2006  
Highest and Best Use and Market Analysis, July 2005  
Advanced Sales Comparison and Cost Approaches, April 2005  
Advanced Income Capitalization, October 2004  
Basic Income Capitalization, September 2003  
Appraisal Procedures, October 2002  
Appraisal Principals, September 2001

## **V. Real Estate Assignments**

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

- In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2001, with an emphasis on multifamily housing and land.
- Have managed and conducted numerous market and feasibility studies for multifamily housing. Properties types include Section 42 Low Income Housing Tax Credit (LIHTC) Properties, Section 8, USDA and/or conventional. Local housing authorities, developers, syndicators, HUD and lenders have used these studies to assist in the financial underwriting and design of multifamily properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying, and overall market analysis. The Subjects include both new construction and rehabilitation properties in both rural and metro regions throughout the United States and its territories.
- Have managed and conducted numerous appraisals of multifamily housing. 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 market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs, as well as the LIHTC PILOT Program.
- 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 and FreddieMac appraisals of affordable and market rate multi-family properties for DUS Lenders.
- Managed and Completed numerous Section 8 Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- Managed and conducted various City and County-wide Housing Needs Assessments in order to determine the characteristics of existing housing, as well as determine the need for additional housing within designated areas.
- Performed numerous valuations of the General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.

## **VI. Speaking Engagements**

A representative sample of industry speaking engagements follows:

Institute for Professional Education and Development (IPED): Tax Credit Seminars  
Institute for Responsible Housing Preservation (IRHP): Annual Meetings  
National Council of Housing Market Analysts (NCHMA): Seminars and Workshops  
Novogradac & Company LLP: LIHTC, Developer and Bond Conferences  
AHF Live! Affordable Housing Finance Magazine Annual Conference  
Kansas Housing Conference

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## K. DAVID ADAMESCU

### I. Education

The Ohio State University, Columbus, OH  
Masters of City and Regional Planning  
Bachelors of Arts, Economics

### II. Professional Experience

Real Estate Analyst, Novogradac & Company LLP  
Project Director, VWB Research  
Field Analyst, The Danter Company

### III. Real Estate Assignments

A representative of assignments relating to research and market feasibility studies includes:

- Written and supervised the production of affordable rental housing market studies for projects located throughout the continental United States as well as Alaska. The preponderance of experience is with the Section 42 Low-income Housing Tax Credit, HUD Section 8, and USDA Rural Development programs.
- Additional experience authoring market feasibility analyses for market-rate rental housing, condominium housing, single-family housing, senior-oriented housing, seasonal housing, retail, office, golf course/marina resorts, and mixed-use developments.
- Assisted in numerous appraisals of proposed LIHTC rental housing, commercial office, and commercial retail properties. Analysis typically includes physical inspection of the property and market, concept analysis, demographic and economic analysis, demand and absorption projections, comparable surveying, supply analysis and rent determination, operating expense analysis to determine cost estimates, capitalization rate determination, valuation utilizing the three approaches to value, insurable value estimation, and LIHTC equity valuation.
- Conducted special research for highest and best use evaluations, the impact of “green” development principals on marketability, and seasonal housing dynamics.
- Reviewed third-party market studies and appraisals for investors in the secondary market.

# **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

## **Jimmy McCune**

### **I. Education**

The Ohio State University, Columbus, OH  
Masters of City and Regional Planning

West Virginia University, Morgantown, WV  
Bachelor of Arts in Geography

### **II. Professional Experience**

Researcher, Novogradac & Company LLP, September 2014 – Present  
Planning and Policy Research Assistant, Ohio Housing Finance Agency, September 2012-  
September 2014

### **III. Research Assignments**

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

- Assisted numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Assisted with numerous appraisals of new construction and existing LIHTC and market-rate properties.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

*Addendum C*  
*Subject Photos*

Site A



*Site A exterior*



*Site A exterior*



*Site A exterior*



*Site A exterior*



*Typical townhouse living room*



*Typical townhouse kitchen*



*Typical townhouse bathroom*



*Typical townhouse bedroom*



*Washer connections*



*Typical bedroom closet*



*Typical garden-style living room*



*Typical garden-style kitchen*



*Typical garden-style bathroom*



*Typical garden-style bedroom*



*Basketball court*



*Playground*



*Community Building*



*Typical parking areas*



*Mail Center*



*View east along East Oglethorpe Drive*



*View west along East Oglethorpe Drive*



*View north along Randolph Street*



*View south along Randolph Street*



*View south along Broad Street*



*View west across Broad Street*



*View to east of proposed Hitch Village mixed-income development site*



*Retail use along Wheaton Street to south*



*Retail use along Wheaton Street to south*

**Site B**



*Site B exterior*



*Site B exterior*



*Site B exterior*



*Site B exterior*



*Site B exterior*



*Site B exterior*



*Typical living room*



*Typical kitchen*



*Typical bathroom*



*Typical bedroom*



*Typical hallway*



*Typical washer/dryer closet*



*Typical driveway*



*View west along Edinburgh Street*



*View south along Pounder Street*



*View south along Wheaton Street*



*View north along Wheaton Street*



*Bus shelter along Wheaton Street*



*Chatham County Department of Child and Family Services to north*



*Typical single family home in neighborhood*



*Typical single family home in neighborhood*



*Hubert Middle School to west*



*Retail use along Wheaton Street to north*



*Retail use along Wheaton Street to north*



*Chatham Area Transit hub to*



*Blackshear Community Center along Wheaton Street*



*House of Worship in Subject neighborhood*



*Park in Subject neighborhood*

*Addendum D*  
*Flood Plain Map*



*Addendum E*  
*Developer's Budget and Proforma*

**OPERATING BUDGET**

		GRAND TOTAL		Blackshear		Wessels	
		Units= 280	Per Unit	Units= 74	Per Unit	Units= 206	Per Unit
		Base Year Total	Base Year Per Unit	Base Year Total	Base Year Per Unit	Base Year Total	Base Year Per Unit
<b>Revenue:</b>							
	Gross Potential Rent	\$ 2,223,768	\$ 7,942.03	\$ 643,680	\$ 8,698.38	\$ 1,580,088	\$ 7,670.33
	Utility Allowance	(309,012)	(1,103.61)	(104,484)	(1,411.95)	(204,528)	(992.85)
	<b>Contract Rent</b>	<b>\$ 1,914,756</b>	<b>\$ 6,838</b>	<b>\$ 539,196</b>	<b>\$ 7,286</b>	<b>\$ 1,375,560</b>	<b>\$ 6,677</b>
	Vacancy	(136,601)	(487.86)	(38,422)	(519.22)	(98,178)	(476.59)
	Bad Debt	-	-	-	-	-	-
	Concessions	-	-	-	-	-	-
	Net Rental Income	\$ 1,778,155	\$ 6,351	\$ 500,774	\$ 6,767	\$ 1,277,382	\$ 6,201
	Other Income	36,680	131.00	9,694	131.00	26,986	131.00
	<b>EFFECTIVE GROSS INCOME</b>	<b>\$ 1,814,835</b>	<b>\$ 6,481.56</b>	<b>\$ 510,468</b>	<b>\$ 6,898.21</b>	<b>\$ 1,304,368</b>	<b>\$ 6,331.88</b>
<b>Operating Expenses:</b>							
1	Manager Salary	50,003	178.58	14,001	189.20	36,002	174.77
1	Assistant Manager Salary	35,007	125.03	9,802	132.46	25,205	122.35
1	Leasing Salary	29,120	104.00	8,154	110.19	20,966	101.78
1	Employee Rent Allowance	-	-	-	-	-	-
1	Incentives	-	-	-	-	-	-
1	Leasing Bonuses	-	-	-	-	-	-
1	Medical Insurance	36,432	130.11	18,216	246.16	18,216	88.43
1	FICA	7,311	26.11	2,099	28.36	5,212	25.30
1	FUTA	366	1.31	183	2.47	183	0.89
1	SUTA	2,796	9.99	1,398	18.89	1,398	6.79
1	Workers' Compensation	3,779	13.50	1,085	14.66	2,694	13.08
	<b>Total Admin Payroll</b>	<b>\$ 164,814</b>	<b>\$ 588.62</b>	<b>\$ 54,938</b>	<b>\$ 742.41</b>	<b>\$ 109,876</b>	<b>\$ 533.38</b>
1	Maintenance Supervisor Labor	45,011	160.75	12,603	170.31	32,408	157.32
1	Maintenance Assistant Labor	31,200	111.43	8,736	118.05	22,464	109.05
1	Cleaning / Porters	-	-	-	-	-	-
1	Maintenance Technicians	24,960	89.14	6,989	94.45	17,971	87.24
1	Employee Rent Allowance	-	-	-	-	-	-
1	Bonuses	-	-	-	-	-	-
1	FICA	6,272	22.40	1,756	23.73	4,516	21.92
1	FUTA	336	1.20	168	2.27	168	0.82
1	SUTA	2,537	9.06	1,241	16.77	1,296	6.29
1	Workers' Compensation	9,515	33.98	2,664	36.00	6,851	33.26
1	Medical Insurance	36,432	130.11	18,216	246.16	18,216	88.43
1	Other Payroll	-	-	-	-	-	-
1	Temporary Help	-	-	-	-	-	-
	<b>Total Maintenance Payroll</b>	<b>\$ 156,263</b>	<b>\$ 558.08</b>	<b>\$ 52,373</b>	<b>\$ 707.74</b>	<b>\$ 103,890</b>	<b>\$ 504.32</b>
1	Employee Screening	400	1.43	200	2.70	200	0.97
1	Bank Charges	7,800	27.86	1,800	24.32	6,000	29.13
1	Fees - Payroll	6,459	23.07	1,809	24.45	4,650	22.57
1	Dues & Subscriptions	950	3.39	300	4.05	650	3.16
1	Permits & Licenses	7,940	28.36	3,970	53.65	3,970	19.27
1	Telephone	9,600	34.29	2,700	36.49	6,900	33.50
1	Legal - Evictions	2,610	9.32	1,305	17.64	1,305	6.33
1	Training	10,924	39.01	3,866	52.24	7,058	34.26
1	Other Professional	9,600	34.29	4,800	64.86	4,800	23.30
3	Management Fee	90,742	324.08	25,523	344.91	65,218	316.59
1	Equipment - Other	128	0.46	64	0.86	64	0.31
1	Office Supplies	6,900	24.64	1,800	24.32	5,100	24.76
1	Overnight Mail	-	-	-	-	-	-
1	Postage	2,100	7.50	600	8.11	1,500	7.28
1	Answering Machine Service	3,000	10.71	1,500	20.27	1,500	7.28
1	Computer / Modem	10,742	38.36	3,005	40.61	7,737	37.56
1	DCA Monitoring Fees	21,000	75.00	5,550	75.00	15,450	75.00
1	Internet	3,000	10.71	1,200	16.22	1,800	8.74
1	Copier Expenses	5,700	20.36	1,800	24.32	3,900	18.93
1	Other Administrative Expenses	570	2.04	150	2.03	420	2.04
	<b>Total Admin Expenses</b>	<b>\$ 200,165</b>	<b>\$ 714.87</b>	<b>\$ 61,942</b>	<b>\$ 837.06</b>	<b>\$ 138,222</b>	<b>\$ 670.38</b>
1	Internet / Online Advertising	25,512	91.11	6,912	93.41	18,600	90.29
1	Social Services	14,000	50.00	3,700	50.00	10,300	50.00
1	Promotions	4,500	16.07	900	12.16	3,600	17.48
1	Activities	4,280	15.29	1,480	20.00	2,800	13.59
1	Move-in Gifts	-	-	-	-	-	-
1	Hospitality	1,750	6.25	600	8.11	1,150	5.58
1	Incentive - Leasing/ Renewal	11,900	42.50	3,400	45.95	8,500	41.26
1	Shopping Reports	78	0.28	78	1.05	-	-
1	Locator Services	-	-	-	-	-	-
1	Referrals - Resident	-	-	-	-	-	-
1	Tenant Screening	10,296	36.77	2,880	38.92	7,416	36.00
1	Printed Forms	48	0.17	48	0.65	-	-
1	Uniforms	4,450	15.89	1,500	20.27	2,950	14.32
1	Marketing - Miscellaneous	2,400	8.57	600	8.11	1,800	8.74
	<b>Total Marketing / Retention</b>	<b>\$ 79,214</b>	<b>\$ 282.91</b>	<b>\$ 22,098</b>	<b>\$ 298.62</b>	<b>\$ 57,116</b>	<b>\$ 277.26</b>
1	Repairs & Maintenance Supplies	26,400	94.29	4,800	64.86	21,600	104.85
1	Appliance Supplies	4,200	15.00	1,200	16.22	3,000	14.56
1	Cleaning Supplies	4,200	15.00	1,200	16.22	3,000	14.56
1	Doors & Window Supplies	-	-	-	-	-	-
1	Electrical Supplies	2,100	7.50	600	8.11	1,500	7.28
1	Exterior Repair	10,400	37.14	2,900	39.19	7,500	36.41
1	Equipment Supplies	-	-	-	-	-	-
1	Fire / Alarm Supplies	990	3.54	270	3.65	720	3.50
1	Glass & Screen Supplies	-	-	-	-	-	-
1	Hardware Supplies	7,800	27.86	1,800	24.32	6,000	29.13
1	HVAC Supplies	12,800	45.71	4,050	54.73	8,750	42.48
1	Key & Lock Supplies	2,166	7.74	615	8.31	1,551	7.53
1	Light Bulbs	6,000	21.43	1,200	16.22	4,800	23.30
1	Paint Supplies	-	-	-	-	-	-
1	Plumbing Supplies	4,050	14.46	1,530	20.68	2,520	12.23
1	Carpet Cleaning Services	4,800	17.14	1,800	24.32	3,000	14.56
1	Other Interior Repairs	4,800	17.14	1,800	24.32	3,000	14.56
1	Cleaning Services	-	-	-	-	-	-
1	Drywall Services	3,120	11.14	900	12.16	2,220	10.78
1	Electrical Services	4,200	15.00	1,200	16.22	3,000	14.56
1	Equipment Services	550	1.96	175	2.36	375	1.82
1	Glass & Screen Services	6,150	21.96	1,650	22.30	4,500	21.84
1	Golf Cart Service	-	-	-	-	-	-
1	Miscellaneous Services	-	-	-	-	-	-
1	Pest Control Services	6,216	22.20	1,776	24.00	4,440	21.55
1	Plumbing Services	4,200	15.00	1,200	16.22	3,000	14.56
1	Roof Repair Services	-	-	-	-	-	-
1	Uniforms - Repair & Maintenance	3,500	12.50	1,000	13.51	2,500	12.14
1	Landscape - Annual Contract	56,750	202.68	15,800	213.51	40,950	198.79
1	Landscape - Irrigation Repairs	4,850	17.32	1,100	14.86	3,750	18.20
1	Pool - Contract Maintenance	-	-	-	-	-	-
1	Pool - Furniture	-	-	-	-	-	-
1	Trash Removal	-	-	-	-	-	-
1	Alarm - Service	6,300	22.50	1,800	24.32	4,500	21.84
1	Security - Fire Protection	-	-	-	-	-	-
1	Extinguisher Maintenance	18,000	64.29	500	6.76	17,500	84.95
	<b>Total Maintenance &amp; Repair</b>	<b>\$ 204,542</b>	<b>\$ 730.51</b>	<b>\$ 50,866</b>	<b>\$ 687.38</b>	<b>\$ 153,676</b>	<b>\$ 746.00</b>
1	Turnover - Carpet Cleaning	9,150	32.68	2,775	37.50	6,375	30.95
1	Turnover - Carpet Repair / Dyeing	4,100	14.64	450	6.08	3,650	17.72
1	Turnover - Cleaning	7,860	28.07	2,400	32.43	5,460	26.50
1	Turnover - Contract Painting	24,150	86.25	7,125	96.28	17,025	82.65
1	Turnover - Paint Supplies	7,209	25.75	1,834	24.78	5,375	26.09

