

Market Feasibility Analysis

Peaks of Clayton
U.S. Highway 76 East
(Adjacent 221 U.S. Highway 76 East)
Clayton, Rabun County, Georgia 30525

Prepared For

Ms. D'Anne Hilsmier
Landbridge Development, LLC
Peaks of Clayton, LP (*developer*)
7000 Peachtree Dunwoody Road, Suite 4-100
Atlanta, Georgia 30328

Effective Date

May 7, 2019

Job Reference Number

19-237 CR



155 E. Columbus Street, Suite 220
Pickerington, Ohio 43147
Phone: (614) 833-9300
Bowennational.com

Table Of Contents

- A. Executive Summary
 - B. Project Description
 - C. Site Description and Evaluation
 - D. Primary Market Area Delineation
 - E. Community Demographic Data
 - F. Economic Trends
 - G. Project-Specific Demand Analysis
 - H. Rental Housing Analysis (Supply)
 - I. Absorption & Stabilization Rates
 - J. Interviews
 - K. Conclusions & Recommendations
 - L. Signed Statement
 - M. Market Study Representation
 - N. Qualifications
- Addendum A – Field Survey of Conventional Rentals
 - Addendum B – Comparable Property Profiles
 - Addendum C – Market Analyst Certification Checklist
 - Addendum D – Methodologies, Disclaimers & Sources
 - Addendum E – Achievable Market Rent Analysis

Section A – Executive Summary

This report evaluates the market feasibility of the Peaks of Clayton rental community to be developed utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program in Clayton, Georgia. Based on the findings contained in this report, we believe a market will exist for the subject development, assuming it is developed and operated as detailed in this report.

1. Project Description:

The subject project involves the new construction of the 48-unit Peaks of Clayton rental community on an approximate 5.11-acre site along the east side of U.S. Highway 76 East in Clayton, Georgia. The project will offer 12 one-bedroom, 24 two-bedroom and 12 three-bedroom garden-style units in one (1) three-story, elevator-equipped residential building with 2,209 square-feet of integrated community space. Peaks of Clayton will be developed using Low-Income Housing Tax Credits (LIHTC) and target lower-income family households earning up to 50% and 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$425 to \$670, depending on unit size and AMHI level. It is also anticipated that five (5) units will operate with a project-based Section 811 subsidy. These units will target disabled households and allow tenants to pay up to 30% of their income towards rent. Specific units have yet to be set aside for this anticipated subsidy. The proposed project is expected to be complete by May 2021. Additional details regarding the proposed project are as follows and included in *Section B* of this report.

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
6	One-Br.	1.0	Garden	652	50%	\$425	\$101	\$526	\$547
6	One-Br.	1.0	Garden	652	60%	\$535	\$101	\$636	\$657
12	Two-Br.	2.0	Garden	853	50%	\$485	\$127	\$612	\$657
12	Two-Br.	2.0	Garden	853	60%	\$615	\$127	\$742	\$789
6	Three-Br.	2.0	Garden	1,101	50%	\$520	\$160	\$680	\$759
6	Three-Br.	2.0	Garden	1,101	60%	\$670	\$160	\$830	\$911
48	Total								

Source: Landbridge Development, LLC

AMHI – Area Median Household Income (National Non-Metropolitan Rent Limits; 2018)

Unit amenities to be offered at the property include a range, refrigerator, garbage disposal, dishwasher, microwave, ceiling fan, carpet and VCT flooring, window blinds, central air conditioning, and washer/dryer appliances. Community amenities will include on-site management, a clubhouse, laundry facility, wellness center, fitness center, business center, elevator, playground, picnic area, and community garden. Overall, the amenity package offered at the property is considered appropriate for and marketable to the targeted tenant population and will be competitive with those offered among the comparable projects in the market and region.

2. Site Description/Evaluation:

The proposed subject site is situated within a partially developed and generally good-quality area of Clayton and will fit well with the surrounding land uses. The property will maintain frontage along and be clearly visible from U.S. Highway 76 which borders the site to the west. This aforementioned roadway will also provide access to the subject property and connects with U.S. Highway 23 just 0.3 miles north of the site. The subject's location along U.S. Highway 76 and proximity to U.S. Highway 23 also allows for most area services to be easily accessible from the property. In fact, most basic area services are located within 1.0 mile of the site. Overall, the subject site location is considered conducive to affordable multifamily rental product such as that proposed.

3. Market Area Definition:

The Clayton Site PMA includes the municipalities, or portions, of Clayton, Mountain City, Dillard, Rabun Gap, Sky Valley, and Tiger, as well as the surrounding unincorporated portions of Rabun County. The boundaries of the Site PMA include the Rabun County/Georgia state line to the north; Census Tract 9701 boundary, Willis Knob Road, and the Chattanooga River (Georgia/South Carolina state boundary) to the east; the ZIP Code 30576 boundary to the south, and Lake Burton, U.S. Highway 76, Vickers Road, Cat Gap Road, Persimmon Road, Coleman River Road and the Coleman River to the west. The boundaries of the Site PMA are generally within 11.2 miles of the subject site. A map illustrating these boundaries is included on page D-3 of this report.

4. Community Demographic Data:

Demographic trends are projected to be positive within the Clayton Site PMA between 2019 and 2021, both in terms of total population and household growth. This growth will be modest, however, as the household base is projected to increase by less than 2.0% during this time period. Further, household growth will be limited to owner-occupied households during this time period, though more than 1,600 renter households will continue to exist in the market through 2021. Additionally, more than 72.0% of all renter households will earn less than \$40,000 in 2021. Based on the preceding factors, the overall demographic base is considered stable and a good base of potential income-appropriate renter households will continue to exist in the market for affordable rental product such as that proposed for the subject site. Additional demographic data is included in *Section E* of this report.

Also note that based on 2013-2017 American Community Survey (ACS) data, 11.3% of the vacant housing units in the Site PMA are classified as "Other Vacant", which encompasses foreclosed, dilapidated and abandoned housing. Based on our Field Survey of Conventional Rentals within the Clayton Site PMA, the more modern and good quality rental properties are operating at strong occupancy levels and with waiting lists, illustrating that foreclosed and abandoned properties have

not had any adverse impact on the overall rental housing market. It is also of note that based on information obtained from RealtyTrac.com, Rabun County has a lower foreclosure rate (0.02%) than the state of Georgia (0.05%) as a whole. Based on the preceding analysis, it can be concluded that foreclosed/abandoned homes will not have any tangible impact on the subject's marketability. This is especially true when considering the limited availability of general-occupancy LIHTC product in the Clayton market.

5. Economic Data:

The labor force within the Clayton Site PMA is relatively well-balanced as no single industry segment represents more than 21.0% of the total labor force. However, local economic development representatives indicated that the overall Rabun County economy is heavily influenced by the tourism industry. Further, while no industry segment represents more than 21.0% of the total labor force within the Site PMA, nearly 40.0% of the labor force is comprised within the Retail and Accommodation and Food Service industries. These industry segments are also likely reflective of the presence of the tourism industry within the area and typically offer lower-wage paying positions conducive to affordable rental product such as that proposed for the subject site.

The Rabun County employment base has increased by at least 3.6% each year between 2015 and 2018, outpacing statewide averages during this time period. During this time period, more than 800 jobs have been added to the county employment base. The unemployment rate within the county has also experienced significant improvement over the past several years, declining by more than eight full percentage points between 2011 and 2018, to a rate of 4.0% through the end of 2018. Although the employment base has declined, and the unemployment rate has increased thus far in 2019 (through March), this is likely reflective of seasonal employment trends within the county and is not expected to continue through year-end, as indicated by year-end trends reported over the past ten-year period. Overall, the Rabun County economy is considered strong and is expected to continue to experience growth for the foreseeable future. Additional economic data is included in *Section F* of this report.

6. Project-Specific Affordability and Demand Analysis:

The following is a summary of our demand calculations:

Demand Component	Percent of Median Household Income		
	50% AMHI (\$18,034 to \$31,550)	60% AMHI (\$21,806 to \$37,860)	Overall (\$18,034 to \$37,860)
Net Demand	120	90	150
Proposed Units / Net Demand	24 / 120	24 / 90	48 / 150
Capture Rate	= 20.0%	= 26.7%	= 32.0%



Per GDCA guidelines, overall capture rates below 35% for projects in rural markets such as Clayton are considered acceptable. As such, the proposed project's overall capture rate of 32.0% is considered achievable within the Clayton Site PMA. Likewise, the subject's capture rates by AMHI level are also considered achievable ranging from 20.0% to 26.7%.

Applying the shares of demand detailed in *Section G* to the income-qualified households and existing competitive supply yields demand and capture rates for the proposed units by bedroom type and AMHI level as follows:

Bedroom Size (Share of Demand)	Target % of AMHI	Subject Units	Total Demand*	Supply**	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min-Max	Subject Rents
One-Bedroom (35%)	50%	6	42	0	42	14.3%	1 Month	\$661	\$482-\$800	\$425
One-Bedroom (35%)	60%	6	31	0	31	19.4%	2 Month	\$661	\$482-\$800	\$535
One-Bedroom	Total	12	73	0	73	16.4%	2 Months	\$661	\$482-\$800	-
Two-Bedroom (40%)	50%	12	48	0	48	25.0%	2 Months	\$834	\$613-\$935	\$485
Two-Bedroom (40%)	60%	12	36	0	36	33.3%	3 Months	\$834	\$613-\$935	\$615
Two-Bedroom	Total	24	84	0	84	28.6%	4 Months	\$834	\$613-\$935	-
Three-Bedroom (25%)	50%	6	30	0	30	20.0%	1 Month	\$955	\$725-\$1,020	\$520
Three-Bedroom (25%)	60%	6	23	0	23	26.1%	2 Months	\$955	\$725-\$1,020	\$670
Three-Bedroom	Total	12	53	0	53	22.6%	2 Months	\$955	\$725-\$1,020	-

*Includes overlap between the targeted income levels at the subject site.