**OPERATING BUDGET**

		GRAND		Blackshear		Wessels	
		TOTAL	Per Unit				
	Total Turnover Expenses	\$ 52,469	\$ 187.39	\$ 14,584	\$ 197.08	\$ 37,885	\$ 183.91
1	Electricity - Common Area	66,000	235.71	21,600	291.89	44,400	215.53
1	Electricity - Vacant Units	4,125	14.73	1,125	15.20	3,000	14.56
1	Electricity - Office / Cabana	10,200	36.43	1,200	16.22	9,000	43.69
1	Gas - Common Area	-	-	-	-	-	-
1	Television - Bulk Rate	-	-	-	-	-	-
1	Waste Removal	41,400	147.86	11,400	154.05	30,000	145.63
1	Water & Sewer	122,400	437.14	28,800	389.19	93,600	454.37
1	Utility Processing Fees	-	-	-	-	-	-
	Total Utility Expenses	\$ 244,125	\$ 871.88	\$ 64,125	\$ 866.55	\$ 180,000	\$ 873.79
1	Insurance	80,004	285.73	18,204	246.00	61,800	300.00
1	Property Taxes / Payment in Lieu of Taxes	3,600	12.86	600	8.11	3,000	14.56
	Total Taxes & Insurance	\$ 83,604	\$ 298.59	\$ 18,804	\$ 254.11	\$ 64,800	\$ 314.56
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,185,196</b>	<b>\$ 4,232.84</b>	<b>\$ 339,730</b>	<b>\$ 4,590.95</b>	<b>\$ 845,465</b>	<b>\$ 4,104.20</b>
1	Replacement Reserve	98,000	350.00	25,900	350.00	72,100	350.00
	<b>TOTAL OPERATING EXP + RESERVE</b>	<b>\$ 1,283,196</b>	<b>\$ 4,582.84</b>	<b>\$ 365,630</b>	<b>\$ 4,940.95</b>	<b>\$ 917,565</b>	<b>\$ 4,454.20</b>
	<b>NET OPERATING INCOME</b>	<b>\$ 531,640</b>	<b>\$ 1,898.71</b>	<b>\$ 144,837</b>	<b>\$ 1,957.26</b>	<b>\$ 386,802</b>	<b>\$ 1,877.68</b>
	Adjustments to Stabilized Sizing NOI:						
	Deduct HUD Rent Overhang	-	-	-	-	-	-
	Vacancy on Overhang	-	-	-	-	-	-
	Property Management Fee on Overhang	-	-	-	-	-	-
	Total Adjustments	-	-	-	-	-	-
	Adjusted NOI	<b>\$ 531,640</b>	<b>\$ 1,898.71</b>	<b>\$ 144,837</b>	<b>\$ 1,957.26</b>	<b>\$ 386,802</b>	<b>\$ 1,877.68</b>
	Allocation Factor	100.00%		27.24%		72.76%	
	Breakdown by forecast method						
1	Fixed Expenses (monthly fixed amount)	1,192,454	\$ 4,258.76	\$ 340,107	\$ 4,596.04	\$ 852,347	\$ 4,137.61
2	Variable Expenses (fluctuates w/ units online)	-	-	-	-	-	-
3	Management Fee (% EGI)	90,742	324.08	25,523	344.91	65,218	316.59
4	Non-inflating Exp	-	-	-	-	-	-
		<b>\$ 1,283,196</b>	<b>\$ 4,582.84</b>	<b>\$ 365,630</b>	<b>\$ 4,940.95</b>	<b>\$ 917,565</b>	<b>\$ 4,454.20</b>

*Addendum F*  
*Site Plans*

*Addendum G*  
*License*

STATE OF GEORGIA  
REAL ESTATE APPRAISERS BOARD

**EDWARD ROGERS MITCHELL**

**4649**

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A  
**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY  
Chairperson

RONALD M. HECKMAN  
JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson

23466666

EDWARD ROGERS MITCHELL

# 4649  
Status ACTIVE

CERTIFIED GENERAL REAL PROPERTY  
APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY  
RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY  
REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605

ORIGINALLY LICENSED

02/04/1994

END OF RENEWAL  
04/30/2016



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

23466666

EDWARD ROGERS MITCHELL

# 4649  
Status ACTIVE

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State of Georgia  
Real Estate Commission  
Suite 1000 - International Tower  
229 Peachtree Street, N.E.  
Atlanta, GA 30303-1605



WILLIAM L. ROGERS, JR.  
Real Estate Commissioner

23466666

*Addendum H*  
*Ground Lease/Use Agreement*

**GROUND LEASE**

**THIS GROUND LEASE** (“Lease”) made and entered into as of \_\_\_\_\_, 2015 by and between **THE HOUSING AUTHORITY OF SAVANNAH** (“Landlord”) and **WESSELS/BLACKSHEAR REDEVELOPMENT, L.P.**, a Georgia limited partnership (“Tenant”), upon the following terms and conditions:

**RECITALS**

Landlord and Tenant desire that Tenant lease certain property hereinafter described and develop a multi-family housing project thereon, all as hereinafter provided.

**NOW, THEREFORE**, in consideration of the premises hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I - DEFINITIONS**

Unless the context otherwise specifies or requires, the following terms shall have the meanings specified herein:

- 1.1 **Base Rent.** The term “Base Rent” shall mean the sum of Twenty Five Thousand Dollars (\$25,000.00) per year during each year of the Term of this Lease.
- 1.2 **Commencement Date.** The term “Commencement Date” shall be as of \_\_\_\_\_, 2015.
- 1.3 **Developer.** “Developer” means Hunt Savannah Development, LLC, a Georgia limited liability company, its successors and assigns and any other entity that enters into an agreement with Tenant to act as developer of the Project.
- 1.4 **Event of Default.** The term “Event of Default” shall be as defined in Section 15.1.
- 1.5 **Expiration Date.** The term “Expiration Date” shall mean December 31, 2090.
- 1.6 **FHA Rider.** The term “FHA Rider” means that certain Ground Lease rider required by HUD’s Federal Housing Administration 221(d)(4) program, which is attached hereto at Exhibit E and incorporated herein by reference as if fully set forth herein.
- 1.7 **HAP Contract.** The term “HAP Contract” shall mean that certain Project-Based Housing Assistance Payments Contract by and between the Landlord and Tenant,

applicable to the RAD Units, and any additional riders or amendments approved by HUD.

- 1.8 **Investment Limited Partner.** The term “Investment Limited Partner” shall mean Hunt Capital Partners, LLC and its affiliates, successors and assigns.
- 1.9 **Investment Limited Partner’s Address For Notices.** The term “Investment Limited Partner’s Address for Notices” shall mean: 4401 North Mesa El Paso, TX 79902-1107, Attention: Legal Department.
- 1.10 **Landlord's Address For Notices.** The term “Landlord's Address for Notices” shall mean: Housing Authority of Savannah, 1407 Wheaton Street, Savannah, Georgia, 31402 Attention: Earline W. Davis, Executive Director, with copies to Dana F. Braun, Esq., Callaway, Braun, Riddle & Hughes, P.C., P.O. Box 9150, Savannah, Ga. 31412 and to Efreem Levy, Esq., Reno & Cavanaugh, PLLC, 455 Massachusetts Avenue, N.W., Suite 400, Washington, DC 20001.
- 1.11 **Land Use Restrictive Covenants.** The term “Land Use Restrictive Covenants” means the Declaration of Land Use Restrictive Covenants entered into as of the Transaction Closing Date with the Georgia Housing and Finance Authority as a condition of the allocation of tax credits.
- 1.12 **[Master Developer.** The term “Master Developer” means collectively, Hunt Savannah Fred Wessels Development, LLC, a Georgia limited liability company and Hunt Savannah Edgar C. Blackshear Development, LLC, a Georgia limited liability company.]
- 1.13 **Partnership Agreement.** The term “Partnership Agreement” means that [First] Amended and Restated Partnership Agreement of Wessels/Blackshear Redevelopment, L.P., a Georgia limited partnership, dated as of approximate even date herewith.
- 1.14 **Premises.** The term “Premises” or “Demised Premises” or “Leased Premises” shall mean that certain parcel of real property (which is a portion of the property owned by Landlord commonly known as the former Fred Wessels and Edgar C. Blackshear sites) located in the City of Savannah, Chatham County, Georgia as more particularly described on Exhibit “A” and depicted on that site plan attached at Exhibit “B” hereto and incorporated herein by reference (the “Site Plan”).
- 1.15 **Project.** The term “Project” means the redevelopment of the multi-family housing site [formerly] known as Fred Wessels and Edgar C. Blackshear, which currently consists of approximately 280 units, into a multi-family redevelopment consisting of [280] units.

- 1.16 **Property**. The term “Property” has the meaning set forth in the FHA Rider attached hereto as Exhibit E and incorporated herein by reference as if fully set forth herein.
- 1.17 **RAD Program**. The term “RAD Program” refers to the Rental Administration Demonstration (RAD) Program created by the Consolidated and Further Continuing Appropriations Act of 2012, and HUD Notice PIH 2012-32, as amended from time to time.
- 1.18 **RAD Redevelopment Agreement**. The term RAD Redevelopment Agreement means the agreement entered into in July, 2014 captioned “Agreement Between Hunt Savannah Fred Wessels Development, LLC and The Housing Authority Of Savannah For Rental Assistance Demonstration Redevelopment” pursuant to which the Master Developer is to be the developer of Project, a well-designed community which maintains affordability over the long term for low -income families, and which includes community facilities necessary to attract and support such families. Under the RAD Redevelopment Agreement, the Master Developer is engaged to renovate presently existing dwelling units and to form an entity to own and operate the Project which in turn will engage a management entity to manage the Project.
- 1.19 **RAD Requirements**. The term “RAD Requirements” shall mean all requirements applicable to the HUD Rental Assistance Demonstration Project, as provided in P.L. 12255 and HUD Notice PIH-2012-32(H) Rev-2 (June 15, 2015), including, without limitation, requirements as contained in the Rental Assistance Demonstration Use Agreement, by and Between HUD and Tenant, and all applicable Federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time, including but not limited to the requirements set forth in the HAP Contract, in accordance with Section 8 of the U.S. Housing Act of 1937 as amended as implemented by the regulations found at 24 CFR 983; and any successor law or regulation thereto.
- 1.20 **RAD Units**. The term “RAD Units” shall mean the [280] units in the Project operated and maintained in accordance with the RAD Requirements.
- 1.21 **RAD Use Agreement**. The term “RAD Use Agreement” shall mean the Rental Assistance Demonstration Use Agreement, , by and between HUD and Tenant, and any riders thereto, recorded in the land records office of Chatham County, Georgia, dated as of approximate even date herewith.
- 1.22 **Tenant's Address For Notices**. The term “Tenant's Address for Notices” shall mean: Wessels/Blackshear Redevelopment, L.P., 1020 19<sup>th</sup> Street, NW Suite 420, Washington, DC 20036, Attention: Sinclair Cooper, with a copy to: Edward Henneman Jr., Hunter, Maclean, Exley and Dunn, P.C., 200 E. Saint Julian Street, Savannah, GA 31401
- 1.23 **Tenant's Permitted Uses**. The term “Tenant's Permitted Uses” shall mean the development and operation of the Project in a manner consistent with the RAD Use Agreement, the HAP Contract, and the [the Land Use Restrictive Covenants], and the marketing for lease and leasing of the residential units comprising the Project, including

the RAD Units, in a manner consistent with the requirements of this Lease and the RAD Requirements.

- 1.24 **Transaction Closing Date.** The term “Transaction Closing Date” shall mean the date hereof.

## **ARTICLE II - PREMISES**

2.1 **Lease of Premises.** Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, upon all of the terms, covenants and conditions contained in this Lease, subject to (i) any state of facts an accurate survey of the Premises would show; (ii) any state of facts a personal inspection would show; (iii) rights, easements and restrictions of record; (iv) present and future zoning laws, ordinances, resolutions and regulations of any governmental authority and all present and future ordinances, statutes, laws, regulations and orders of all boards, bureaus, departments, agencies, commissions and bodies of any municipal, county, state or federal sovereign; and (v) the effect of all present and future municipal, state or federal laws, orders and regulations relating to the Tenant, sub lessees or occupants of the Premises. On the Commencement Date described herein, Landlord shall deliver the Premises to Tenant.

2.2 **Acceptance of Premises.** Tenant acknowledges that, except to the extent otherwise set forth herein with respect to obligations of Landlord to make specific improvements to portions of the Premises (and as otherwise provided in Section 6.3(G) with respect to Claims as to Pre-Existing Conditions), Landlord has not made any representation or warranty with respect to the condition of the Premises or with respect to its suitability or fitness for the conduct of Tenant's Permitted Use or for any other purpose, and Tenant acknowledges that it is accepting the Premises “AS IS.”

2.3 **Leasehold Title Insurance.** The term “Leasehold Title Insurance” means that certain leasehold title insurance policy for the Premises to be obtained by the Tenant on or about the Transaction Closing Date in form and substance satisfactory to Landlord and Tenant.

## **ARTICLE III - TERM**

3.1 **Term.** Unless sooner terminated as provided in this Lease, the term of this Lease (the “Term” or “Lease Term”) shall be for the period commencing on the Commencement Date described in Section 1.2 of this Lease and ending on the Expiration Date described in Section 1.5 of this Lease.

## **ARTICLE IV - RENTAL; PAYMENT OF TAXES, OPERATING EXPENSES AND OTHER CHARGES**

4.1 **Base Rent.** During the Lease Term, Tenant shall pay to Landlord as rental for the Premises, the Base Rent, described in Section 1.1, annually, in advance on the Commencement Date and on each subsequent anniversary of the Commencement Date throughout the Term. The Base Rent obligation hereunder shall be subordinate to the payment

of hard debt service and any reserve requirements imposed by a Project Lender and/or the Investment Limited Partner. Any Base Rent not paid annually as required in this Section 4.1 shall accrue and shall be due upon the next anniversary of the Commencement Date.

4.2 **Taxes, Expenses and Other Charges.** Tenant shall, during the term of this Lease, as additional rent, pay and discharge punctually, as and when the same shall become due and payable, and before any fine, penalty, interest or other charges may be added thereto for nonpayment, all property taxes, as hereafter defined, and all other governmental impositions and charges and obligations owed to governmental authorities of every kind and nature whatsoever, extraordinary as well as ordinary and each and every installment thereof which shall or may during the term of this Lease be charged, levied, laid, assessed, imposed, become due and payable or liens upon, or for, or with respect to, the Premises or any part thereof, the buildings and improvements appurtenances or equipment owned by Tenant thereon or therein or any part thereof, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of the federal, state, and local governments and of all other governmental authorities whatsoever during the term of this Lease. In the event Tenant shall be required by the terms of any Leasehold Mortgage permitted hereunder to pay any funds into escrow with respect to Taxes (as hereinafter defined), Tenant agrees to make such payments in accordance with the terms of such Leasehold Mortgage. In the event Tenant shall fail to pay Taxes before they shall have become delinquent, Landlord, without prejudice to any other rights it may have, may, but shall not be required to, pay such Taxes and Tenant will remit the amount of such payment to Landlord upon demand together with interest thereon at the rate provided in Section 4.4 below. In the event that Tenant challenges any taxes, expenses or other charges, Landlord will reasonably cooperate in such challenge. Tenant shall promptly provide to Landlord proof of timely payment of all Property Taxes (as hereinafter defined) and other charges to be paid by Tenant hereunder. As used herein,

(A) “Property Taxes” or “Taxes” shall mean the aggregate amount of all ad valorem real and personal property taxes, payments in lieu of taxes, assessments (whether they be general or special), sewer rents and charges, transit taxes, taxes based upon the receipt of rent, general, special, ordinary or extraordinary taxes (but not including income or franchise taxes, capital stock, inheritance, estate, gift, or any other taxes imposed upon or measured by Landlord's gross income or profits). Taxes for any calendar year shall be Taxes which are due for payment or are paid during such year. If at any time during the Lease Term the method of taxation then prevailing shall be altered so that any new tax, payment in lieu of taxes, assessment, levy, imposition or charge shall be imposed upon Landlord in place or partly in place of any such Taxes, or contemplated increase in any such Taxes and shall be measured by or be based in whole or in part upon the Premises or the rents or other income received by Tenant from the Premises, then all such new taxes, assessments, levies, impositions or charges, to the extent that they are so measured or based, shall be included in Taxes to the extent that such items would be payable if the Premises was the only property of Landlord subject to same. Taxes shall also include any personal property taxes imposed upon any furniture, fixtures, machinery, equipment, apparatus systems and appurtenances of Tenant used in connection with the Premises.

(B) Property Tax Exemption – Consistent with O.C.G.A. § 8-3-8, that portion of the Premises that is subject to a Private Enterprise Agreement, contemplated by O.C.G.A. § 8-3-3 (13.1)(C), consisting of the eligible housing units therein that are occupied or reserved for occupancy by persons of low income is declared to be public property used for essential public and governmental purposes and not for purposes of private or corporate benefit or income and thus, shall be exempt from all taxes and special assessments of the city, the county, and the state or any political subdivision thereof, provided that, in lieu of such taxes there may be an agreement to make payments to the city or the county or any such political subdivision for improvements, services, and facilities furnished by such city, county, or political subdivision for the benefit of that portion of the Premises. This Agreement, the RAD Redevelopment Agreement, the HAP Contract, the Partnership Agreement, the Land Use Restriction Agreement, and all other agreements between the Landlord, the Developer and Tenant regarding the use and restrictions of the Premises constitute a private enterprise agreement as contemplated by O.C.G.A. § 8-3-3 (13.1).

4.3 **Payment.** The Base Rent described in Section 1.1, shall be payable in advance on the first day of each lease year. All Rent, and all other amounts payable to Landlord by Tenant pursuant to the provisions of this Lease, shall be paid to Landlord, without notice, demand, abatement, deduction or offset, in lawful money of the United States at Landlord's address for notice purposes, or to such other person or at such other place as Landlord may designate from time to time by written notice given to Tenant. No payment by Tenant or receipt by Landlord of a lesser amount than the correct Rent due hereunder shall be deemed to be other than a payment on account; nor shall any endorsement or statement on any check or any letter accompanying any check or Payment be deemed to affect or evidence an accord and satisfaction; and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law or in equity provided.

4.4 **Late Charge; Interest.** Tenant acknowledges that the late payment of Base Rent or any other amounts payable by Tenant to Landlord hereunder (all of which shall constitute additional rent to the same extent as Base Rent) will cause Landlord to incur administrative costs and other damages, the exact amount of which would be impracticable or extremely difficult to ascertain. Landlord and Tenant agree that if Landlord does not receive any such payment on or before five (5) business days after the date the payment is due, Tenant shall pay to Landlord, as additional rental, and without notice or demand (a) a late charge equal to five percent (5%) of the overdue amount to cover such additional administrative costs; and (b) interest on the delinquent amounts at the lesser of the maximum rate permitted by law, if any, or twelve percent (12%) per annum from the date due to the date paid. Notwithstanding anything in this Section 4.4 to the contrary, in the event Tenant fails to make an annual payment of Base Rent because such Base Rent Payment obligation is a subordinate obligation pursuant to Section 4.1, no late charge or interest shall be due under this Section 4.4.

4.5 **Additional Rent.** For purposes of this Lease, all amounts payable by Tenant to or for the benefit of Landlord pursuant to this Lease, whether or not denominated as such, shall constitute additional rent hereunder. Such additional rent, together with the Base Rent and Rent Adjustments, shall sometimes be referred to in this Lease as “Rent.”

4.6 **Net Lease.** Notwithstanding anything to the contrary herein, the Base Rent hereunder shall be absolutely net to Landlord so that, subject to the subordination provision in Section 4.1, this Lease shall yield, net to Landlord, the Base Rent specified in Sections 1.1 and 4.1 hereof in each year of the Lease Term and that all taxes, impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to compliance with laws (including, without limitation, and except as otherwise provided herein, Environmental Laws), and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Premises which may arise or become due during the Lease Term or by reason of events occurring during the Lease Term shall be paid or discharged by Tenant as Rent hereunder.

## **ARTICLE V – RENOVATION/CONSTRUCTION OF IMPROVEMENTS, TITLE, INSPECTIONS**

5.1 **Construction of Improvements.** Tenant shall renovate or construct, or cause to be renovated or constructed, all buildings, fixtures, equipment and components thereof, of every kind, described in the final Site Plan as approved by applicable government authority (the “Buildings”), and all driveways, parking areas, utilities, landscaping, accessory buildings, parks, sidewalks, alleys and all other common areas of the Premises (collectively, the “Common Area Improvements”) necessary or appropriate to service the Buildings (the Buildings and Common Area Improvements, together with any alterations, changes or additions made during the Term of this Lease to the Buildings or Common Area Improvements are hereinafter collectively the “Improvements”). The construction of all such Improvements shall be done substantially in accordance with the plans and specifications therefor listed at Exhibit C hereto and incorporated herein by reference (“Plans and Specifications”) as approved by Landlord and in compliance with all applicable laws.

5.2 **Title to Improvements.** Until the expiration or termination of this Lease, the title to all Improvements situated or erected on the Premises by Tenant shall remain solely in Tenant, and Tenant alone shall be entitled to deduct all depreciation on Tenant's income tax returns for such Improvements. Notwithstanding the foregoing, in the event that any improvements are constructed upon areas, which are to become publicly dedicated streets, Landlord and Tenant shall, upon notice by Tenant that such improvements are complete, convey such improvements to the applicable municipal authority without compensation therefore. Upon the expiration or earlier termination of this Lease, all of Tenant's right, title and interest in and to the Premises and the Improvements shall automatically and without notice vest in Landlord and Tenant shall quit and surrender the Premises and all Improvements thereon to Landlord. Notwithstanding the foregoing, title to any moveable equipment and other personal property installed by Tenant and located upon the Premises not used by residential occupants of the Premises and not fixtures and which may be removed without damage to the Improvements and without impairing its value shall remain in Tenant provided that Tenant removes the same within a reasonable period of time, not to exceed thirty (30) days following the expiration or termination of this Lease.

## ARTICLE VI - USE OF PREMISES

6.1 **Tenant's Permitted Use.** Tenant shall use the Premises only for Tenant's Permitted Use as set forth in Section 1.21 hereof, and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Landlord. Tenant shall, at its sole cost and expense, obtain all governmental licenses and permits required to allow Tenant to conduct Tenant's Permitted Uses. Landlord disclaims any warranty that the Premises are suitable for Tenant's use and Tenant acknowledges that it has had a full opportunity to make its own determination in this regard.

6.2 **Compliance With Laws and Other Requirements.**

(A) Tenant shall cause the Premises to comply with all laws, ordinances, regulations and directives of any governmental authority having jurisdiction, including without limitation, any certificate of occupancy and any law, ordinance, regulation, covenant, condition or restriction affecting the Premises which in the future may become applicable to the Premises (collectively "Applicable Laws").

(B) Tenant shall not use the Premises, or permit the Premises to be used in any manner which violates any Applicable Law.

6.3 **Hazardous Materials.**

(A) From and after the date of this Lease, Tenant shall not cause or permit any "Hazardous Materials" (as defined herein) to be "handled" (as defined herein) upon, about, above or beneath the Premises or any portion of the Improvements by or on behalf of a Responsible Party (as defined herein), except in compliance with Environmental Laws (as defined herein) and this Lease. Any such Hazardous Materials so handled during the Term of this Lease, or the presence of which is a result of the act or omission of a Responsible Party, shall be known as "Tenant's Hazardous Materials." Notwithstanding the foregoing, normal quantities of those Hazardous Materials customarily used in the development and operation of a multi-family residential development may be handled at the Premises. Tenant's Hazardous Materials shall be handled at all times in compliance with all applicable Environmental Laws.

(B) Notwithstanding the obligation of Tenant to indemnify Landlord pursuant to this Lease, Tenant shall, at its sole cost and expense, promptly take all actions required by any federal, state or local governmental agency or political subdivision, which requirement arises from the handling of Tenant's Hazardous Materials upon, about, above or beneath the Premises. Such actions shall include, but not be limited to, the investigation of the environmental condition of the Premises, the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, removal or restoration work. Tenant shall take all actions necessary to satisfy any remediation requirements under applicable Environmental Laws, shall provide reasonably detailed notice to Landlord of any such actions (prior to the action being taken unless prior notice is not reasonably possible) and, if reasonably possible, provide Landlord with a

reasonable opportunity to comment upon such proposed actions prior to their being undertaken (provided that in no event shall prior notice to Landlord or Landlord's approval be required before any such action may be taken in any event).

(C) "Environmental Laws" means and includes all now and hereafter existing statutes, laws, ordinances, codes, regulations, rules, rulings, orders, decrees, directives, policies and requirements by any federal, state or local governmental authority regulating, relating to or imposing liability or standards of conduct concerning hazardous materials or the environment, including, without limitation, the following:

The Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. §9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA") the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Federal Water Pollution Control Act, as amended (22 U.S.C. §1251, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. §7401, et seq.) the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801, et seq.) (together with the regulations promulgated thereunder, "HMTA"), the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. §136, et seq.) (together with the regulations promulgated thereunder, "IRFA"), the Safe Drinking Water Act, as amended (42 U.S.C. §300f, et seq.) (together with the regulations promulgated thereunder, "SDWA"), the Toxic Substances Control Act, as amended (15 U.S.C. §2601, et seq.) (together with the regulations promulgated thereunder "TSCA"), the Georgia Hazardous Waste Management Act (O.C.G.A. §12-8-60, et seq.), the Georgia Water Quality Control Act (O.C.G.A. §12-5-20 et seq.), and the Georgia Air Quality Act (O.C.G.A. §12-9-1 et seq.).

(D) "Hazardous Materials" means (a) any material or substance: (i) which is defined or becomes defined as a "hazardous substance," "hazardous waste," "infectious waste," "chemical mixture or substance," or "air pollutant" under Environmental Laws; (ii) containing petroleum, crude oil or any fraction thereof; (iii) containing polychlorinated biphenyls (PCB's); (iv) containing asbestos; or (v) which is radioactive; (b) any other material or substance displaying toxic, reactive, ignitable, or corrosive characteristics, as all such terms are used in their broadest sense, and are defined or become defined by Environmental Laws; or (c) materials which cause a nuisance upon or waste to the Premises or any portion of the Improvements.