**Directly comparable units built and/or funded in the project market over the projection period.

Average Market Rent is the weighted average collected rent reported at comparable market-rate properties as identified in *Addendum E*.

The capture rates by bedroom type and targeted income level range from 14.3% to 33.3%. These capture rates are below GDCA's capture rate thresholds and are considered achievable. This indicates that a sufficient base of income-appropriate renter household support exists in the Clayton Site PMA for each of the unit types proposed for the subject development.

Detailed demand calculations are provided in *Section G* of this report.

7. Competitive Rental Analysis

The proposed subject project will offer one- through three-bedroom units targeting general-occupancy (family) households earning up to 50% and 60% of Area Median Household Income (AMHI) under the Low-Income Housing Tax Credit (LIHTC) program. As detailed throughout this report, only one non-subsidized LIHTC property was identified within the Clayton Site PMA. This property, Vista Ridge (Map ID 3), is expected to be competitive with the proposed subject project due to the unit types offered and targeted population segment and has therefore been included in our comparable/competitive analysis.

Due to the limited supply of comparable LIHTC product within the Site PMA, we also identified and surveyed four additional general-occupancy LIHTC properties outside the Site PMA but within the surrounding areas of Cleveland, Cornelia, and Toccoa, Georgia. Due to the location of these properties, they are not expected to compete with the subject project. They will, however, offer a good additional base of comparison given the unit types offered and income levels targeted.

The five comparable LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address and phone number, contact name, date of contact and utility responsibility is included in *Addendum B, Comparable Property Profiles*.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Peaks of Clayton	2021	48	-	-	-	Families and Disabled; 50% & 60% AMHI and Section 811
3	Vista Ridge	2005	57*	100.0%	4.3 Miles	112 HH	Families; 50% & 60% AMHI
902	Fern Point Apts.	2012	48	100.0%	31.5 Miles	6-12 Months	Families; 50% & 60% AMHI
903	Heritage Gardens	2006	64*	100.0%	34.0 Miles	100 HH	Families; 30%, 50%, & 60% AMHI
904	Peaks of Cornelia	2018	68*	100.0%	32.5 Miles	80 HH	Families; 50% & 60% AMHI
905	White Hall Commons	2009	43*	100.0%	40.4 Miles	2-3 Months	Families; 50% & 60% AMHI

900 Series Map IDs are located outside the Site PMA

OCC. – Occupancy

HH - Households

*Tax Credit units only

The five LIHTC projects have a combined occupancy rate of 100.0% and all five maintain waiting lists for their next available units. Notably, the one property located in the Site PMA, Vista Ridge (Map ID 3), maintains a waiting list of 112-households. This is a clear indication of strong and pent-up demand for general-occupancy LIHTC product in the market.

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)				Rent Special
		One-Br.	Two-Br.	Three-Br.	Four-Br.	
Site	Peaks of Clayton	\$526/50% (6) \$636/60% (6)	\$612/50% (12) \$742/60% (12)	\$680/50% (6) \$830/60% (6)	-	-
3	Vista Ridge	-	\$666/50% (17/0) \$798/60% (5/0)	\$769/50% (7/0) \$921/60% (20/0)	\$857/50% (7/0) \$1,027/60% (1/0)	None
902	Fern Point Apts.	\$519/50% (2/0) \$569/60% (8/0)	\$591/50% (4/0) \$686/60% (24/0)	\$685/50% (2/0) \$800/60% (8/0)	-	None
903	Heritage Gardens	\$304/30% (2/0) \$502/50% (11/0) \$602/60% (3/0)	\$366/30% (5/0) \$605/50% (18/0) \$724/60% (9/0)	\$422/30% (2/0) \$698/50% (11/0) \$835/60% (3/0)	-	None
904	Peaks of Cornelia	\$490/50% (3/0) \$584/60% (3/0)	\$611/50% (18/0) \$688/60% (18/0)	\$745/50% (13/0) \$820/60% (13/0)	-	None
905	White Hall Commons	-	\$623/50% (9/0) \$747/60% (5/0)	\$719/50% (14/0) \$865/60% (10/0)	\$801/50% (4/0) \$960/60% (1/0)	None

900 Series Map IDs are located outside the Site PMA

The subject's proposed gross Tax Credit rents are generally within range of those reported among the comparable properties surveyed. In fact, the subject's two- and three-bedroom rents are positioned below those reported at the one property located in the Site PMA, Vista Ridge (Map ID 3). Although this property does not offer one-bedroom units, the subject's one-bedroom rents appear to be appropriate for the market based on their relation to the two-bedroom rents reported at the one property surveyed in the market and the one-bedroom rents reported among the properties surveyed outside the Site PMA.

Comparable/Competitive Tax Credit Summary

A limited supply of general-occupancy LIHTC product is offered within the Clayton Site PMA as only one such property was surveyed. This property, Vista Ridge (Map ID 3), is 100.0% occupied and maintains a waiting list of 112-households for its next available unit. The subject project will help alleviate a portion of the pent-up demand in the Clayton market. The subject's proposed gross Tax Credit rents are lower than those reported at the aforementioned Vista Ridge property and the subject development will offer the only non-subsidized one-bedroom LIHTC units in the Site PMA. These characteristics are expected to create a competitive advantage for the property. The subject development will also be marketable in terms of unit size (square feet), number of bathrooms offered, and amenities offered. Overall, the proposed project is considered marketable and will represent a value to low-income households within the Clayton Site PMA. An in-depth comparable analysis is included in *Section H* of this report.

Average Market Rent

The following table illustrates the weighted average *collected* rents of the comparable *market-rate* projects by bedroom type, for units similar to those proposed at the subject site.

Weighted Average Collected Rent of Comparable Market-Rate Units*		
One-Br.	Two-Br.	Three-Br.
\$661	\$834	\$955

*As identified in *Addendum E*

The rent advantage for the proposed units is calculated as follows (average weighted market rent – proposed rent) / proposed rent.

Bedrooms	Weighted Avg. Rent	Proposed Rent (% AMHI)	Difference	Proposed Rent (% AMHI)	Rent Advantage
One-Br.	\$661	- \$425 (50%)	\$236	/ \$425 (50%)	55.5%
		- \$535 (60%)	\$126	/ \$535 (60%)	23.6%
Two-Br.	\$834	- \$485 (50%)	\$349	/ \$485 (50%)	72.0%
		- \$615 (60%)	\$219	/ \$615 (60%)	35.6%
Three-Br.	\$955	- \$520 (50%)	\$435	/ \$520 (50%)	83.7%
		- \$670 (60%)	\$285	/ \$670 (60%)	42.5%

As the preceding illustrates, the proposed subject units represent rent advantages ranging from 23.6% to 83.7%, depending upon unit type, as compared to the weighted average collected rents of the comparable *market-rate* projects as identified in *Addendum E*. Please note, however, that these are weighted averages of *collected* rents and do not reflect differences in the utility structure that gross rents include. Therefore, caution must be used when drawing any conclusions. A complete analysis of the achievable market rent by bedroom type and the rent advantage of the proposed development’s collected rents are available in *Addendum E* of this report.

8. Absorption/Stabilization Estimates

Based on our analysis, it is our opinion that the 48 proposed units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately four months of opening. This absorption period is based on an average monthly absorption rate of approximately 11 to 12 units per month.

9. Overall Conclusion:

Based on the findings reported in our market study, it is our opinion that a market exists for the 48 units proposed at the subject site, assuming it is developed and operated as detailed in this report. Changes in the project's site, rent, amenities or opening date may alter these findings. Overall, the subject project is considered marketable as proposed and is not expected to have any adverse impact on future occupancy rates among existing comparable/competitive LIHTC product in this market. We have no recommendations to the subject project at this time.

SUMMARY TABLE**(must be completed by the analyst and included in the executive summary)**

Development Name:	Peaks of Clayton	Total # Units: 48
Location:	Adjacent 221 U.S. Highway 76 East, Clayton, Georgia	# LIHTC Units: 48
PMA Boundary:	Rabun County/Georgia state line to the north; Census Tract 9701 boundary, Willis Knob Road, and the Chattahoochee River (Georgia/South Carolina state boundary) to the east; the ZIP Code 30576 boundary to the south, and Lake Burton, U.S. Highway 76, Vickers Road, Cat Gap Road, Persimmon Road, Coleman River Road and the Coleman River to the west.	
	Farthest Boundary Distance to Subject: 11.2 miles	

RENTAL HOUSING STOCK (found on page H-2)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	3	165	32	80.6%*
Market-Rate Housing	2	72	32	55.6%*
Assisted/Subsidized Housing not to include LIHTC	0	0	0	-
LIHTC	2	93	0	100.0%
Stabilized Comps	1	57^	0	100.0%
Properties in Construction & Lease Up	0	0	-	-

*Reflective of one under-performing market-rate property

**In-Market LIHTC comps only

^Tax Credit units only (property also offers market-rate units)

Subject Development					Average Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
6	One-Br.	1.0	652	\$425	\$661	\$0.84	55.5%	\$800	\$1.01
6	One-Br.	1.0	652	\$535	\$661	\$0.84	23.6%	\$800	\$1.01
12	Two-Br.	2.0	853	\$485	\$834	\$0.75	72.0%	\$935	\$0.87
12	Two-Br.	2.0	853	\$615	\$834	\$0.75	35.6%	\$935	\$0.87
6	Three-Br.	2.0	1,101	\$520	\$955	\$0.72	83.7%	\$1,020	\$0.83
6	Three-Br.	2.0	1,101	\$670	\$955	\$0.72	42.5%	\$1,020	\$0.83