(E) "Handle," "handle," "Handled," "handled," "Handling" or "handling" shall mean any installation, handling, generation, storage, treatment, use, disposal, discharge, release, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any type in connection with or involving Hazardous Materials; excluding any Hazardous Materials existing on the Premises prior to the Commencement Date, and any migration of Hazardous Materials onto the Premises from a source not at the Premises.

(F) “Responsible Party” shall mean Tenant, its subtenants and its assignees, any occupants of all or any portion of the Premises, and their respective contractors, clients, officers, directors, employees, agents, customers, suppliers, guests and invitees, or any of them as the case may be during the Term of this Lease.

(G) Tenant shall expressly not be responsible for, and shall be entitled to seek contribution or other appropriate relief from the Landlord with respect to any liability and Landlord shall indemnify Tenant for claims relating to: (i) a violation of Environmental Laws or the presence of Hazardous Materials on, in or under all or any portion of the Leased Premises attributable to the period prior to the Commencement Date or after the end of the Lease Term, unless said violation of Environmental Laws, or the presence of Hazardous Materials, was caused by Tenant, Master Developer, Developer, their respective team members, their subcontractors or any other entity or person under the control and direction of the Tenant, Master Developer, Developer or their respective team members; or (ii) any Hazardous Materials on, in or under all or any portion of any parcels of land owned by Landlord that are adjacent to the Leased Premises (the term “adjacent” as used herein being deemed to mean parcels of land sharing a common boundary line with the Leased Premises or separated from the Leased Premises only by a public right-of-way), unless the presence of Hazardous Materials was caused by Tenant, Master Developer or Developer, their respective team members, subcontractors or any other entity or person under the control and direction of the Tenant, Master Developer, Developer or their team members; or (iii) any violation of Environmental Laws at or relating to the Leased Premises which is attributable to conditions existing on or prior to the Commencement Date, unless said violation of Environmental Laws was caused by Tenant, Master Developer or Developer, their respective team members, subcontractors or any other entity or person under the control and direction of the Tenant, Master Developer, Developer or their respective team members; or (iv) any underground storage tanks, abandoned utility lines or subsurface physical obstructions (collectively, “Claims as to Pre-Existing Environmental Conditions”); and further provided that said Pre-Existing Environmental Condition was unknown and not reasonably discoverable by Tenant, Master Developer or Developer through the exercise of due diligence prior to the Commencement Date. Landlord agrees that it shall not object to or resist being joined as a named party as to the adjudication of such Claims as to Pre-Existing Environmental Conditions; however, nothing herein precludes Landlord from asserting any defense to the Claims or asserting any counterclaim that Landlord may have or from seeking indemnification or contribution from third parties.

The aforementioned notwithstanding, Tenant shall be responsible and liable for remediating any Hazardous Materials and/or Environmental Conditions, including, but not limited to, asbestos, mold and lead-based paint, identified on that certain environmental Phase I report prepared by \_\_\_\_\_, dated \_\_\_\_\_, which exist within the footprint of the Project buildings, but only to the extent necessary to comply with Environmental Laws.

6.4 **Covenants Applicable to RAD Units.**

(A) The RAD Units are benefited by the terms and conditions of the HAP Contract. For so long as the HAP Contract is in effect, the RAD Requirements and RAD Use Agreement shall be binding upon Landlord and Tenant and each of their respective successors and assigns, including, without limitation, any entity that succeeds to Tenant's interest in the Premises by foreclosure or an instrument in lieu of foreclosure.

(B) The RAD Units shall be operated pursuant to the RAD Requirements and RAD Use Agreement for so long as the RAD Use Agreement is in effect.

**ARTICLE VII - UTILITIES AND SERVICES**

7.1 **Services.** Landlord shall have no obligation to provide utility services or connections into the Premises, nor any other services or facilities of any kind or nature whatsoever. Tenant, at its sole expense, shall arrange with the appropriate utility company or governmental entity to install all necessary additional connections and shall, without fail, maintain in continuous operation during the entire term of the Lease, all such utility service, whether or not Tenant is in actual possession of the Premises. Landlord, with Tenant's consent, reserves the right during the Term of this Lease to grant easements for public utility purposes on, over or below the Premises without any abatement in rent, and without the same being deemed an event of default of Landlord hereunder, provided that said easements do not unreasonably interfere with the normal operation of the Premises by Tenant. Landlord shall not be required to pay for any service, supplies or upkeep in connection with the Premises.

7.2 **Interruption of Services.** Landlord shall not be liable for any failure to furnish, stoppage of, or interruption in furnishing any of the services or utilities described in Section 7.1.

**ARTICLE VIII - MAINTENANCE AND REPAIRS**

8.1 **Landlord's Obligations.** During the Lease Term, except as may be otherwise provided herein, Landlord shall have no obligation to make or perform any repairs or maintenance of any kind whatsoever, all of which shall be Tenant's sole obligation.

8.2 **Tenant's Obligations.**

(A) During the Lease Term, Tenant shall, at its risk and at its own sole cost and expense, maintain the Premises and all Improvements located in or on the Premises in good repair and condition (including all necessary replacements), including, but not limited to the roof, outer walls and foundations of all Buildings, the drainage facilities and fire safety sprinkler systems, heating, ventilation and air conditioning systems, all glass elements and doors and regular removal of debris. Tenant shall take good care of the Premises and Improvements, including all Common Area Improvements, and suffer no waste.

(B) Tenant shall, at its own cost and expense, repair or replace any damage or injury to all or any part of the Premises and Improvements thereon.

(C) Except and only to the extent permitted by Section 6.3(A) above, Tenant shall not permit during the Lease Term, as extended from time to time, any Hazardous Materials to be released, brought upon, stored, produced, emitted, disposed of or used upon, about or beneath the Premises in violation of Environmental Law by a third party not acting on behalf of Landlord, except where Hazardous Materials have come to be present beneath the Premises solely as a result of subsurface migration from a source not at the Premises or property not owned or controlled by Tenant, except to the extent that Tenant fails to take commercially reasonable actions to prevent migration of Hazardous Materials known to Tenant or takes action that exacerbates the contamination resulting from such migration. The Tenant shall be liable for the consequences of, and responsible for removal thereof, at its sole expense, any Hazardous Materials on the site resulting from an Event of Default under this Section. Tenant's obligations under this Section 8.2 shall survive the expiration or earlier termination of this Lease. Nothing contained herein shall limit the Tenant's right or ability to seek contribution or other appropriate relief from the Landlord with respect to any liability for claims relating to: (i) a violation of Environmental Laws or the presence of Hazardous Materials on, in or under all or any portion of the Premises attributable to the period prior to the Commencement Date; or (ii) any Hazardous Materials on, in or under all or any portion of any parcels of land owned by Landlord that are adjacent to the Premises (the term "adjacent" as used herein being deemed to mean parcels of land sharing a common boundary line with the Premises or separated from the Premises only by a public right-of-way); or (iii) any violation of Environmental Laws at or relating to the Premises which is attributable to conditions existing on or prior to the Commencement Date.

8.3 **Landlord's Rights.** Landlord and its contractors shall have the right, upon reasonable advance notice, at reasonable times, to enter upon the Premises to exercise any right reserved to Landlord hereunder; provided, that residents of the Improvements shall not be disturbed and any entry to residential units shall be in conformance with such residents' lease agreements.

## **ARTICLE IX - IMPROVEMENTS, ADDITIONS AND ALTERATIONS**

9.1 **Amendments to Plans and Specifications.** Tenant shall take no action to effectuate any material amendments, modifications or any other alterations to the Plans and Specifications (except to the extent set forth in Section 9.2 herein and, (except as otherwise permitted by [Section 3.06 of the Second Priority Loan Agreement- MODIFY REFERENCE AS NECESSARY] between Landlord and Tenant) unless Landlord has approved such, in writing and in advance, which approval shall not be unreasonably withheld, conditioned or delayed.

9.2 **Alterations.** Tenant may make any additions, alterations or changes (sometimes collectively referred to herein as "Alterations") in or to the Improvements subject, however, to the following conditions:

(a) No Alterations shall be made that would tend to impair the structural soundness of the Improvements;

(b) No Alterations shall be undertaken that are prohibited by, or would cause the Leased Premises, the Improvements, the Tenant or the Landlord to be in breach or violation of the RAD Use Agreement;

(c) No Alterations shall be undertaken until Tenant shall have procured, to the extent the same may be required from time to time, all permits and authorizations of all applicable governmental authorities and all required consents of any Leasehold Mortgagee. Landlord shall join in the application for such permits or authorizations whenever such action is necessary or helpful and is requested by Tenant, and shall use Landlord's reasonable efforts to obtain such permits or authorizations;

(d) Any Alterations shall be performed in good and workmanlike manner and in compliance with all applicable legal requirements and all applicable Insurance Requirements; and

(e) The Landlord must approve all substantial alterations prior to the commencement of work except as set forth in the annual budget ("substantial" meaning single alterations costing in excess of \$50,000.00 or alterations that affect the functional design or scope of the Improvements).

9.3 **Liens.** Tenant shall pay when due all costs for work performed and materials supplied to the Premises. Tenant shall not suffer nor permit any construction liens to be filed or exist against the Premises or any part thereof, by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or its agent, contractors, subcontractors and subtenants. If any such construction lien shall at any time be filed, Tenant shall within thirty (30) business days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction or otherwise. If Tenant fails to pay and remove or bond such lien, claim or encumbrance within such thirty (30) days, Landlord, at its election, may pay and satisfy the same and in such event the sums so paid by Landlord, with interest from the date of payment at the rate set forth in Section 4.4 hereof for amounts owed Landlord by Tenant, shall be deemed to be additional rent due and payable by Tenant at once without notice or demand. During the progress of such work, Tenant shall, upon Landlord's request, furnish Landlord with sworn contractor's statements and lien waivers covering all work theretofore performed and Tenant shall otherwise observe and comply with any and all requirements under Georgia Law, and shall indemnify, defend and hold Landlord harmless from any loss, cost, or damage incurred by Landlord as a result of the assertion of any construction lien claim.

9.4 **Lease Termination.** All Alterations shall become a part of the Premises and shall become the property of Landlord upon the expiration or earlier termination of this Lease.

## **ARTICLE X - INDEMNIFICATION AND INSURANCE**

10.1 **Indemnification.** Tenant and Tenant's permitted assignees and subtenants (other than residential tenants of the units in the Improvements) agree to protect, indemnify, hold harmless, and defend Landlord, and its elected or appointed officials, directors, its officers, agents and employees, successors and assigns (collectively "Indemnitees") (except for any events arising out of the negligence, breach of contract, or willful acts of Landlord, its agents or employees) from and against:

(A) any and all loss, cost, damage, liability or expense as incurred (including but not limited to actual reasonable attorneys' fees and legal costs) arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by the use or occupancy of the Premises or any portion of the Improvements by Tenant or the acts or omissions of Tenant or its agents, employees, contractors, clients, invitees or subtenants relating to the Premises. Such loss or damage shall include, but not be limited to, any injury or damage to, or death of, Landlord's employees or agents or damage to the Premises or any portion of the buildings or improvements located thereon.

(B) any and all Environmental Damages which arise from (i) the Handling of any Tenant Hazardous Materials, as defined in Section 6.3 or (ii) the breach of any of the provisions of this Lease. For the purpose of this Lease, "Environmental Damages" shall mean (a) all claims, judgments, damages, penalties, fines, costs, liabilities, and losses, (including, without limitation, diminution in the value of the Premises) (b) all reasonable sums paid for settlement of claims, reasonable actual attorneys' fees, consultants fees and experts fees; and (c) all costs incurred by Landlord in connection with investigation or remediation relating to the Handling of Tenant's Hazardous Materials to the extent Tenant does not perform all such investigation and remediation as is required by applicable Environmental Laws. Subject to the limitation in Tenant's liability for Environmental matters set forth in Section 6.3(G), to the extent that Landlord is strictly liable under any Environmental Laws as owner, Tenant's obligation to Landlord and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on Tenant's part with respect to the violation of any Environmental Law which results in liability to the indemnitees. Tenant's obligations and liabilities pursuant to this Section 10.1 shall survive the expiration or earlier termination of this Lease.

(C) any and all testing or investigation as may be required by any governmental agency for the purpose of investigating the presence of Tenant's Hazardous Materials that may not be in compliance with Environmental Laws.

(D) notwithstanding anything to the contrary contained herein, nothing shall be interpreted or used to in any way affect, limit, reduce or abrogate any insurance coverage provided by any insurers to either Tenant or Landlord.

Nothing herein shall be construed to infer or imply that Tenant is a partner, joint venturer, agent, employee, or otherwise acting by or at the direction of Landlord.

10.2 **Insurance.**

(a) The Tenant shall maintain or shall cause to be maintained the following insurance coverages:

- i. **Commercial General Liability Insurance (Primary and Umbrella).** Commercial liability insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, and \$2,000,000.00 general aggregate for bodily injury, personal injury and property damage liability. In addition, the Tenant shall obtain umbrella coverage of \$5,000,000.00. Coverage extensions shall include the following: premises and operations, subcontractors, cross liability, products and completed operations, broad form property damage, blanket contractual liability, explosion, collapse and underground coverages (XCU), commercial auto liability, personal injury and errors and omissions. The Landlord is to be named as an additional insured on a primary non-contributory basis for any liability arising directly or indirectly for the services contemplated by this Agreement.
- ii. **Property/Casualty Insurance.** The Tenant shall procure and maintain, at its sole expense, "all-risk" property insurance, in an amount not less than one hundred percent (100%) of the replacement cost covering all Buildings and Improvements in and upon the Premises. The proceeds of such insurance shall be used for the repair or replacement of the property so insured.
- iii. **Insurance Endorsement.** These policies shall be endorsed (a) to name the Landlord as an additional insured and as a loss payee (as applicable); and (b) to waive subrogation rights against the Landlord.
- iv. **Insurance Policy.** All insurance shall be carried with companies that are authorized to do business in the State of Georgia and rated not less than A-VIII in Best's Insurance Guide and a Standard and Poor's claims paying ability rating of not less than AA.
- v. **Errors And Omissions Insurance.** The principal architect, other architects, engineers, and each of their subcontractors shall obtain and maintain errors and omissions/ professional liability coverage at their own expense in the amount of not less than \$1,000,000.00 per occurrence. The insurance company, form, and content of such coverage shall be subject to the reasonable approval of the Landlord; and

vi. **Builder's Risk Insurance.** Builder's risk insurance, in a form to be submitted to and approved by the Landlord, insuring all work in place and all materials to be used for such work, with such insurance to be payable on a replacement cost basis, regardless of whether partial payment has been made by the Landlord. The builder's risk insurance need not be carried on excavations, piers, footings, or foundations until such time as work on the super-structure is started, and need not be carried on landscape work. Such insurance shall insure the interests of contractors, sub-contractors and suppliers as well as the Tenant and the Landlord as their interests may appear. The builder's risk insurance shall not contain a deductible in excess of \$1,000.00 without the prior approval of the Landlord. The Tenant may cause this insurance to be terminated on buildings as of the date taken over for occupancy by the Tenant.

(b) Applicable policies must be in place on or prior to the date hereof.

i. The Tenant shall provide the Landlord with a certificate of insurance (or, at Landlord's option, copies of the applicable policies) as evidence of the limits and coverages described above, which shall be acknowledged and accepted by the Landlord by issuing a notice of acceptance and which shall affirmatively state that:

a. The coverage is written on an occurrence form;

b. The Landlord is named as an additional insured and loss payee (as applicable); and

c. Subrogation is waived.

ii. No such policy shall be subject to cancellation or modification without thirty (30) days prior written notice to Landlord. Tenant shall furnish Landlord with a replacement certificate with respect to any insurance not less than thirty (30) days prior to the expiration of the current policy. The Tenant shall require its contractors to comply with this provision.

iii. In the event that the Tenant's insurance, or the insurance required by any other entity under this Lease, is scheduled to expire during the Term of this Lease, the Tenant or the applicable contractor shall provide the Landlord with copies of renewal certificates thirty (30) days prior to the expiration date of the expiring coverage. The Tenant shall require its contractors to comply with this provision.

iv. The insurance contracts shall require the insurance company to notify the Landlord in the event of a substantial change in coverage during the policy term.

10.3 **Claims.** In the event of an insurance claim under the insurance policies contemplated by Section 10.2 hereof, the Tenant will notify the Landlord within sixty (60) days following discovery of the claim by the Tenant. In addition, the Tenant will investigate and furnish the Landlord with reports of all accidents, claims and known potential claims for damage or injury and will cooperate with its insurers and those of the Landlord.

10.4 **Restoration, Casualty, Condemnation.** If any act or occurrence of any kind or nature (including any taking by condemnation or any casualty) shall result in damage to or loss or destruction of the Improvements, in whole or in part, and without diminution of any obligation of the Tenant in respect thereof under the approved Leasehold Mortgages, the Tenant, to the extent that insurance proceeds or condemnation proceeds and other funds, if any, made available (including, without limitation, by further advance pursuant to the approved Leasehold Mortgages or Section 12.2 hereof) permit, shall promptly cause the restoration, reconstruction, and/or repair of the Improvements as nearly as possible to its value, condition and character immediately prior to such taking or casualty. To the extent required by the Leasehold Mortgagees, condemnation and casualty proceeds may be remitted directly to approved Leasehold Mortgagees, however, unless waived by Landlord, the approved Leasehold Mortgage loan documents shall contain provisions requiring restoration consistent with the foregoing if such restoration shall be reasonably determined feasible by the Leasehold Mortgagees. If such condemnation or insurance proceeds and other available funds are not sufficient or restoration is otherwise determined in accordance with the approved Leasehold Mortgage loan documents to be infeasible, such proceeds shall be applied as provided in the Leasehold Mortgage loan documents.

10.5 **Waiver of Subrogation.** Each party hereby waives any right of recovery against the other for injury or loss covered by insurance, to the extent of the injury or loss covered thereby. Any policy of insurance to be provided by Tenant pursuant to this Article X shall contain a clause denying the insurer any right of subrogation against Landlord.

10.6 **Failure to Insure.** If Tenant fails to maintain any insurance which Tenant is required to maintain pursuant to this Article X, Landlord may, but shall not be obligated to, upon notice to Tenant (said notice may be delivered via facsimile, e-mail, or by hand) promptly procure such policies of insurance, in which case Tenant shall reimburse Landlord upon demand for the cost thereof, together with interest thereon at the lesser of the maximum rate permitted by law, if any, or twelve percent (12%) per annum from the date due to the date paid, as additional rent and, in addition, Tenant shall be liable to Landlord for any loss or cost resulting from such failure to maintain. Tenant may not self-insure against any risks required to be covered by insurance.

## **ARTICLE XI - DAMAGE OR DESTRUCTION**

11.1 **Continuation of Lease.** This Lease shall not terminate, nor shall there be any abatement of rent or any other charges to be paid by Tenant hereunder, or relief from any other obligations of Tenant hereunder as a result of the partial destruction of the Premises or any buildings or improvement located thereon, unless Tenant reasonably determines after such

destruction that it is not economically practical to restore the Improvements in which event Tenant may terminate this Lease upon thirty (30) days prior notice to Landlord.

11.2 **Destruction of Premises.** If the Premises and/or any Improvements located thereon are damaged by any casualty, Tenant shall promptly and with due diligence reconstruct and/or repair any damage to the Premises and the Improvements located thereon in the manner and as required by Sections 5.1, 8.2, and 10.4 above.

11.3 **Waiver.** The provisions contained in this Lease shall supersede any contrary laws now or hereafter in effect relating to damage or destruction.

## **ARTICLE XII - CONDEMNATION**

12.1 **Condemnation.** If the entire Premises or a portion of the development or so much of the Premises or such portion as to render, in the Tenant's reasonable judgment (subject further to the requirements of any approved first priority Leasehold Mortgage), the balance unusable by Tenant shall be taken by condemnation, sale in lieu of condemnation or in any other manner for any public or quasi-public purpose (collectively "Condemnation"), this Lease shall terminate with respect to the entire Lease or to such portion, as the case may be, on the date that title or possession to the Premises is taken by the condemning authority, whichever is earlier, In the event that this Lease is not terminated in its entirety, the Lease shall continue in full force and effect and unmodified as to the remainder of the Premises.

Notwithstanding any provision contained herein, in the event of a partial taking, (i) the Improvements shall be rebuilt and restored, if feasible, unless the approved Leasehold Mortgagees consent to distribution of the Tenant's proceeds from such condemnation or casualty, (ii) Tenant's proceeds from any condemnation or casualty award distributed pursuant to clause (i) shall be distributed in accordance with the Leasehold Mortgages approved in accordance with Article XIII hereof. The approved Leasehold Mortgages may require that Tenant's proceeds be applied first to the reduction of the balance of the such Leasehold Mortgages.

12.2 **Apportionment of Award.** If there is a Condemnation, whether whole or partial, Landlord and Tenant shall be entitled to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings, or as may be otherwise agreed, taking into consideration the fact that Landlord's interest in the Leased Premises is limited to the land (exclusive of the Improvements), as encumbered by this Lease, and a reversionary interest in the Leased Premises (including the Improvements) upon the expiration of the Term. If the Leased Premises shall be restored as is contemplated in Section 10.4 above, Tenant shall be entitled to recover the costs and expenses incurred in such restoration out of any Net Condemnation Award. Thereafter, if the condemning authority does not make separate awards the parties agree that any Net Condemnation Award will be allocated on a proportionate basis. As used herein, "Net Condemnation Award" means the net amounts owed or paid to the parties or to which either of the parties may be or become entitled by reason of any Condemnation pursuant to any agreement with any condemning authority which has been made in settlement of any proceeding relating to a condemnation, less

any costs and expenses incurred by the parties in collecting such award or payment. Notwithstanding the foregoing, any Condemnation Award payable to Tenant shall be directed or paid in the manner prescribed in any Leasehold Mortgage approved in accordance with Article XIII hereof.

12.3 **Temporary Taking.** No temporary taking of the Premises shall terminate this Lease or entitle Tenant to any abatement of the Rent payable to Landlord under this Lease; provided, further, that any award for such temporary taking shall belong to Tenant to the extent that the award applies to any time period during the Lease Term and to Landlord to the extent that the award applies to any time period outside the Lease Term.

### **ARTICLE XIII – LEASEHOLD MORTGAGES**

13.1 **Right to Mortgage Leasehold.** The parties contemplate that Tenant will obtain financing for completion of the redevelopment of the Premises from lenders who will require security for repayment of the indebtedness. Tenant shall have the right to mortgage its leasehold interest in the Premises to a bank, insurance company, governmental or other bona fide lender (“Leasehold Mortgage”).

13.2 **Notice to Leasehold Mortgagee.** If Tenant shall grant a leasehold deed to secure debt (“Leasehold Mortgage”) in accordance with Section 13.1, and if Tenant or the Leasehold Mortgagee shall have notified Landlord, in the manner hereinafter provided for the giving of notice by Tenant to Landlord, of the existence of such Leasehold Mortgage and of the address to which any notices to the Leasehold Mortgagee are to be mailed, then no notice by Landlord to Tenant under this Lease shall be effective unless and until a copy of such notice has been provided to each Leasehold Mortgagee of which Landlord has received notice from Tenant.

13.3 **Mortgagee Right to Cure.** The Leasehold Mortgagee shall have the right, but not the obligation, to remedy any default under this Lease which, with the passage of time, would be an Event of Default or cause the same to be remedied and Landlord shall accept such performance by or at the instance of such Leasehold Mortgagee as if the same had been made by Tenant. There shall be added to any grace period allowed by the terms of this Lease to Tenant for curing any default, an additional ten (10) days in the case of default in payment of Rent and an additional thirty (30) days in the case of all other defaults, for such Leasehold Mortgagee to cure the same beyond the time allowed to Tenant.

13.4 **Foreclosure Action.** In the case of a default which, with the passage of time would be an Event of Default, other than failure to pay Rent or any sum due hereunder, Landlord shall not be empowered to terminate this Lease by reason of the occurrence of such non-monetary default if Leasehold Mortgagee, (a) within sixty (60) days after the giving of notice of such event which, with the passage of time would be an Event of Default, as provided in Section 13.2, shall commence foreclosure or similar proceedings under the Leasehold Mortgage for the purpose of acquiring Tenant's interest in this Lease and thereafter diligently prosecutes the same, (b) shall bring current and continue to pay timely all payments of Rent or any sum due hereunder, and (c) shall cure such non-monetary default within sixty (60) days after the

Leasehold Mortgagee or the purchaser at the foreclosure sale first obtains possession of the Premises, whether as mortgagee-in-possession, titleholder or otherwise.

13.5 **Holder through Foreclosure.** The Leasehold Mortgagee or its nominee may become the legal owner and holder of the leasehold estate under this Lease by foreclosure of its Leasehold Mortgage or as a result of the assignment of this Lease in lieu of foreclosure and, in the event that it does become the legal owner, it shall be required to assume the obligations of the Tenant under this Lease and it shall be subject to all of the terms hereof and be required to perform all of the obligations of Tenant hereunder.

13.6 **Foreclosure.** The term foreclosure, used in this lease, shall include both judicial foreclosure and the exercise of a power of sale.

13.7. **Right to New Lease.** Notwithstanding anything to the contrary contained herein, no termination of this Lease shall become effective until each Leasehold Mortgagee registered in accordance with Section 13.10 hereof shall have had the option, exercisable by giving Landlord written notice not more than thirty (30) days after Landlord has given such Leasehold Mortgagee notice of the occurrence of any event which, with the passage of time, would be an Event of Default by Tenant hereunder, to elect to receive from Landlord a new lease to such Leasehold Mortgagee (or to its nominee) covering the Leased Premises for the then unexpired balance of the Term, and otherwise on the same terms and conditions as set forth in this Lease. Upon termination of this Lease, Landlord agrees to execute such new lease with such Leasehold Mortgagee (or with its nominee), if such Leasehold Mortgagee:

(a) shall cure immediately any monetary Event of Default by Tenant hereunder;

(b) shall undertake immediately to remedy any non-monetary Event of Default by Tenant hereunder, excluding those which by their very nature are incapable of cure by any Person other than Tenant, and thereafter proceed with reasonable diligence to cure such Event of Default within a reasonable period of time; provided, however, that such period shall not extend for more than one hundred twenty (120) days after the date of such agreement; and

(c) shall agree to perform thereafter all covenants and conditions contained in this Lease to be observed and performed by Tenant.

13.8. **Limitation on Liability of Leasehold Mortgagee.** No Leasehold Mortgagee shall be or become liable to Landlord as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Landlord and Leasehold Mortgagee such liability (in which event the Leasehold Mortgagee's liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such Leasehold Mortgage or other instrument or from a conveyance from Tenant pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Tenant under the terms of this Lease.

13.9. **Estoppel Certificates.** Landlord and Tenant agree that at any time and from time to time upon not less than twenty (20) days' prior written notice by the other Party, or upon request from any Leasehold Mortgagee or a permitted assignee or other interested party, Landlord or Tenant will execute, acknowledge and deliver to the other Party or to such Leasehold Mortgagee a statement in writing certifying (a) that this Lease is unmodified and in full force and effect; (b) the date through which the Rents have been paid; and (c) that, to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against Landlord or Tenant, as applicable, other than those, if any, so specified under the provisions of this Lease. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Landlord, Tenant or any Leasehold Mortgagee, as the case may be, in this Lease or by any prospective Leasehold Mortgagee or assignee of any Leasehold Mortgage.

13.10. **Registration of Leasehold Mortgages.** Tenant shall provide written notice to Landlord of the name and address of each Leasehold Mortgagee under this Lease.

13.11. **Rights of Investment Limited Partner.** The Investment Limited Partner, or its successors and assigns in such capacity, shall have the same notice and cure rights as any Leasehold Mortgagee for so long as it is a limited partner of Tenant. The address for any notices to the Investment Limited Partner is set forth in Section 1.9.