CAPTURE RATES (found on page G-5)

Targeted Population	30%	50%	60%	Market-Rate	Other: __	Overall
Capture Rate	-	20.0%	26.7%	-	-	32.0%

Section B - Project Description

The subject project involves the new construction of the 48-unit Peaks of Clayton rental community on an approximate 5.11-acre site along the east side of U.S. Highway 76 East in Clayton, Georgia. The project will offer 12 one-bedroom, 24 two-bedroom and 12 three-bedroom garden-style units in one (1) three-story, elevator-equipped residential building with 2,209 square-feet of integrated community space. Peaks of Clayton will be developed using Low-Income Housing Tax Credits (LIHTC) and target lower-income family households earning up to 50% and 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$425 to \$670, depending on unit size and AMHI level. It is also anticipated that five (5) units will operate with a project-based Section 811 subsidy. These units will target disabled households and allow tenants to pay up to 30% of their income towards rent. Specific units have yet to be set aside for this anticipated subsidy. The proposed project is expected to be complete by May 2021. Additional details of the subject project are as follows:

A. PROJECT DESCRIPTION

1. **Project Name:** Peaks of Clayton
2. **Property Location:** U.S. Highway 76 East
(Adjacent 221 U.S. Highway 76 East)
Clayton, Georgia 30525
(Rabun County)
3. **Project Type:** New Construction
4. **Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
6	One-Br.	1.0	Garden	652	50%	\$425	\$101	\$526	\$547
6	One-Br.	1.0	Garden	652	60%	\$535	\$101	\$636	\$657
12	Two-Br.	2.0	Garden	853	50%	\$485	\$127	\$612	\$657
12	Two-Br.	2.0	Garden	853	60%	\$615	\$127	\$742	\$789
6	Three-Br.	2.0	Garden	1,101	50%	\$520	\$160	\$680	\$759
6	Three-Br.	2.0	Garden	1,101	60%	\$670	\$160	\$830	\$911
48	Total								

Source: Landbridge Development, LLC

AMHI – Area Median Household Income (National Non-Metropolitan Rent Limits; 2018)

5. **Target Market:** Family and disabled
6. **Project Design:** Garden-style units in one (1) three-story, elevator-equipped residential building with 2,209 square-feet of integrated community space.

7. Original Year Built: Not Applicable

8. Projected Opening Date: May 2021

9. Unit Amenities:

- Electric Range
- Refrigerator
- Garbage Disposal
- Dishwasher
- Microwave
- Carpet & VCT Flooring
- Window Blinds
- Ceiling Fan
- Central Air Conditioning
- Washer/Dryer Appliances

10. Community Amenities:

- On-Site Management
- Clubhouse
- Laundry Center
- Wellness Center
- Business Center
- Playground
- Picnic Area
- Community Garden
- Fitness Center
- Elevator

11. Resident Services:

Not Applicable.

12. Utility Responsibility:

The cost of trash collection will be included in the rent, while tenants will be responsible for the following:

- General Electricity
- Electric Heat
- Cold Water
- Electric Water Heat
- Electric Cooking
- Sewer

13. Rental Assistance:

Not applicable.

14. Parking:

The subject site will offer 100 surface parking spaces at no additional cost to the tenant.

15. Current Project Status:

Not Applicable; New Construction

16. Statistical Area:

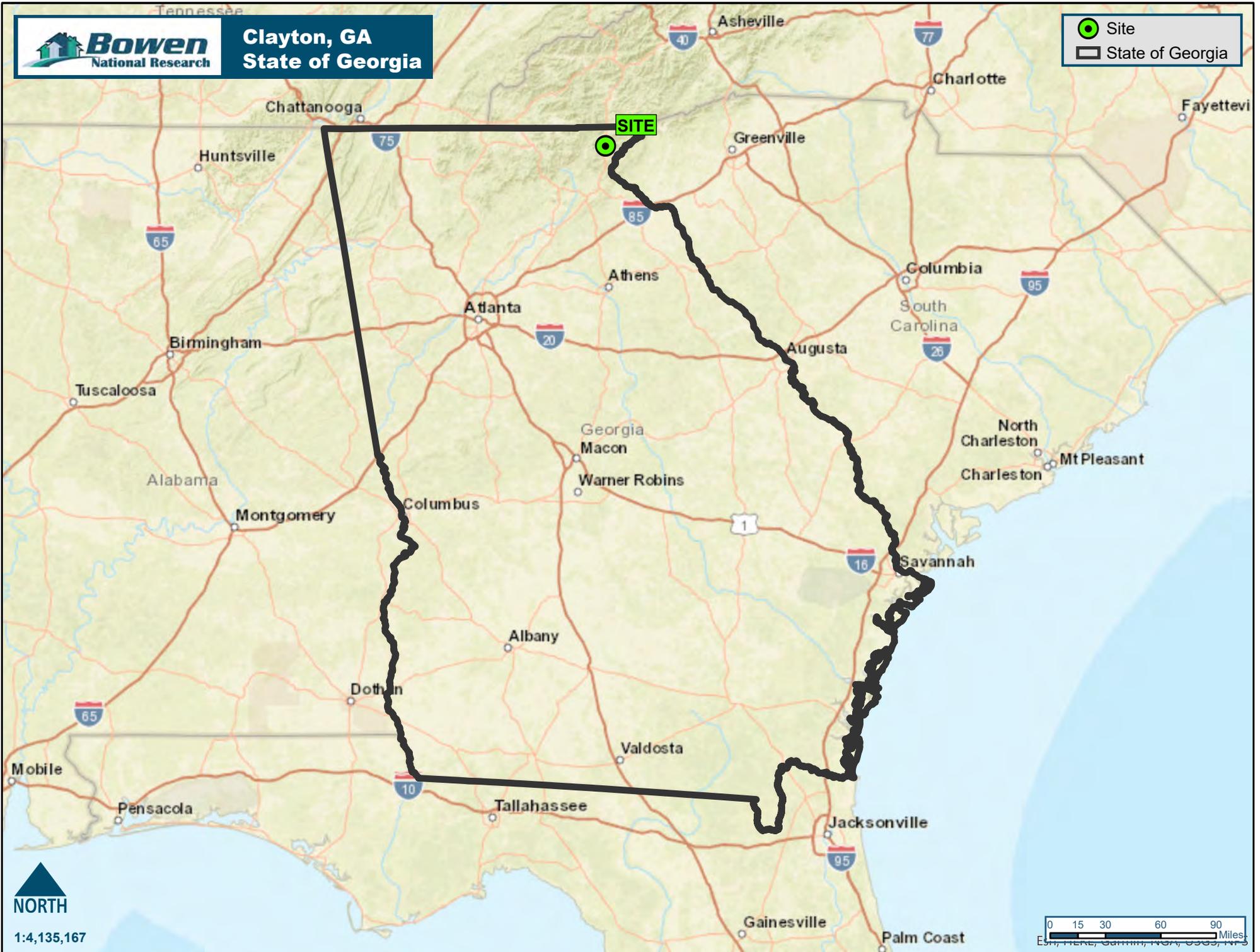
Rabun County, Georgia (2018)

A state map, area map and map illustrating the site neighborhood are on the following pages.