#### **ARTICLE XIV - ASSIGNMENT AND SUBLETTING**

14.1 **Restriction on Assignment.** Except to the extent specifically provided herein, Tenant shall not, without the prior written consent of Landlord, and to the extent necessary, HUD, either voluntarily or by operation of law, assign, or otherwise transfer this Lease or any interest herein, nor sublet (other than the residential units to individuals and families) or encumber all or any portion of the Premises. Any person to whom any Transfer is attempted without such consent shall have no claim, right or remedy whatsoever hereunder against Landlord, and Landlord shall have no duty to recognize any person claiming under or through the same. Any assignment, subletting or other action in violation of the foregoing shall be void and, at Landlord's option, shall constitute a material breach of this Lease. For purposes of this section 14.1 an assignment shall include any transfer of any interest in this Lease or the Premises by Tenant pursuant to mergers, division, consolidation or liquidation, or pursuant to a change in ownership of Tenant, involving transfer of voting control in Tenant (whether by transfer of partnership interests, membership interests, corporate stock or otherwise). Anything herein to the contrary notwithstanding, (i) Tenant shall have the right to sublease individual residential rental units to occupants thereof without Landlord's consent, provided that all such leases be done in the normal course of business, in compliance with the Leasehold Mortgage, and all other governmental requirements, and (ii) Tenant shall have the right to transfer limited partner interests within Tenant, or to transfer general partner interests pursuant to any removal provisions of Tenant's organizational documents, both without Landlord's consent.

14.2 **Prohibited Transfers.** Tenant agrees for itself and its successors and assigns in interest hereunder that it will not, other than by any Leasehold Mortgages that are approved by Landlord: (1) assign this Lease or any of its rights under this Lease as to all or any portion of the

Premises, or the Improvements, or (2) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Premises or the rest of the Improvements or the occupancy or use thereof, other than in accordance with RAD Requirements, the RAD Use Agreement and this Lease (including but not limited to (i) any sale at foreclosure or by the execution of any judgment of any or all of Tenant's rights hereunder, or (ii) any Transfer by operation of law), without first obtaining Landlord's and HUD's (if required) express written consent thereto. Notwithstanding the foregoing, Tenant shall have the right to transfer limited partner interests within Tenant, or to transfer general partner interests pursuant to any removal provisions of Tenant's organizational documents, both without Landlord's consent.

14.3 **Landlord's Consent; Standards.** Except to the extent provided in Section 14.1 and Section 14.2, Landlord shall be free to withhold its consent to any assignment or sublease of all of the Premises in Landlord's sole and absolute discretion.

14.4 **Landlord's Costs.** If Tenant shall assign this Lease or shall sublet all of the Premises or shall request the consent of Landlord to any such assignment, subletting or other act, Tenant shall pay to Landlord as additional rent Landlord's costs related thereto, including Landlord's reasonable attorneys' fees. In addition, Tenant shall pay to Landlord, as additional rent, all sums received by it in connection with such transaction, whether designated as a fee or additional rent and whether payable at the time of the transaction or some time in the future.

14.5 **Continuing Liability of Tenant.** Notwithstanding any assignment or sublease, Tenant shall remain as fully and primarily liable for the payment of Rent and for the performance of all other obligations of Tenant contained in this Lease to the same extent as if the assignment or sublease had not occurred. Any act or omission of any assignee or subtenant, other than Landlord, that violates the terms of this Lease shall be deemed a violation of this Lease by Tenant.

14.6 **Non-Waiver.** The consent by Landlord to any assignment or subletting shall not relieve Tenant or any person claiming through or by Tenant, of the obligation to obtain the consent of Landlord, pursuant to this Article XIV, to any further assignment or subletting. In the event of an assignment or subletting, Landlord may collect rent from the assignee or the subtenant without waiving any rights hereunder and collection of the rent from a person other than Tenant shall not be deemed a waiver of any of Landlord's rights under this Article XIV, an acceptance of assignee or subtenant as Tenant, or a release of Tenant from the performance of Tenant's obligations under this Lease.

14.7 **No Surrender of Lease.** Landlord agrees, and Tenant acknowledges that Landlord shall not accept a voluntary surrender of Premises and/or the leasehold estate granted hereunder without the written consent of any first priority Leasehold Mortgagee.

## **ARTICLE XV - DEFAULT AND REMEDIES**

15.1 **Events of Default By Tenant.** An Event of Default shall, at Lessor's option, be deemed to have occurred hereunder following the expiration of all applicable notice and cure periods, if:

(A) The failure by Tenant to pay Base Rent or make any other payment required to be made by Tenant hereunder as and when due and the continuation of such failure for ten (10) days following written notice from Landlord.

(B) The making by Tenant of an assignment of this Lease or any sublease of all or part of the Premises except as expressly permitted under Article XIV of this Lease.

(C) A notice of intent to cancel insurance coverage by an insurer that is not cured within fifteen (15) days of written notice from Landlord.

(D) The making by Tenant of any general assignment for the benefit of creditors or the filing by or against Tenant of a petition under any federal or state bankruptcy or insolvency laws (unless in the case of a petition filed against Tenant the same is dismissed within sixty (60) days after filing) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets at the Premises or Tenant's interest in this Lease or the Premises when possession is not restored within sixty (60) days; or the attachment, execution or other seizure of substantially all of such assets located at the Premises or Tenant's interest in this Lease or the Premises if such seizure is not discharged within sixty (60) days.

(E) Subject to Section 15.9, with respect to any Regulatory Default, the failure by Tenant to observe or perform any other provision of this Lease to be observed or performed by Tenant other than those described in Sections 15.1(A), 15.1(B), 15.1(C) or 15.1(D) above, if such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that it cannot be cured within the thirty (30) day period, no default shall be deemed to exist if Tenant commences the curing of the default promptly within such thirty (30) day period and thereafter diligently prosecutes the same to completion. The thirty (30) day notice described herein shall be in lieu of, and not in addition to, any notice required under law now or hereafter in effect requiring that notice of default be given prior to the commencement of an unlawful detainer or other legal proceeding.

15.2 **Landlord's Right To Terminate Upon Tenant Default.** Subject to any Leasehold Mortgagee's and/or Investment Limited Partner's rights to cure as set forth in Article XIII hereof and subject to any further limitations set forth in Section 15.9 below, in the event of any event of Default by Tenant (after applicable notice and cure periods, as provided in Section 15.1 above), Landlord shall have the right without further notice or demand to Tenant except as provided in Section 13.3 and except as provided in Section 15.1 (Tenant hereby irrevocably waiving all notices and demands except as provided in Section 15.1), statutory or otherwise, to

terminate this Lease and Tenant's right to possession of the Premises without terminating Tenant's liabilities under this Lease, in which event ownership of all of the Improvements shall immediately vest in Landlord and Landlord shall be entitled to receive from Tenant such amounts as may be permitted from time to time by applicable law.

15.3 **Landlord's Additional Remedies.** In the event of an Event of Default of this Lease by Tenant, whether or not Landlord elects to terminate this Lease as provided in Section 15.2 above, Landlord may from time to time enforce all of its rights and remedies under this Lease, at law or in equity.

15.4 **Right of Landlord to Perform.** All covenants and agreements to be performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, Landlord, upon advance written notice to Tenant and reasonable opportunity to cure may, but shall not be obligated to, make any payment on Tenant's behalf without waiving or releasing Tenant of its obligations under this Lease. Any sums so paid by Landlord and all necessary incidental out-of-pocket costs, together with interest thereon at the lesser of the maximum rate permitted by law if any or twelve percent (12%) per annum, from the date of such payment shall be payable to Landlord as additional rent on demand and Landlord shall have the same rights and remedies in the event of nonpayment as in the case of an Event of Default by Tenant in the payment of Rent.

15.5 **Non-Waiver.** Nothing in this article shall be deemed to affect Landlord's rights to indemnification for liability or liabilities arising prior to termination of this Lease for personal injury or property damages under the indemnification clause or clauses contained in this Lease. No acceptance by Landlord of a lesser sum than the Rent then due shall be deemed to be other than on account of the earliest installment of such Rent due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy in the Lease provided.

15.6 **Cumulative Remedies.** The specific remedies to which Landlord may resort under the terms of the Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by Tenant of any provisions of the Lease. In addition to the other remedies provided in the Lease, including the right to terminate Tenant's right of possession of the Premises and Landlord shall be entitled to a restraint by injunction of the violation or attempted or threatened violation of any of the covenants, conditions or provisions of the Lease or to a decree compelling specific performance of any such covenants, conditions or Provisions.

15.7 **Default by Landlord.** Landlord's failure to perform or observe any of its obligations under this Lease shall constitute a default by Landlord under this Lease only if such failure shall continue for a period of sixty (60) days (or the additional time, if any, that is reasonably necessary promptly and diligently to cure the failure) after Landlord receives written notice from Tenant specifying the default. The notice shall give in reasonable detail the nature

and extent of the failure and shall identify the Lease provision(s) containing the obligation(s). If Landlord shall default in the performance of any of its obligations under this Lease (after notice and opportunity to cure as provided herein), Tenant may pursue any remedies available to it under the law and this Lease.

15.8 **Force Majeure.** No default in the performance of the terms, covenants or conditions of this Lease on the part of the Tenant or the Landlord (other than in the payment of any Rent) shall be deemed to continue if and so long as the Landlord or the Tenant, as the case may be, shall be delayed in or prevented from remedying the same due to Force Majeure; but if and when the occurrence or condition which delayed or prevented the remedying of such default shall cease or be removed, it shall be the obligation of the Landlord or the Tenant, as the case may be, without further delay, to commence the correction of such default or to continue and complete the correction thereof.

15.9 **Regulatory Default.** Notwithstanding anything herein to the contrary, the following shall apply to any failure by Tenant to observe or perform any other provision of this Lease to which would otherwise constitute an Event of Default under Section 15.1 hereof if not cured within the time period specified therein:

(A) Upon a determination by Landlord that Tenant has breached or defaulted under this Lease in a manner which due to a failure to comply with any obligations to operate the property in a manner consistent with the RAD Requirements (a “Regulatory Default”), Landlord shall notify Tenant of (i) the nature of the Regulatory Default, (ii) the actions required to be taken by Tenant in order to cure the Regulatory Default, and (iii) the time, (a minimum of thirty (30) days or such additional time period as may be reasonable under the circumstances but in no event longer than 120 days), within which Tenant shall respond with reasonable evidence to Landlord that all such required actions have been taken.

(B) If Tenant, Tenant’s management agent (if applicable) and the Leasehold Mortgagee (if applicable) shall have failed to respond or take the appropriate corrective action with respect to a Regulatory Default to the reasonable satisfaction of Landlord within the applicable time period, then Landlord shall have the right to seek appropriate equitable remedies (such as specific performance, injunctive relief, or the appointment of a receiver to take over and operate the Property), in order to cause the Property to once again be in compliance with the RAD Requirements.

(C) In addition to and not in limitation of the foregoing, if Landlord shall determine that a Regulatory Default shall have occurred by reason of a default by Tenant’s management agent, and that corrective action to the reasonable satisfaction of Landlord within the applicable cure period has not been taken, then Landlord may require Tenant to take such actions as are necessary in order to terminate the appointment of management agent pursuant to the terms of its management agreement and to appoint a successor management agent of the Property, subject to any requirements of any Leasehold Mortgagee.

(D) The provisions of the foregoing clauses (A) through (C) shall constitute the exclusive remedies of Landlord hereunder in the event of any such Regulatory Default. Accordingly, notwithstanding any provision to the contrary contained in this Agreement, the rights and remedies of Landlord by reason of the occurrence of any such Regulatory Default, shall be limited to those expressly set forth in the foregoing clauses (A) through (C) and shall not constitute an Event of Default under Section 15.1, provided, however, that nothing contained herein shall relieve Tenant from liability for an uncured Regulatory Default caused by Tenant's fraud, waste or mismanagement.

#### **ARTICLE XVI - ATTORNEYS FEES; COSTS OF SUIT**

16.1 **Attorneys' Fees.** If either Landlord or Tenant shall commence any action or other proceeding against the other arising out of, or relating to, this Lease or the Premises, the prevailing party shall be entitled to recover from the losing party, in addition to any other relief, its reasonable attorneys fees. In addition, Tenant shall reimburse Landlord, upon demand, for all reasonable attorneys' fees incurred in collecting Rent or otherwise seeking enforcement against Tenant, its sublessees and assigns, of Tenant's obligations under this Lease.

#### **ARTICLE XVIII - QUIET ENJOYMENT**

17.1 Provided that Tenant performs all of its obligations hereunder, Tenant shall have and peaceably enjoy the Premises during the Lease Term, subject to all of the terms and conditions contained in this Lease.

#### **ARTICLE XVIII - ACCESS TO BOOKS & RECORDS**

18.1 **HUD's & Landlord's Right of Access to Books & Records.** Tenant grants a right of access to the Landlord, HUD, the Comptroller General of the United States, or any of their authorized representatives, with respect to any books, documents, papers, or other records related to this Lease in order to make audits, examinations, excerpts, and transcripts.

#### **ARTICLE XIX - LIMITATION ON LANDLORD'S LIABILITY**

19.1 **Landlord's Lease Undertakings.** Notwithstanding anything to the contrary contained in this Lease or in any exhibits or addenda hereto attached (collectively the "Lease Documents"), it is expressly understood and agreed by and between the parties hereto that: (a) the recourse of Tenant or its successors or assigns against Landlord with respect to the alleged breach by or on the part of Landlord of any representation, warranty, covenant, undertaking or agreement contained in the Lease ("Landlord's Lease Undertakings") shall extend only to Landlord's interest in the Premises and not to any other assets of Landlord; and (b) except to the extent of Landlord's interest in the Premises, no personal liability or personal responsibility of any sort with respect to any of Landlord's Lease Undertakings or any alleged breach thereof is assumed by, or shall at any time be asserted or enforceable against Landlord, or any affiliate, subsidiary or agency, or against any of their respective officers, directors, officers, employees, agents, trustees or representatives.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Landlord while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Landlord are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by Landlord or for the purpose or with the intention of binding Landlord personally, but are made and intended for the purpose only of subjecting Landlord's interest in the Premises to the terms of this Lease and for no other purpose whatsoever, and in case of default hereunder by Landlord (or default through, under or by any of Its beneficiaries, or agents or representatives of said beneficiaries), the Tenant shall look solely to the Landlord's interest in the Premises.

19.2 **Transfer of Landlord's Interest.** Landlord and each successor to Landlord shall be fully released from the performance of Landlord's obligations subsequent to their transfer of Landlord's interest in the Premises only if (1) the transfer is not to an affiliate of Landlord, and (2) the transferee assumes in writing the performance of all of Landlord's obligations hereunder arising on or after the date of such transfer.

#### **ARTICLE XX- HOLDOVER TENANCY**

20.1 **Holdover Tenancy.** If Tenant holds possession of the Premises after the expiration or termination of the Lease Term, by lapse of time or otherwise, Tenant shall become a tenant at sufferance upon all of the terms contained herein except as to Lease Term and Rent. During such holdover period, Tenant shall pay to Landlord a rental equal to one hundred twenty percent (120%) of the fair market rental payable by Tenant hereunder on a monthly basis in advance. The monthly rent payable for such holdover period shall in no event be construed as a penalty or as liquidated damages for such retention of possession. Without limiting the foregoing, Tenant hereby agrees to indemnify, defend and hold harmless Landlord, and its agents contractors and employees, from and against any and all claims, liabilities, actions, losses, damages (including without limitation, direct, indirect, incidental and consequential) and expenses (including, without limitation court costs and reasonable attorneys' fees) asserted against or sustained by any such party and arising from or by reason of such retention of possession, which obligations shall survive the expiration or termination of the Lease Term.

#### **ARTICLE XXI - NOTICES**

21.1 **Notices.** All notices, demands and requests which are required to be given by the Landlord or Tenant shall be in writing and shall be served by personal service on the recipient or as an alternative to personal service, by mailing the same by registered or certified mail, postage prepaid, or may be sent by overnight courier, addressed to the Landlord at the address for Landlord set forth in Section 1.10 above and to Tenant at the address for Tenant set forth in Section 1.22 above, unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail or by overnight courier prior to the time when such notice is given. Any notice shall be deemed to have been given and served when actually received or receipt is refused as evidenced by written verification.

## ARTICLE XXII - BROKERS

22.1 **Brokers.** The parties each represent to the other that they have not engaged any broker in connection with this Lease. If Tenant has dealt with any person or real estate broker in respect to leasing, subleasing or renting space in the Premises, Tenant shall be solely responsible for the payment of any fee due said person or firm and Tenant shall protect, indemnify, hold harmless and defend Landlord from any liability in respect thereto.

## ARTICLE XXIII - MISCELLANEOUS

23.1 **Amendments.** This Lease may be amended by mutual agreement of the Landlord and Tenant, subject to any required written approval of HUD, the Investment Limited Partner and Leasehold Mortgagee, and provided that all amendments must be in writing and signed by both parties and that no amendment shall impair the obligations of the Tenant to develop and operate the Project in accordance with the RAD Requirements. Landlord shall not have waived or released any of its rights hereunder unless in writing and executed by the Landlord.

23.2 **Successors.** Except as expressly provided herein, this Lease and the obligations of Landlord and Tenant contained herein shall bind and benefit the successors and assigns of the parties hereto.

23.3 **Disclaimer of Partnership Status.** (a) Tenant and Landlord acknowledge that the proposed transfer to Tenant, or to any other participating party in the Project, of public housing funds for the development and operation of the RAD Units covered under this Lease shall not be deemed to be an assignment of such funds. Accordingly, neither Tenant, nor any other participating party, shall succeed to any rights or benefits of the Landlord. Tenant further agrees to include this disclaimer in each of its agreements or contracts with any partner, participating party, or any other party involving the use of public housing funds for the Project.

(b) Nothing contained in any agreement between Landlord and Tenant, nor any act of HUD or Landlord, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture involving HUD.

23.4 **Force Majeure.** Neither Landlord nor Tenant shall incur any liability with respect to and shall not be responsible for any failure to perform, any of its obligations hereunder if such failure is caused by any reason beyond its control including, but not limited to act of God, strike, labor trouble, governmental rule, regulations, ordinance, statute or interpretation, fire, earthquake, civil commotion, or failure or disruption of utility services. The amount of time for a party to perform any of its obligations hereunder shall be extended by the amount of time such party is delayed in performing such obligation by reason of any force majeure occurrence whether similar to or different from the foregoing types of occurrences.

23.5 **Survival of Obligations.** Any obligations of Tenant accruing prior to the expiration of the Lease shall survive the termination of the Lease, and Tenant shall promptly perform all such obligations whether or not this Lease has expired.

23.6 **Governing Law.** This Lease shall be governed by, and construed in accordance with, the laws of the State of Georgia.

23.7 **Severability.** In the event any provision of this Lease is found to be unenforceable the remainder of this Lease shall not be affected, and any provision found to be invalid shall be enforceable to the extent permitted by law. The parties agree that in the event two different interpretations may be given to any provision hereunder, one of which will render the provision unenforceable, and one of which will render the provision enforceable, the interpretation rendering the provision enforceable shall be adopted.

23.8 **Conflicts.** In the event of a conflict or inconsistency between any requirement contained in this Lease and the RAD Requirements, the RAD Requirements shall in all instances be controlling.

23.9 **Captions.** All captions, headings, titles, numerical references and computer highlighting are for convenience only and shall have no effect on the interpretation of this Lease.

23.10 **Interpretation.** Tenant acknowledges that it has read and reviewed this Lease and that it has had the opportunity to confer with counsel in the negotiation of this Lease. Accordingly, this Lease shall be construed neither for nor against Landlord or Tenant, but shall be given a fair and reasonable interpretation in accordance with the meaning of its terms and the intent of the parties.

23.11 **Independent Covenants.** Each covenant, agreement, obligation or other provision of this Lease to be performed by Tenant are separate and independent covenants of Tenant, and not dependent on any other provision of the Lease.

23.12 **Number and Gender.** All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include the appropriate number and gender, as the context may require.

23.13 **Time is of the Essence.** Time is of the essence of this Lease and the performance of all obligations hereunder.

23.14 **Exhibits and Schedules.** Exhibit "A" (Legal Description) and Exhibit "B" (Premises Depiction) are incorporated into this Lease by reference and made a part hereof.

23.15 **Jurisdiction; Choice of Laws.** The Tenant hereby consents and submits to personal jurisdiction in Chatham County, Georgia. The Tenant and Landlord consent, agree and stipulate that the exclusive forums for maintaining any civil action between the parties shall be the Superior Court of Chatham County, Georgia, the State Court of Chatham County, Georgia and the U.S. District Court for the Southern District of Georgia.

23.16. **No Merger of Title.** There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Premises by reason of the fact that the same person may acquire or hold (a) the leasehold estate created by this Lease or any interest in such leasehold

estate, and (b) the fee estate in the Premises or any interest in such fee estate; and no such merger shall occur unless and until all persons, including any mortgagee, having any interest in (i) the leasehold estate created by this Lease, and (ii) the fee estate in the Premises, shall join in a written instrument effecting such merger and shall duly record the same.

[SIGNATURES ARE ON FOLLOWING PAGE]

**IN WITNESS WHEREOF**, the parties hereto have executed this lease as of the date first above written.

**LANDLORD:**

HOUSING AUTHORITY OF SAVANNAH

By: \_\_\_\_\_

Name: Earline Wesley Davis

Its: Executive Director

**TENANT:**

**WESSELS/BLACKSHEAR REDEVELOPMENT,  
L..P.**, a Georgia limited partnership

By: Wessels/Blackshear GP, LLC, a Georgia  
limited liability company

Its: General Partner

By: TWC Housing, LLC, a Texas limited  
liability company

Its: Managing Member

By: Hunt ELP, Ltd., a Texas limited partnership

Its: Sole Member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF PREMISES**

**EXHIBIT “B”**

**SITE PLAN**

**[Attached]**

**EXHIBIT “C”**

**LIST OF PLANS AND SPECIFICATIONS**

**[Attached]**

**EXHIBIT "D"**  
**PERMITTED ENCUMBRANCES**

## EXHIBIT “E”

### FHA RIDER

OMB Approval No. 2502-0598  
(Exp. 06/30/2017)

#### Lease Addendum

U.S. Department of Housing  
and Urban Development  
Office of Housing

**Public Reporting Burden** for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

### INSTRUCTIONS FOR LEASEHOLD PROJECTS

These instructions and the following Lease Addendum have been prepared for use in connection with mortgage insurance for projects given pursuant to the National Housing Act, as amended, found at 12 U.S.C. § 1701, *et seq.* (“**Act**”), where the mortgaged property is subject to a ground lease. The ground lease term and other provisions must comply with the section of the Act under which the note is endorsed for insurance. The ground lease provisions must not conflict with any Program Obligations<sup>1</sup> promulgated by the U.S. Department of Housing and Urban Development (“**HUD**”) with respect to such mortgage insurance. All ground rent amounts must have prior written approval by HUD.

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<sup>1</sup> “**Program Obligations**” means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment

rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Lease Addendum rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm> or a successor location to that site).

These instructions and the following Lease Addendum are based on the presumption that the lease will be a ground lease and all buildings, improvements and fixtures now or hereafter erected will be owned in fee simple by the tenant and be deemed real estate under local law. The term “**Property**” shall be defined in the ground lease as the legally described land except the buildings and improvements now or hereafter located thereon. If the foregoing presumption is not correct the HUD closing attorney must be contacted for further instructions. These instructions and provisions of the following Lease Addendum must be set forth in the body of the ground lease, or the Lease Addendum must be attached to the ground lease and incorporated therein by reference.

#### LEASE ADDENDUM

Notwithstanding any other provisions of this ground lease, if and so long as this leasehold is subject to a security instrument insured, reinsured, or held by HUD or given to HUD in connection with a resale, or the Property is acquired and held by HUD because of a default under the security instrument, the following provisions of this Lease Addendum shall be in effect:

- a) The tenant is authorized to obtain a loan, the repayment of which is to be insured by HUD and secured by a security instrument on this leasehold estate and the Improvements<sup>2</sup>. The tenant is further authorized to execute all documents necessary as determined by HUD and otherwise to comply with Program Obligations for obtaining such an insured loan.
  
- b) In the event that HUD acquires title to this leasehold estate or otherwise acquires title to the tenant's interest herein, HUD shall have the option to purchase good and marketable fee simple title to the Property and the landlord's interest, if any, in the Improvements, free of all liens and encumbrances except such as may be waived or accepted by HUD. Such option shall be exercised within twelve (12) months after HUD so acquires such leasehold estate or the tenant's interest. The purchase price shall be the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), payable in cash, by check drawn on the U.S. Treasury, by electronic funds transfer or by wire transfer, provided all rents are paid to date of transfer of title. HUD shall, within said twelve months, give written notice to the landlord of its election to exercise said option to purchase. The landlord shall, within thirty (30) days after HUD gives such notice, execute and deliver to HUD a warranty deed of conveyance to HUD as grantee conveying the said fee and interest and containing a covenant against the grantor's acts, but excepting therefrom acts of the tenant and those claiming by, through or under the tenant. Nothing in this option shall require the landlord to pay any taxes or assessments that were due and payable by the tenant.

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<sup>2</sup> “**Improvements**” means the buildings, structures, and alterations now constructed or at any time in the future constructed or placed upon the land, including any future replacements and additions.

- c) If approved by HUD, the tenant may convey, assign, transfer, lease, sublease or sell all or any part of its leasehold interest in the Property and its interest in the Improvements without the need for approval or consent by any other person or entity.
- d) (i) Insurance policies shall be in an amount, and with such company or companies and in such form, and against such risks and hazards, as shall be approved by lender and HUD.
- (ii) The landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the tenant to lender. The landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the tenant to lender.
- e) (i) If all or any part of the Property or the Improvements or the leasehold estate shall be taken or damaged by condemnation, that portion of any award attributable to the Improvements or the tenant's interest in the leasehold estate or damage to the Improvements or the to tenant's interest in the leasehold estate shall be paid to lender or otherwise disposed of as may be provided in the security instrument. Any portion of the award attributable solely to the underlying fee estate (exclusive of any Improvements) shall be paid to the landlord. After the date of taking, the annual ground rent shall be reduced ratably by the proportion which the award paid to the landlord bears to the total value of the Property as established by the amount HUD is to pay, as set forth in paragraph (b) of this Lease Addendum.
- (ii) In the event of a negotiated sale of all or a portion of the Property or the Improvements, in lieu of condemnation, the proceeds shall be distributed and annual ground rent reduced as provided in cases of condemnation, but the approval of HUD and lender shall be required as to the amount and division of the payments to be received.
- f) The landlord may terminate the ground lease prior to the expiration day of the full term of this ground lease ("**Expiration Date**") after a tenant default under this ground lease ("**Ground Lease Event of Default**"), but only under the following circumstances and procedures. If any Ground Lease Event of Default shall occur, then and in any such event, the landlord shall at any time thereafter during the continuance of such Ground Lease Event of Default and prior to any cure, give written notice of such default(s) ("**Notice of Default**") to the tenant, lender and HUD, specifying the Ground Lease Event of Default and the methods of cure, or

declaring that a Ground Lease Event of Default is incurable. If the Ground Lease Event of Default is a failure to pay money, the landlord shall specify and itemize the amounts of such default. Failure to pay money shall be specified as a separate default and not combined with a non-monetary Ground Lease Event of Default.