Clayton, GA State of Georgia

● Site
▭ State of Georgia



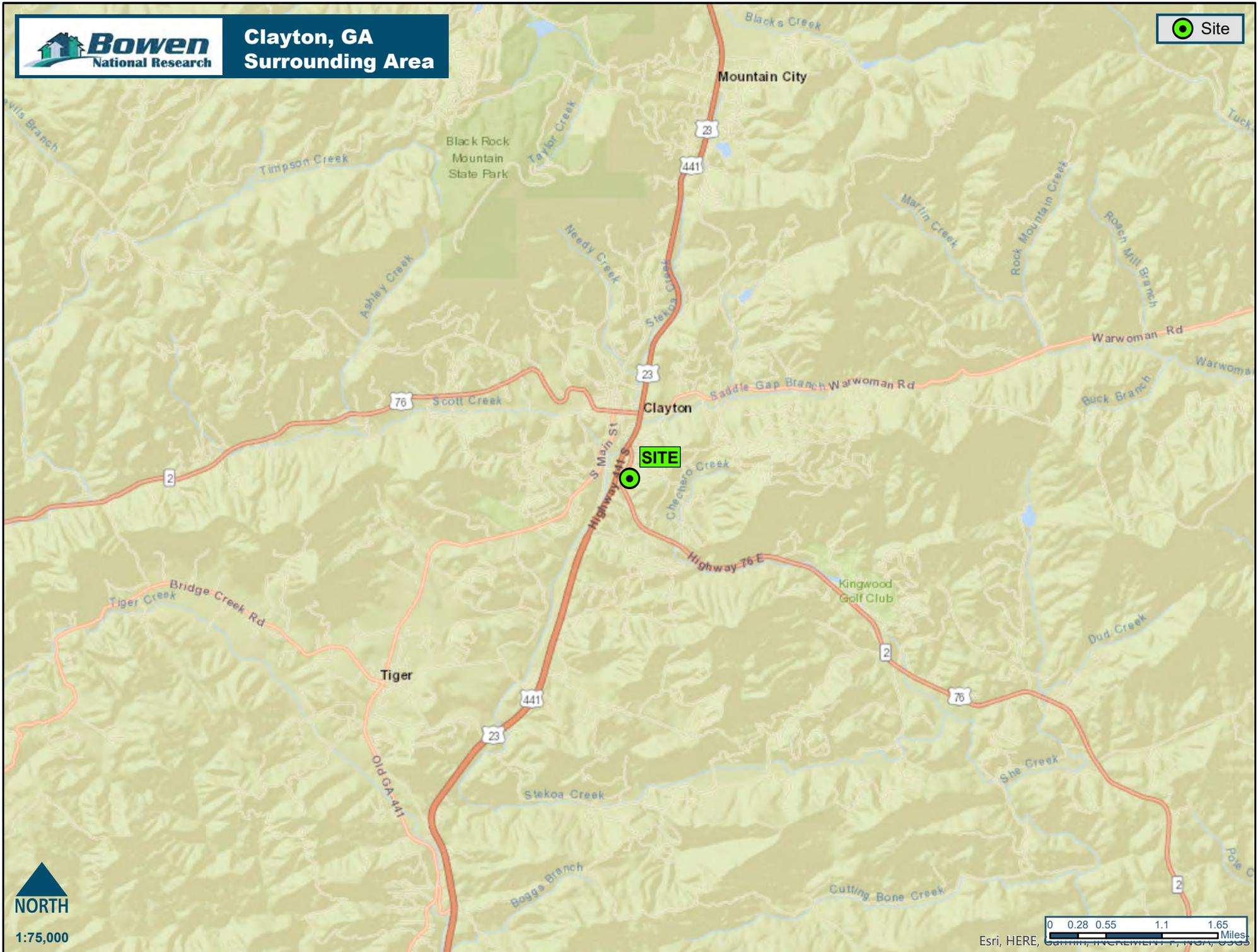
NORTH

1:4,135,167

0 15 30 60 90 Miles
ESRI, HERE, Garmin, NAVI, USGS, FWS



Clayton, GA Surrounding Area



1:75,000



Esri, HERE, Garmin, INCREMENT P, NOAA, USGS



Clayton, GA Site Neighborhood

Legend

Site Area



Duvall St

Falcon St

Old Chechero Rd

Chechero St

Aufm

Beechwood Dr

Fernwood Ln

Beachwood Dr

Way Up Way Ln
Way Up Way

Bleckley Place Ln

Farmer St



NORTH

1:3,307



© 2011 ESRI

Section C – Site Description And Evaluation

1. LOCATION

The proposed subject site consists of a vacant and partially wooded 14.3-acre parcel situated along the east side of U.S. Highway 76 (adjacent south of Oconee Federal Bank) in Clayton, Georgia. Located within Rabun County in the northeast corner of the state, Clayton is approximately 9.0 miles south of the Georgia/North Carolina state boundary via U.S. Highway 23 and approximately 54.0 miles northeast of Gainesville, Georgia. The proposed subject site visit and corresponding fieldwork were completed by Tammy Whited, an analyst of Bowen National Research, during the week of April 22, 2019.

2. SURROUNDING LAND USES

The proposed subject site is located within a partially developed area of Clayton. Surrounding land uses include multifamily and single-family homes, undeveloped wooded land and various area services and local businesses. Adjacent land uses are detailed as follows:

North -	Oconee Federal Bank borders the proposed subject site to the north followed by a mixture of commercial and residential development and undeveloped land which extends to the U.S. Highway 23 corridor farther north.
East -	Undeveloped land borders the proposed subject site to the east followed by primarily residential development and additional undeveloped land.
South -	Undeveloped land borders the proposed subject site to the south followed by multifamily dwellings. Continuing south is U.S. Highway 76 (Lookout Mountain Scenic Highway/ Chechero Road) followed by undeveloped land and primarily residential development.
West -	U.S. Highway 76 borders the subject site to the west followed by primarily commercial development located along the U.S. Highway 23 corridor. Extending farther west is undeveloped land and primarily residential development.

The residential and commercial structures within the immediately surrounding area were observed to be in satisfactory to good condition. Overall, the proposed subject property is expected to fit well with the surrounding land uses and they should contribute to the marketability of the subject property.

3. VISIBILITY AND ACCESS

The subject property maintains frontage along and is visible from U.S. Highway 76 (Lookout Mountain Scenic Highway/Chechero Road) which borders the site to the west and will provide passerby traffic to the subject. Visibility of the project will also be enhanced by the proposed three-story design of the subject buildings. We also anticipate the property will provide proper site signage along the aforementioned roadway.

The subject site is anticipated to gain vehicular access from aforementioned U.S. Highway 76 (Lookout Mountain Scenic Highway/Chechero Road) which was observed to experience moderate vehicular traffic patterns. This roadway also provides direct access to and from U.S. Highway 23 approximately 0.3 miles north of the site. U.S. Highway 23 is the primary arterial within the Clayton market. The subject's proximity to this roadway and location along U.S. Highway 76 allows for convenient access to the site and throughout the Clayton and surrounding areas. There is no fixed-route public transportation within the Clayton area, though dial-a-ride transportation is available through Rabun County at a nominal fee, further enhancing accessibility of the subject site. According to area planning and zoning officials, no notable roads or other infrastructure projects are underway or planned for the immediate site area.

Overall, visibility and access are both considered good and are expected to have a positive impact on the overall marketability of the proposed subject development. However, promotional signage placed at/near the intersection of U.S. Highway 76 and U.S. Highway 23 north of the subject site would further enhance awareness/marketability of the subject property, particularly during its initial lease-up period.

4. SITE PHOTOGRAPHS

Photographs of the subject site are on located on the following pages.



View of site from the north



View of site from the northeast



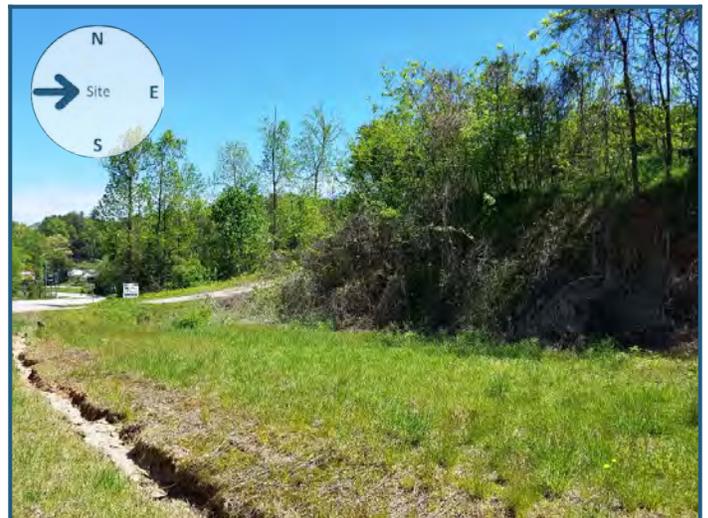
View of site from the east



View of site from the southeast



View of site from the southwest



View of site from the west



View of site from the northwest



North view from site



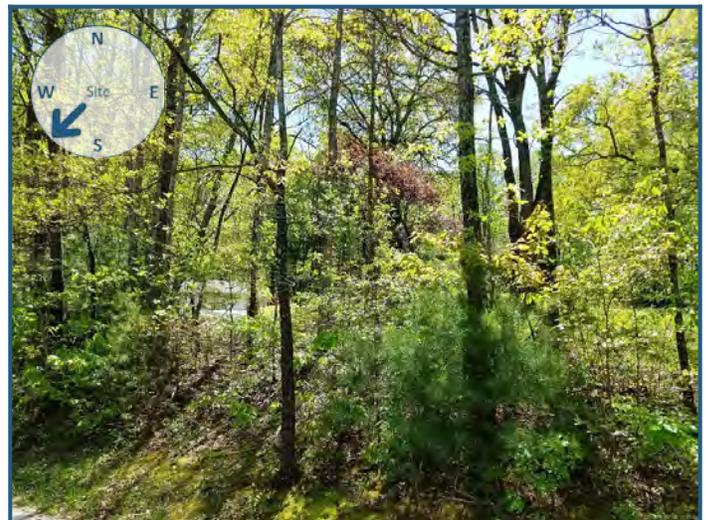
Northeast view from site



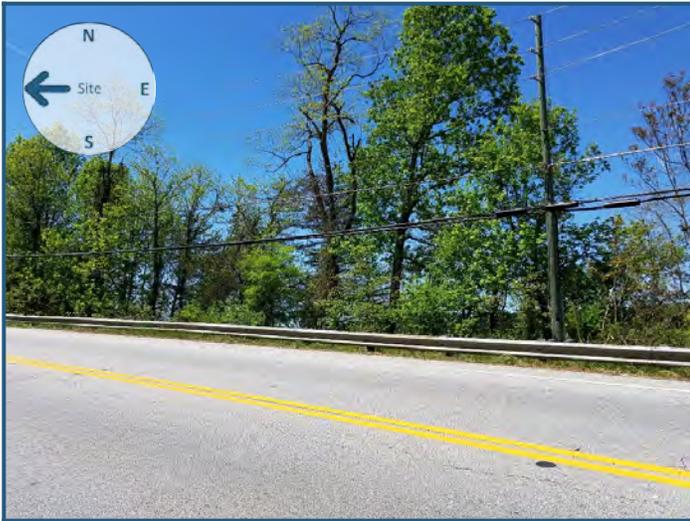
East view from site



Southeast view from site



Southwest view from site



West view from site



Northwest view from site



Streetscape: South view of U.S. Highway 76



Streetscape: North view of U.S. Highway 76

5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

The site is served by the community services detailed in the following table:

Community Services	Name	Driving Distance From Site (Miles)
Major Highways	U.S. Highway 76 U.S. Highway 23	Adjacent West 0.3 North
Public Bus Stop	Rabun County Dial-A-Ride	On Demand
Major Employers/ Employment Centers	Walmart Supercenter Mountain Lakes Medical Center	1.3 South 1.8 Northwest
Convenience Store	Racetrac Circle K	0.4 North 1.0 Northeast
Grocery	Five Points Grocery Ingles Market Walmart Supercenter	0.5 Southeast 0.7 Northeast 1.3 South
Discount Department Store	Family Dollar Dollar Tree	0.4 North 0.7 North
Shopping Center/Mall	Walmart Supercenter	1.3 South
Schools: Elementary	Rabun County Primary School (Pre-K to Grade 2) Rabun County Elementary School (Grades 3-6)	4.8 South 5.5 South
Middle/Junior High High	Rabun County Middle School Rabun County High School	4.1 Southwest 4.2 Southwest
Hospital	Mountain Lakes Medical Center	1.8 Northwest
Police	Clayton Police Department	1.1 Northwest
Fire	Clayton Fire Department	0.9 North
Post Office	U.S. Post Office	0.7 North
Bank	Oconee Federal Bank United Community Bank Mountain Heritage Bank	Adjacent North 0.5 West 0.5 West
Recreational Facilities	Clayton Health & Fitness Rabun County Recreation Department	2.4 South 4.8 South
Gas Station	Racetrac Circle K	0.4 North 1.0 Northeast
Pharmacy	Walgreens CVS Ingles Pharmacy	0.3 North 0.3 North 0.7 Northeast
Restaurant	KFC Waffle House Subway	0.5 Northwest 0.5 West 0.5 West
Day Care	Creative Learning Center Rabun County Headstart	1.5 North 1.7 Southwest
Park	Black Rock Mountain State Park	5.5 North
Library	Rabun County Library	0.9 Northwest

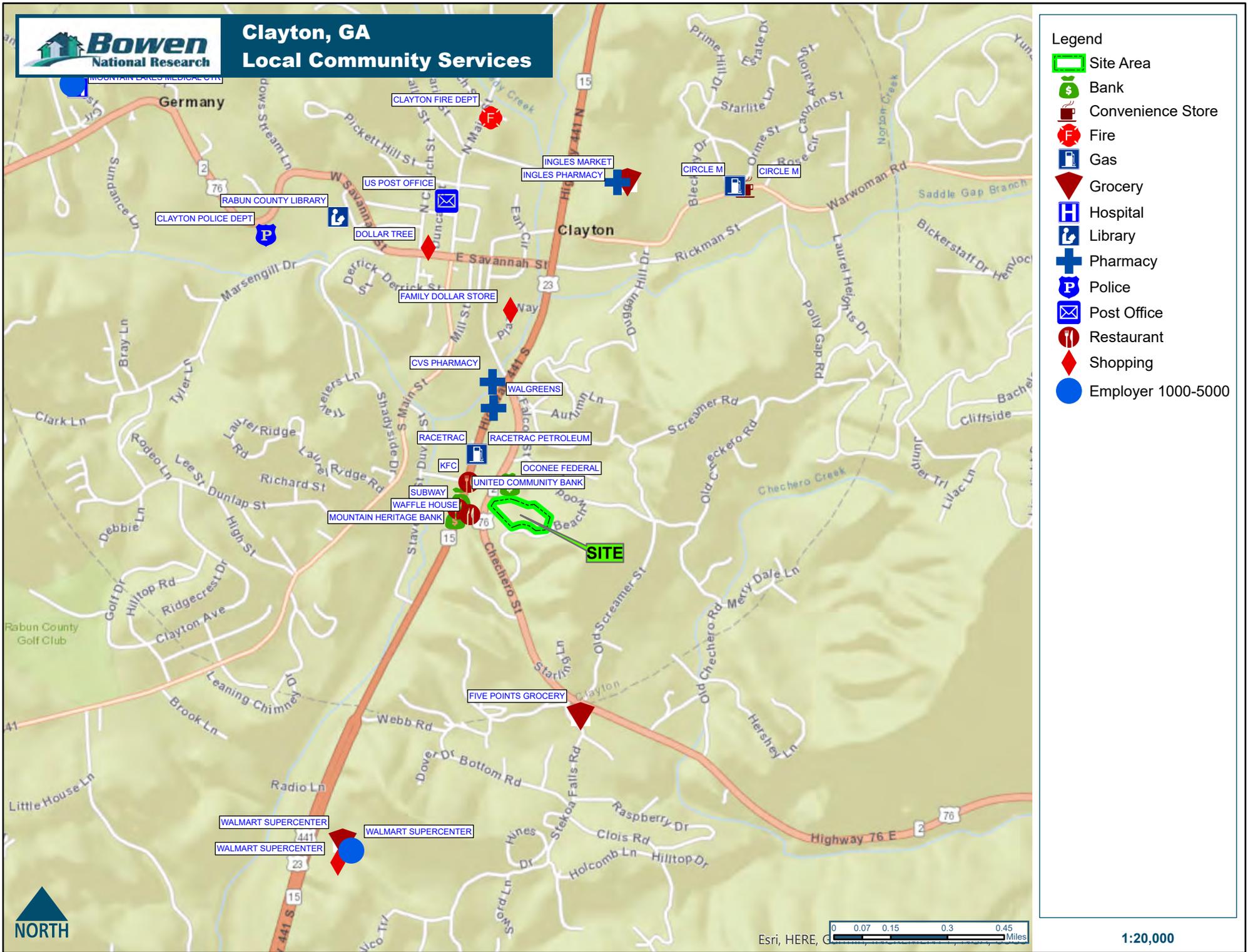
The proposed subject site is located within proximity of shopping, dining, employment, entertainment and educational opportunities as well as public safety and medical services, as detailed in the preceding table. Notably, most area services are located within 1.0 mile of the subject site, given the subject's proximity to the U.S. Highway 23 corridor. This aforementioned roadway serves as the primary commercial corridor within the Clayton area.

The nearest hospital/major medical center to the proposed subject site is the Mountain Lakes Medical Center, located within approximately 1.8 miles. Public safety services are provided by the Clayton Police Department and the Clayton Fire Department which are located approximately 0.9 and 1.1 miles from the site, respectively. All applicable attendance schools are also located within 5.5 miles.

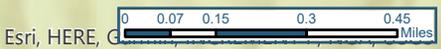
Maps illustrating the location of community services are on the following pages.



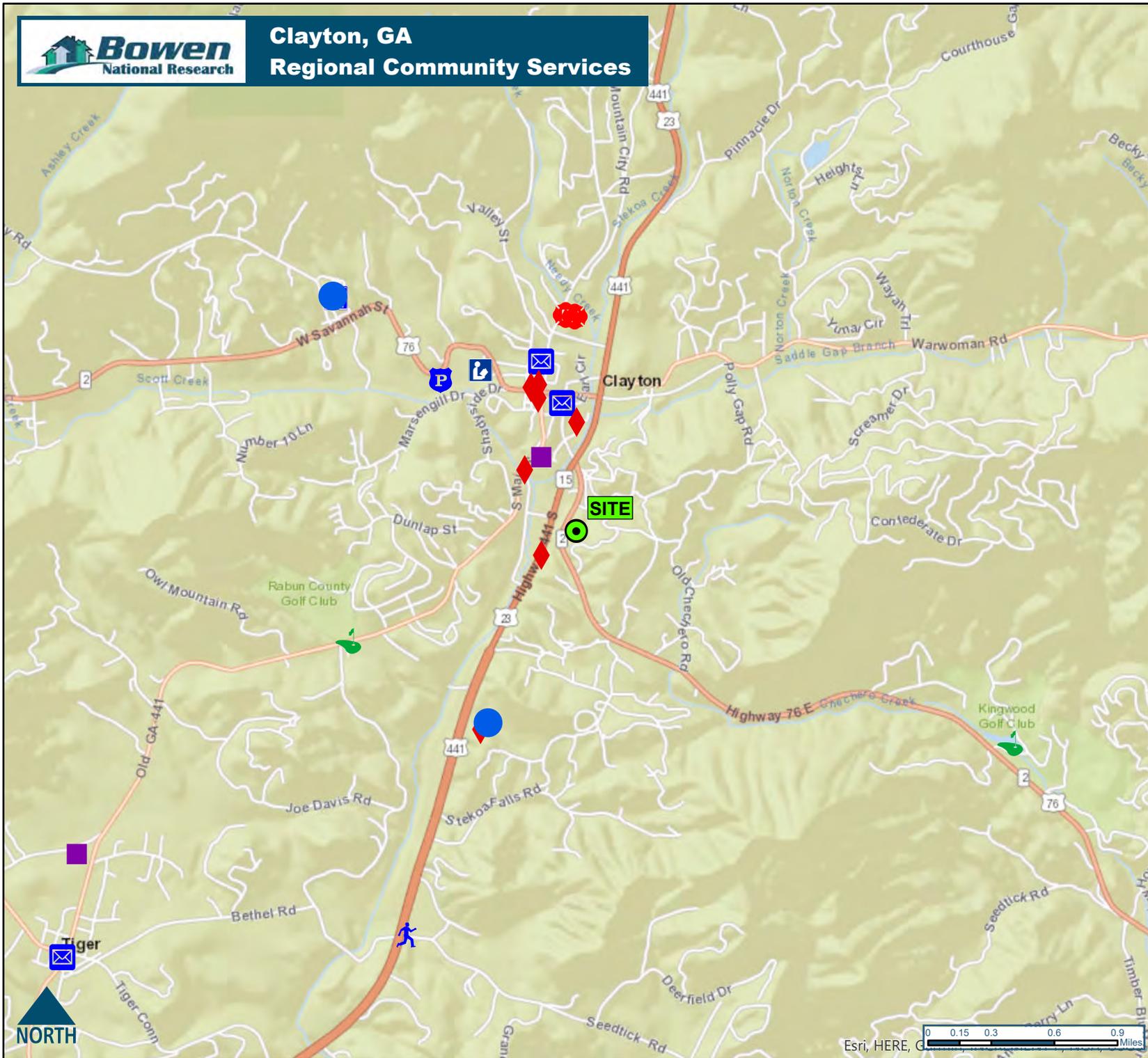
Clayton, GA Local Community Services



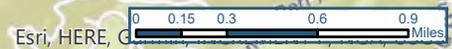
- Legend**
- Site Area
 - Bank
 - Convenience Store
 - Fire
 - Gas
 - Grocery
 - Hospital
 - Library
 - Pharmacy
 - Police
 - Post Office
 - Restaurant
 - Shopping
 - Employer 1000-5000