Within sixty (60) days from the date of giving the Notice of Default to the tenant, the tenant must cure a monetary default by paying the landlord all amounts specified in the Notice of Default and must cure any specified Ground Lease Event of Default that is

capable of being cured within such period. During the period of 180 days commencing upon the date Notice of Default was given to lender and HUD, lender or HUD may: (a) cure any Ground Lease Event of Default; and (b) commence foreclosure proceedings or institute other state or federal procedures to enforce lender's or HUD's rights with respect to the leasehold or the tenant Improvements. If the tenant, lender or HUD reasonably undertake to cure any Ground Lease Event of Default during the applicable cure period and diligently pursues such cure, the landlord shall grant such further reasonable time as is necessary to complete such cure. If HUD or lender commences foreclosure or other enforcement action within such 180 days, then its cure period shall be extended during the period of the foreclosure or other action and for 90 days after the ownership of the tenant's rights under the lease is established in or assigned to HUD or such lender or a purchaser at any foreclosure sale pursuant to such foreclosure or other action. The transfer of the tenant's rights under the lease to lender, HUD or purchaser, pursuant to such foreclosure or other action shall be deemed a termination of any incurable Ground Lease Event of Default and such terminated Ground Lease Event of Default shall not give the landlord any right to terminate the lease. Such purchaser may cure a curable Ground Lease Event of Default within said 90 days. If after the expiration of all of the foregoing cure periods, no cure or termination of an existing Ground Lease Event of Default has been achieved as aforesaid, then and in that event, this lease shall terminate, and, on such date, the term of this lease shall expire and terminate and all rights of the tenant under the lease shall cease and the Improvements, subject to the security instrument and the rights of lender thereunder, shall be and become the property of the landlord. All costs and expenses incurred by or on behalf of the landlord (including, without limitation, reasonable attorneys' fees and expenses) occasioned by any default by the tenant under this ground lease shall constitute additional rent hereunder. The landlord shall have no right to terminate this ground lease except as provided in this paragraph (f).

- g) Upon termination of this ground lease pursuant to paragraph (f) above, the landlord shall immediately seek to obtain possession of the Property and Improvements. Upon acquiring such possession, the landlord shall notify HUD and lender in writing. Lender and HUD shall each have six (6) months from the date of receipt of such notice of acquisition to elect to take, as tenant, a new ground lease on the Property and on the Improvements. Such new ground lease shall have a term equal to the unexpired portion of the term of this ground lease immediately prior to such termination and shall, except as otherwise provided herein, be on the same terms and conditions as contained in this ground lease, including without limitation, the option to purchase set forth under paragraph (b) above, except that lender's or HUD's liability for ground rent shall not extend beyond their occupancy under such ground lease. The landlord shall tender such new ground lease to lender or HUD within thirty (30) days after a request for such ground lease and shall deliver possession of the Property and Improvements immediately upon execution of the new ground lease. Upon executing a new ground lease, lender or HUD shall pay to the landlord any unpaid ground rent due or that would have become due under this ground lease to the date of the execution of the new ground lease, including any taxes which were liens on the Property or the Improvements and which were paid by the landlord, less any net rentals or other income which the landlord may have received on account of the Property and Improvements since the date of default under this ground lease.
- h) The landlord agrees that within ten (10) days after receipt of written request from the

tenant, it will join in any and all applications for permits, licenses or other authorizations required by any Governmental Authority<sup>3</sup> in connection with any work which the tenant may do hereunder and will also join in any grants for easements for electric telephone, telecommunications, cable, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the Property or of any Improvements and if, at the expiration of such ten (10) day period, the landlord shall not have joined in any such application, or grants for easements, the tenant shall have the right to execute such application and grants in the name of the landlord, and for that purpose, the landlord hereby irrevocably appoints the tenant as its attorney-in-fact to execute such papers on behalf of the landlord, only to the extent that a public body as landlord may do so within the exercise of its municipal powers and responsibilities.

- i) Nothing in this ground lease shall require the tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the landlord or any income excess profits or revenue tax, or any other tax, assessment charge or levy upon the rent payable by the tenant under this ground lease.
- j) All notices, demands and requests which are required to be given by the landlord, the tenant, lender or HUD in connection with this Ground Lease shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.

All notices to lender or HUD shall be addressed as follows:

If to Lender: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to HUD: : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Tenant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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<sup>3</sup> **“Governmental Authority”** means any board, commission, department or body of any municipal, county, state, tribal or federal governmental unit, including any U.S. territorial government, and any public or quasi-public authority, or any subdivision of any of them, that has or acquires jurisdiction over the mortgaged property, including the use, operation or improvement of the mortgaged property.

If to Landlord: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- k) This ground lease shall not be modified without the written consent of HUD and lender.
- l) The provisions of this Lease Addendum benefit lender and HUD and are specifically declared to be enforceable against the parties to this lease and all other persons by lender and HUD. In the event of any conflict, inconsistency or ambiguity between the provisions of this Lease Addendum and the provisions of any other part of this ground lease, the provisions of this Lease Addendum shall prevail and control.

### Warning

Any person who knowingly presents a false, fictitious or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability and administrative sanctions.

*Addendum M*  
*Use Agreement*

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Prepared by: Edward O. Henneman, Jr., Esq.  
Hunter, Maclean, Exley & Dunn, P.C.  
200 E. Saint Julian Street  
Savannah, Georgia 31401

### **ACCESS EASEMENT AND USE AGREEMENT**

**THIS ACCESS EASEMENT AND USE AGREEMENT** is made and entered into this \_\_\_ day of \_\_\_\_\_, 2015 by and between the **HOUSING AUTHORITY OF SAVANNAH**, a public body corporate and politic organized under the laws of the State of Georgia (“HAS”), and **WESSELS/BLACKSHEAR REDEVELOPMENT, L.P.**, a Georgia limited partnership (the “Partnership”).

#### **WITNESSETH:**

**WHEREAS**, HAS is the owner of two housing projects known as Fred Wessels Homes consisting of 206 units and Edgar C. Blackshear Homes consisting of 74 units (collectively, hereinafter referred to as the “Project”); and

**WHEREAS**, HAS adopted a redevelopment plan to redevelop the Project, and in connection with such redevelopment has ground leased the land and all improvements comprising the Project to the Partnership by means of a 75 year ground lease (the “Ground Lease”), the legal description of all land leased to the Partnership pursuant to the Ground Lease being more particularly described on Exhibit “A” attached hereto and by this reference incorporated herein; and

**WHEREAS**, the Partnership is undertaking the redevelopment and rehabilitation of the Project, shall own all improvements comprising the Project pursuant to the Ground Lease, and shall be the long-term operator of the Project; and

**WHEREAS**, the redevelopment of the Project shall include the rehabilitation of an existing community center currently serving the Edgar C. Blackshear Homes community (the “Community Center”), and upon completion the rehabilitated Community Center shall serve the entire Project; and

**WHEREAS**, the Community Center is located on that certain parcel of land more particularly described on Exhibit “B” attached hereto and by this reference incorporated herein (hereinafter the “Community Center Property”); and

**WHEREAS**, the Community Center Property will not be conveyed to the Partnership pursuant to the Ground Lease and therefore will not comprise a portion of the Project site, but rather the Community Center shall be an off-site amenity of the Project owned by HAS; and

**WHEREAS**, the Partnership and HAS wish to enter into this Agreement so as to expressly grant the Partnership rights of access and use of the Community Center, in accordance with the terms herein.

**NOW, THEREFORE**, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, the parties hereto agree as follows:

**1. Easement of Access and Use.** HAS hereby grants, bargains, sells, conveys, and assigns to the Partnership a nonexclusive easement and right of access to the Community Center and the Community Center Property for the express purpose of permitting residents, tenants, guests, invitees, and assigns of the Partnership access to, and use of , the Community Center. The rights granted herein shall include the right of both pedestrian access, and vehicular parking in any and all parking improvements located adjacent to the Community Center and on the Community Center Property. The rights granted herein expressly include the right of all tenants and residents of the Project to the use and enjoyment of the Community Center, the right of such residents and tenants to reserve space in the Community Center for planned events, the right of such residents and tenants to use and enjoy all equipment, computers or other property of HAS located in the Community Center and generally made available to other HAS residents, and access to all services offered by HAS through the Community Center, all of the foregoing subject to any and all rules and regulations of HAS with respect to the operation of the Community Center.

**2. Rehabilitation, Long-term Maintenance and Operation of Center.** The Partnership hereby agrees to rehabilitate the Community Center in accordance with plans and specification submitted to, and approved by, HAS (hereinafter the “Construction Plans”). The Partnership shall pay all costs in connection with the rehabilitation of the Community Center in accordance with the Construction Plans, shall undertake and perform all work in connection with the rehabilitation of the Community Center in a good and workmanlike manner, shall take all action necessary to ensure that no liens are filed against the Community Center Property or other property owned by HAS as a result of such rehabilitation work and, if any such liens are filed, shall bond off or otherwise remove all such liens within thirty (30) days of receiving actual notice of such liens. Once the Community Center is rehabilitated in accordance with the Construction Plans, the Partnership shall be responsible for all future maintenance and repair of the Community Center and all ongoing operational costs associated with the Community Center.

**3. Temporary Construction Easement.** HAS hereby grants the Partnership a temporary construction easement over and upon the Community Center Property for purposes of undertaking all construction work required to rehabilitate the Community Center in accordance with the Construction Plans. The construction easement granted in this Section 4 shall terminate upon the issuance of a final certificate of occupancy for the Community Center.

**4. Term of Easement and Use Agreement.** The rights granted the Partnership herein shall run with the Partnership and all successors and assigns of the Partnership until the termination of the Ground Lease, whether by expiration of the Term of the Ground Lease or otherwise, unless terminated earlier by mutual consent of the parties.

**6. Entire Agreement:** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matters hereof. This Agreement may be modified or amended only by a writing executed by the parties hereto.

**7. Controlling Law:** This Agreement shall be construed and enforced in accordance with the laws of the State of Georgia.

**8. Notices.** All, notices, requests, and demands or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered (a) by certified mail, return receipt requested, (b) by Federal Express or other recognized, reputable overnight courier, or (c) by hand delivery by a recognized, reputable courier, to the appropriate party(ies) at the address(es) set forth below:

(a) If to HAS:           The Housing Authority of Savannah:  
1407 Wheaton Street  
P.O. Box 1179  
Savannah, Georgia 31402  
Attention: Earline Wesley Davis, Executive Director

with a copy to:       Dana F. Braun  
Callaway, Braun, Riddle & Hughes, P.C.  
301 West Congress Street  
P.O. Box 9150  
Savannah, Georgia 31412

(b) If to Partnership: Wessels/Blackshear Redevelopment, L.P.  
c/o Wessels/Blackshear GP, LLC  
4401 North Mesa  
El Paso, Texas 79902-1107  
Attention: Legal Department

with a copy to:       Hunter, Maclean, Exley & Dunn, P.C.  
200 E. Saint Julian Street  
Savannah, Georgia 31401  
Attention: Edward O. Henneman, Jr., Esq.

**9. Time:** Time is of the essence in the performance of this Agreement by each party hereto.

**10. Counterparts:** This Agreement may be signed in any number of counterparts, each of which shall, for all purposes constitute one and the same agreement.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

**[EXECUTION ON THE FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the undersigned parties have caused this Agreement to be executed under seal on the date first written above.

**HAS:**

**HOUSING AUTHORITY OF SAVANNAH**, a public body corporate and politic organized under the laws of the State of Georgia (“HAS”)

By: \_\_\_\_\_  
Earline Wesley Davis, Executive Director

Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

**[NOTARY SEAL]**

**[EXECUTION CONTINUED ON THE FOLLOWING PAGE]**

**PARTNERSHIP:**

**WESSELS/BLACKSHEAR REDEVELOPMENT, L.P.,**  
a Georgia limited partnership

By: Wessels/Blackshear GP, LLC, a Georgia limited liability company, its General Partner

By: Hunt Wessels/Blackshear GP, LLC, a Delaware limited liability company, its managing member

By: HDG Investments, LLC, a Delaware limited liability company, its managing member

By: Hunt ELP, Ltd., a Texas limited partnership, its managing member

By: \_\_\_\_\_  
Sinclair S. Cooper  
Executive Vice President

Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

**[NOTARY SEAL]**

Exhibit "A"

Legal Description

Exhibit "B"

Community Center Property

*Addendum I*  
*Insurable Value*

## INSURABLE VALUE CALCULATION

Property Name	Wessels Blackshear
Street Address	200 E Broad Street & 939 Wheaton Street
City, County, State, Zip	Savannah, GA 31401

### BASE COST

Main Structure - Wessels <sup>(1)</sup>	\$75 PSF
Main Structure - Blackshear <sup>(1)</sup>	\$95 PSF

### TOTAL BASE COST PER SF

Building Area Square Footage - Wessels <sup>(4)</sup>	169,592 Gross SF As Is
Building Area Square Footage - Blackshear <sup>(4)</sup>	62,283 Gross SF As Is

WESSELS HARD COSTS	\$12,719,400
BLACKSHEAR HARD COSTS	\$5,916,885
<b>TOTAL HARD COSTS</b>	<b>\$18,636,285</b>
<b>SOFT COST MULTIPLIER AT 10% <sup>(5)</sup></b>	<b>\$1,863,629</b>
<b>TOTAL REPLACEMENT COST NEW</b>	<b>\$20,499,914</b>

### EXCLUSIONS

	Per SF	Percent	
Excavations <sup>(6)</sup>	0	2.20%	\$450,998
Foundations <sup>(6)</sup>	0	3.20%	\$655,997
Architect's Fees <sup>(7)</sup>	0	6.00%	\$1,229,995
Underground Piping <sup>(6)</sup>	0	<u>1.00%</u>	<u>\$204,999</u>
<b>TOTAL EXCLUSIONS</b>		<b>12.40%</b>	<b>\$2,541,989</b>

### INCLUSIONS

	Number		
Appliance Packages	280		\$700,000
Demolition and Debris Removal	5.0%		\$1,024,996
<b>TOTAL INCLUSIONS</b>			<b>\$1,724,996</b>

### CONCLUDED INSURABLE VALUE

Total Replacement Cost New	\$20,499,914
Less Total Exclusions	(\$2,541,989)
Plus Total Inclusions	\$1,724,996

### CONCLUDED INSURABLE VALUE

**\$19,700,000**

Source: Marshall & Swift, 2014

- (1) Based upon Marshall & Swift and RS Means.
- (4) Based upon gross square footage
- (5) We use ten percent, which is less than typical soft costs for new construction as permanent financing fees and other costs will not be necessary.
- (6) Based upon Marshall & Swift Section 99, page 2
- (7) Based on RS Means.