1:20,000



- Legend**
-  Site
 -  Fire
 -  Fitness Center
 -  Golf
 -  Hospital
 -  Library
 -  Police
 -  Post Office
 -  Senior Services
 -  Shopping
 -  Employer 1000-5000



6. CRIME ISSUES

The primary source for Crime Risk data is the FBI Uniform Crime Report (UCR). The FBI collects data from each of roughly 16,000 separate law enforcement jurisdictions across the country and compiles this data into the UCR. The most recent update showed an overall coverage rate of 95% of all jurisdictions nationwide with a coverage rate of 97% of all jurisdictions in metropolitan areas.

Applied Geographic Solutions uses the UCR at the jurisdictional level to model each of the seven crime types at other levels of geography. Risk indexes are standardized based on the national average. A Risk Index value of 100 for a particular risk indicates that, for the area, the relative probability of the risk is consistent with the average probability of that risk across the United States.

It should be noted that aggregate indexes for total crime, personal crime and property crime are not weighted, and murder is no more significant statistically in these indexes than petty theft. Thus, caution should be exercised when using them.

Total crime risk for the Site ZIP Code is 124, with an overall personal crime index of 71 and a property crime index of 131. Total crime risk for Rabun County is 115, with indexes for personal and property crime of 63 and 123, respectively.

	Crime Risk Index	
	Site Zip Code	Rabun County
Total Crime	124	115
Personal Crime	71	63
Murder	58	50
Rape	70	69
Robbery	35	26
Assault	87	78
Property Crime	131	123
Burglary	159	155
Larceny	133	124
Motor Vehicle Theft	54	39

Source: Applied Geographic Solutions

The crime risk index for the Site ZIP Code (124) is slightly higher than that reported for Rabun County (115) as a whole and both are above the national average of 100. However, a crime index of 124 is not considered high for an area such as the subject site location and is a good indication there is likely a low perception of crime within the Clayton area. Crime is not expected to have any type of adverse impact on the overall marketability of the subject project.

A map illustrating crime risk is on the following page.



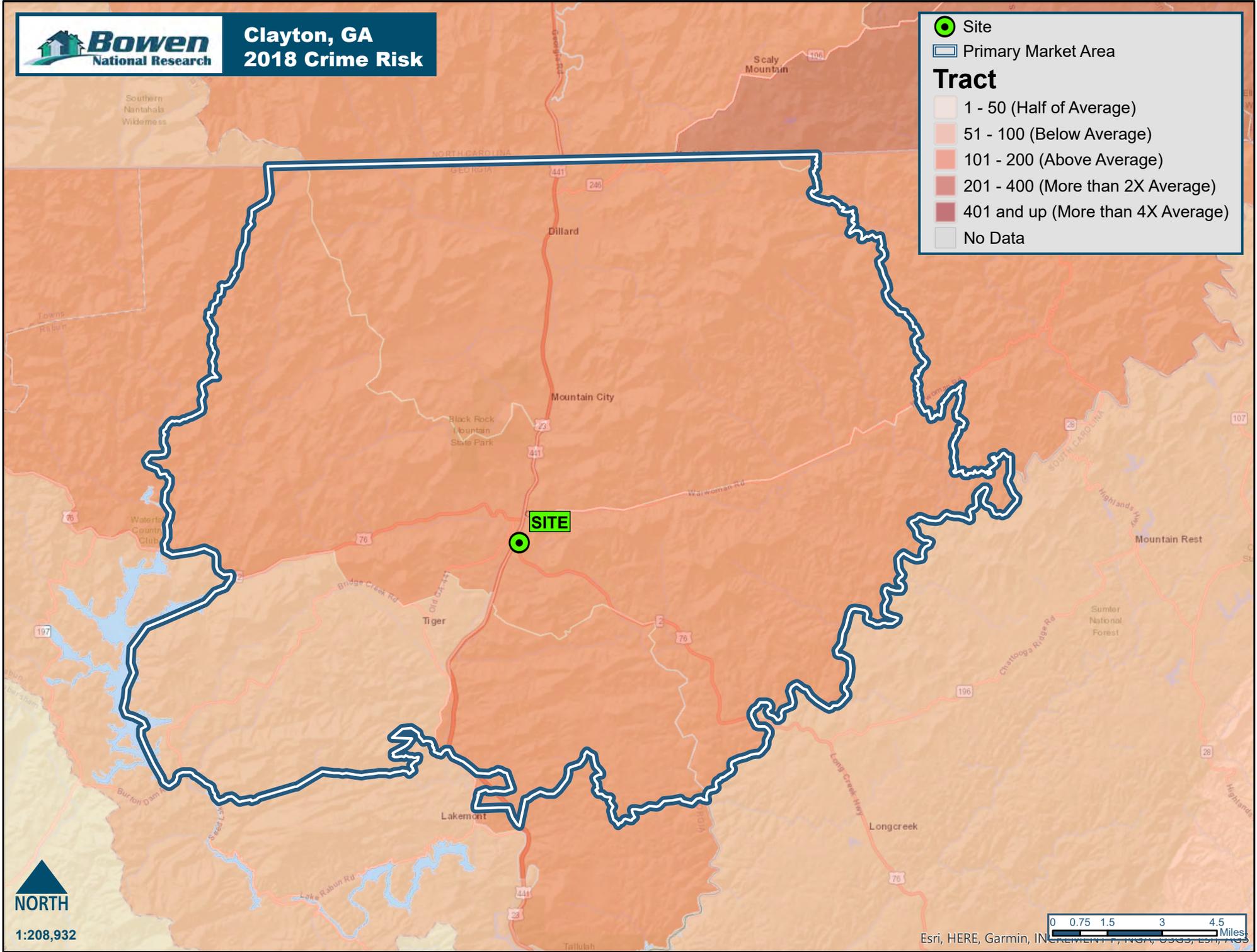
Clayton, GA 2018 Crime Risk

Site

Primary Market Area

Tract

- 1 - 50 (Half of Average)
- 51 - 100 (Below Average)
- 101 - 200 (Above Average)
- 201 - 400 (More than 2X Average)
- 401 and up (More than 4X Average)
- No Data



NORTH
1:208,932

0 0.75 1.5 3 4.5 Miles

7. OVERALL SITE EVALUATION

The proposed subject site is situated within a partially developed and generally good-quality area of Clayton and will fit well with the surrounding land uses. The property will maintain frontage along and be clearly visible from U.S. Highway 76 which borders the site to the west. This aforementioned roadway will also provide access to the subject property and connects with U.S. Highway 23 just 0.3 miles north of the site. The subject's location along U.S. Highway 76 and proximity to U.S. Highway 23 also allows for most area services to be easily accessible from the property. In fact, most basic area services are located within 1.0 mile of the site. Overall, the subject site location is considered conducive to affordable multifamily rental product such as that proposed.

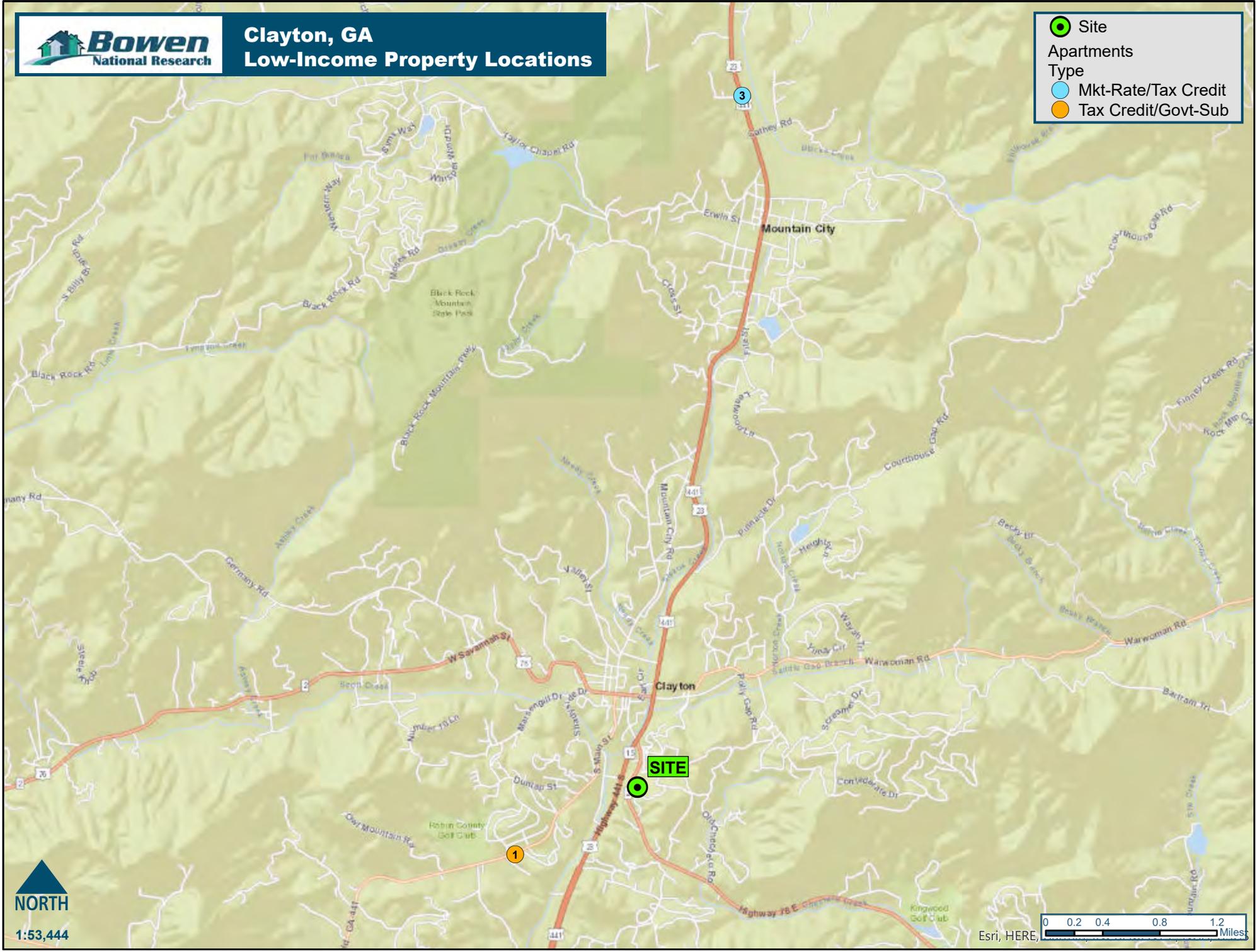
8. MAP OF LOW-INCOME RENTAL HOUSING

A map illustrating the location of low-income rental housing (4% and 9% Tax Credit Properties, Tax Exempt Bond Projects, Rural Development Properties, HUD Section 8 and Public Housing, etc.) identified in the Site PMA is included on the following page.



Clayton, GA Low-Income Property Locations

- Site
- Apartment Type
 - Mkt-Rate/Tax Credit
 - Tax Credit/Govt-Sub



NORTH
1:53,444

Esri, HERE, 0 0.2 0.4 0.8 1.2 Miles

Section D – Primary Market Area Delineation

The Site Primary Market Area (PMA) is the geographical area from which comparable properties and potential renters are expected to be drawn from. It is also the geographic area expected to generate the most demographic support for the subject development. The Clayton Site PMA was determined through interviews with area leasing and real estate agents, government officials, economic development representatives and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The Clayton Site PMA includes the municipalities, or portions, of Clayton, Mountain City, Dillard, Rabun Gap, Sky Valley, and Tiger, as well as the surrounding unincorporated portions of Rabun County. The boundaries of the Site PMA include the Rabun County/Georgia state line to the north; Census Tract 9701 boundary, Willis Knob Road, and the Chattanooga River (Georgia/South Carolina state boundary) to the east; the ZIP Code 30576 boundary to the south, and Lake Burton, U.S. Highway 76, Vickers Road, Cat Gap Road, Persimmon Road, Coleman River Road and the Coleman River to the west.

The following are summaries of interviews conducted with various sources which helped to establish/confirm the boundaries of the Site PMA.

- Chashe Hunnicut is the Site Manager for Brooks Lane Apartments, an age-restricted Tax Credit and government-subsidized property located in the Site PMA. Ms. Hunnicut confirmed the boundaries of the Site PMA, stating that the subject market area includes the areas from which she believes the majority of the potential tenants for the subject property will originate. Ms. Hunnicut further explained that the nearby lake is attractive to out-of-state residents who want to retire and that this has resulted in some support at her property from people located outside the boundaries of the Site PMA and from outside the state of Georgia, though this support base is minimal.
- Breanna Martinez is the Property Manager for Cameron at Clarksville Apartment Homes, a market-rate property located outside the Site PMA. Although located outside the Site PMA, Ms. Martinez agreed with the boundaries of the Site PMA and stated that she would not expect much support for the subject project from areas located outside of the Clayton area.

We recognize that the subject project may receive some support from outside the boundaries of the Clayton Site PMA. However, due to the relatively rural and thus less populated nature of most surrounding areas, and their distance from the Clayton market, we expect this potential base of support to be nominal. This is particularly true when considering that areas north and east of the Site PMA are located across state lines, which will further limit potential support from these areas as it is not typical of general-occupancy LIHTC product in rural markets such as Clayton to attract significant support from areas out of state. Thus, we have not considered any secondary market area in this report.

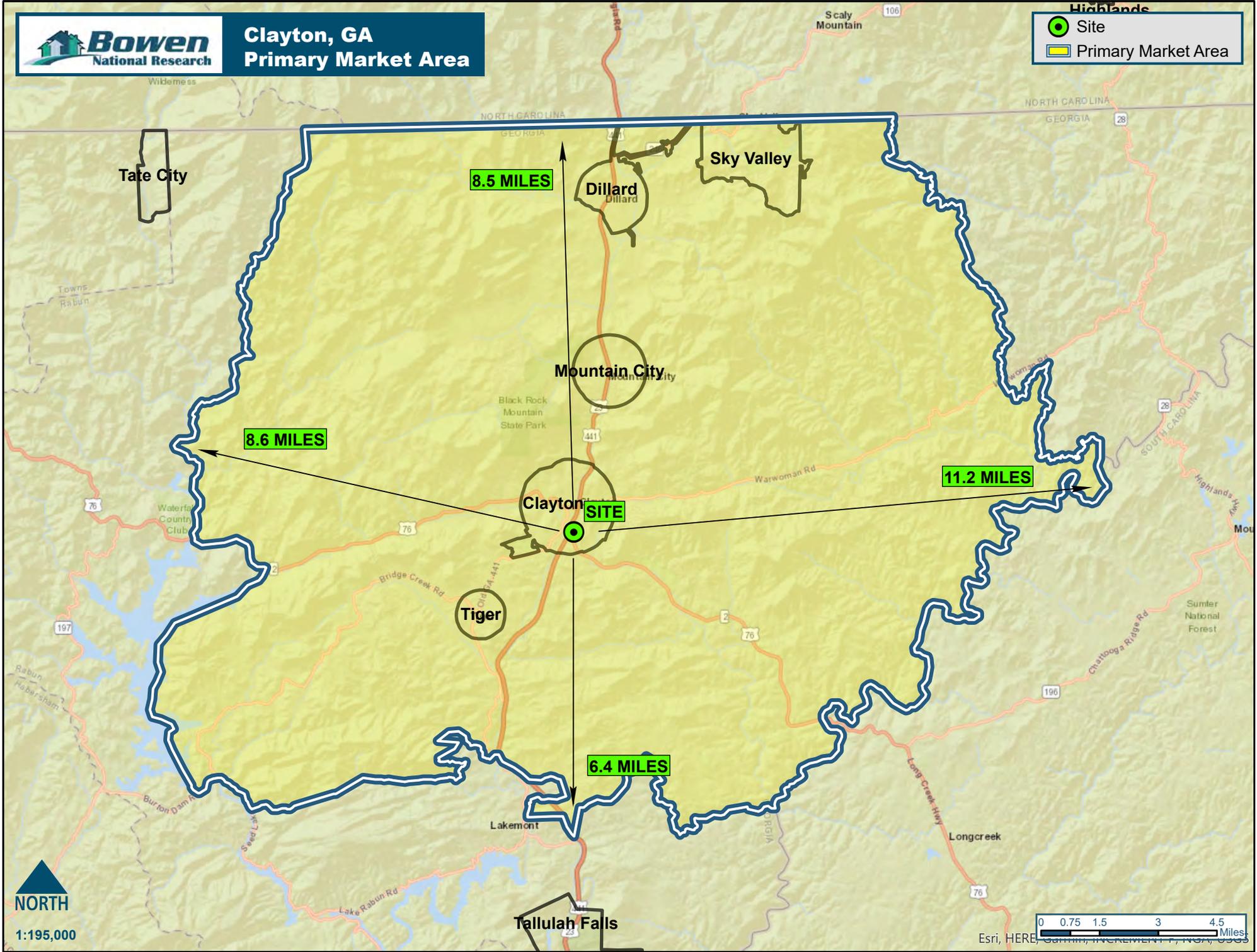
A map delineating the boundaries of the Site PMA is included on the following page.



Clayton, GA Primary Market Area

Highlands

- Site
- Primary Market Area



NORTH

1:195,000



Esri, HERE, Garmin, INCREMENT P, NOAA, USGS

Section E – Community Demographic Data

1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2019 (estimated) and 2021 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2019 (Estimated)	2021 (Projected)
Population	12,944	14,029	15,032	15,320
Population Change	-	1,085	1,003	288
Percent Change	-	8.4%	7.1%	1.9%

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The Clayton Site PMA population base increased by 1,085 between 2000 and 2010. This represents an 8.4% increase over the 2000 population, or an annual rate of 0.8%. Between 2010 and 2019, the population increased by 1,003, or 7.1%. It is projected that the population will increase by 288, or 1.9%, between 2019 and 2021.

The Site PMA population bases by age are summarized as follows:

Population by Age	2010 (Census)		2019 (Estimated)		2021 (Projected)		Change 2019-2021	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	3,367	24.0%	3,214	21.4%	3,245	21.2%	31	1.0%
20 to 24	718	5.1%	671	4.5%	643	4.2%	-28	-4.2%
25 to 34	1,328	9.5%	1,588	10.6%	1,547	10.1%	-42	-2.6%
35 to 44	1,660	11.8%	1,630	10.8%	1,695	11.1%	66	4.0%
45 to 54	1,975	14.1%	1,886	12.5%	1,891	12.3%	5	0.3%
55 to 64	2,088	14.9%	2,365	15.7%	2,386	15.6%	21	0.9%
65 to 74	1,690	12.0%	2,195	14.6%	2,306	15.0%	110	5.0%
75 & Over	1,203	8.6%	1,482	9.9%	1,607	10.5%	125	8.5%
Total	14,029	100.0%	15,032	100.0%	15,320	100.0%	288	1.9%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, nearly 50% of the population is expected to be between 25 and 64 years old in 2019. This age group is the primary group of potential renters for the subject site and will likely represent a significant number of the tenants.

2. HOUSEHOLD TRENDS

Household trends within the Clayton Site PMA are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2019 (Estimated)	2021 (Projected)
Households	5,336	5,757	6,084	6,195
Household Change	-	421	327	110
Percent Change	-	7.9%	5.7%	1.8%
Household Size	2.43	2.44	2.41	2.41

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Within the Clayton Site PMA, households increased by 421 (7.9%) between 2000 and 2010. Between 2010 and 2019, households increased by 327 or 5.7%. By 2021, there will be 6,195 households, an increase of 110 households, or 1.8% over 2019 levels. This is an increase of approximately 55 households annually over the next two years.

The Site PMA household bases by age are summarized as follows:

Households by Age	2010 (Census)		2019 (Estimated)		2021 (Projected)		Change 2019-2021	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	163	2.8%	142	2.3%	139	2.2%	-3	-2.0%
25 to 34	552	9.6%	638	10.5%	617	10.0%	-21	-3.3%
35 to 44	791	13.7%	749	12.3%	771	12.4%	22	2.9%
45 to 54	1,062	18.4%	964	15.8%	955	15.4%	-8	-0.9%
55 to 64	1,252	21.7%	1,307	21.5%	1,304	21.1%	-3	-0.2%
65 to 74	1,079	18.7%	1,290	21.2%	1,341	21.7%	51	3.9%
75 to 84	635	11.0%	781	12.8%	838	13.5%	58	7.4%
85 & Over	223	3.9%	213	3.5%	228	3.7%	16	7.3%
Total	5,757	100.0%	6,084	100.0%	6,195	100.0%	110	1.8%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Household growth is primarily projected to occur among seniors, age 65 and older, within the Site PMA between 2019 and 2021. However, some growth will also occur among the 35 to 44 age cohort and households between the ages of 25 and 64 will comprise nearly 59.0% of all households in 2021. It is also of note that while the subject project will primarily target households within this aforementioned age cohort (25 to 64), the one- and two-bedroom garden-style units to be offered will also likely appeal to some senior households in the market and further enhance marketability of the subject project.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2019 (Estimated)		2021 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	4,273	74.2%	4,457	73.3%	4,587	74.0%
Renter-Occupied	1,484	25.8%	1,627	26.7%	1,608	26.0%
Total	5,757	100.0%	6,084	100.0%	6,195	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2019, homeowners occupied 73.3% of all occupied housing units, while the remaining 26.7% were occupied by renters. The share of renters is relatively low, though not unusual for a rural market such as the Clayton Site PMA. Although the number of renter households is projected to decline slightly between 2019 and 2021, more than 1,600 renter households will continue to exist through 2021.

The household sizes by tenure within the Site PMA, based on the 2019 estimates and 2021 projections, were distributed as follows:

Persons Per Renter Household	2019 (Estimated)		2021 (Projected)		Change 2019-2021	
	Households	Percent	Households	Percent	Households	Percent
1 Person	574	35.3%	568	35.3%	-6	-1.1%
2 Persons	444	27.3%	439	27.3%	-6	-1.2%
3 Persons	305	18.8%	306	19.0%	1	0.2%
4 Persons	156	9.6%	151	9.4%	-5	-3.1%
5 Persons+	148	9.1%	144	9.0%	-4	-2.6%
Total	1,627	100.0%	1,608	100.0%	-20	-1.2%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Persons Per Owner Household	2019 (Estimated)		2021 (Projected)		Change 2019-2021	
	Households	Percent	Households	Percent	Households	Percent
1 Person	1,006	22.6%	1,033	22.5%	27	2.7%
2 Persons	2,131	47.8%	2,203	48.0%	71	3.3%
3 Persons	631	14.2%	650	14.2%	19	3.0%
4 Persons	433	9.7%	441	9.6%	8	1.7%
5 Persons+	255	5.7%	261	5.7%	6	2.3%
Total	4,457	100.0%	4,588	100.0%	130	2.9%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The one- through three-bedroom units proposed for the subject project will allow the property to appeal to a wide range of households, in terms of household sizes, as the property will be capable of accommodating up to five-person households. This will contribute to the subject's marketability as it will be capable of accommodating most renter households in the market, based household size.

The distribution of households by income within the Clayton Site PMA is summarized as follows:

Household Income	2010 (Census)		2019 (Estimated)		2021 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	557	9.7%	605	9.9%	588	9.5%
\$10,000 to \$19,999	757	13.1%	969	15.9%	962	15.5%
\$20,000 to \$29,999	807	14.0%	776	12.8%	760	12.3%
\$30,000 to \$39,999	777	13.5%	717	11.8%	746	12.0%
\$40,000 to \$49,999	726	12.6%	602	9.9%	621	10.0%
\$50,000 to \$59,999	467	8.1%	464	7.6%	477	7.7%
\$60,000 to \$74,999	611	10.6%	582	9.6%	597	9.6%
\$75,000 to \$99,999	424	7.4%	600	9.9%	641	10.3%
\$100,000 to \$124,999	204	3.5%	349	5.7%	370	6.0%
\$125,000 to \$149,999	121	2.1%	169	2.8%	174	2.8%
\$150,000 to \$199,999	148	2.6%	119	2.0%	124	2.0%
\$200,000 & Over	158	2.7%	133	2.2%	135	2.2%
Total	5,757	100.0%	6,084	100.0%	6,195	100.0%
Median Income	\$39,749		\$39,657		\$40,663	

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2010, the median household income was \$39,749. This declined by 0.2% to \$39,657 in 2019. By 2021, it is projected that the median household income will be \$40,663, an increase of 2.5% over 2019.

The following tables illustrate renter household income by household size for 2010, 2019 and 2021 for the Clayton Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	85	65	37	30	27	243
\$10,000 to \$19,999	121	76	43	35	32	307
\$20,000 to \$29,999	102	73	42	33	30	279
\$30,000 to \$39,999	68	59	34	27	25	213
\$40,000 to \$49,999	51	50	29	23	21	174
\$50,000 to \$59,999	25	25	14	11	10	86
\$60,000 to \$74,999	31	33	19	15	14	112
\$75,000 to \$99,999	13	13	7	6	5	44
\$100,000 to \$124,999	4	4	3	2	2	15
\$125,000 to \$149,999	2	3	2	1	1	9
\$150,000 to \$199,999	0	1	0	0	0	2
\$200,000 & Over	0	1	0	0	0	2
Total	504	400	230	183	167	1,484

Source: ESRI; Urban Decision Group

Renter Households	2019 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	101	80	55	28	26	289
\$10,000 to \$19,999	180	102	70	36	34	421
\$20,000 to \$29,999	99	74	51	26	25	274
\$30,000 to \$39,999	67	59	40	21	19	206
\$40,000 to \$49,999	44	43	30	15	14	146
\$50,000 to \$59,999	21	23	16	8	8	75
\$60,000 to \$74,999	28	28	19	10	9	94
\$75,000 to \$99,999	19	19	13	7	6	65
\$100,000 to \$124,999	6	7	5	2	2	23
\$125,000 to \$149,999	3	3	2	1	1	11
\$150,000 to \$199,999	3	3	2	1	1	11
\$200,000 & Over	3	4	2	1	1	12
Total	574	444	305	156	148	1,627

Source: ESRI; Urban Decision Group

Renter Households	2021 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	97	77	54	26	25	280
\$10,000 to \$19,999	177	100	69	34	33	413
\$20,000 to \$29,999	94	71	49	24	23	262
\$30,000 to \$39,999	69	59	41	20	19	209
\$40,000 to \$49,999	44	43	30	15	14	145
\$50,000 to \$59,999	21	22	15	7	7	72
\$60,000 to \$74,999	27	27	19	9	9	90
\$75,000 to \$99,999	20	20	14	7	7	67
\$100,000 to \$124,999	6	7	5	2	2	23
\$125,000 to \$149,999	3	3	2	1	1	11
\$150,000 to \$199,999	5	5	4	2	2	17
\$200,000 & Over	5	6	4	2	2	19
Total	568	439	306	151	144	1,608

Source: ESRI; Urban Decision Group

Data from the preceding tables is used in our demand estimates.

Demographic Summary

Demographic trends are projected to be positive within the Clayton Site PMA between 2019 and 2021, both in terms of total population and household growth. This growth will be modest, however, as the household base is projected to increase by less than 2.0% during this time period. Further, household growth will be limited to owner-occupied households during this time period, though more than 1,600 renter households will continue to exist in the market through 2021. Additionally, more than 72.0% of all renter households will earn less than \$40,000 in 2021. Based on the preceding factors, the overall demographic base is considered stable and a good base of potential income-appropriate renter households will continue to exist in the market for affordable rental product such as that proposed for the subject site.

Section F – Economic Trends

1. LABOR FORCE PROFILE

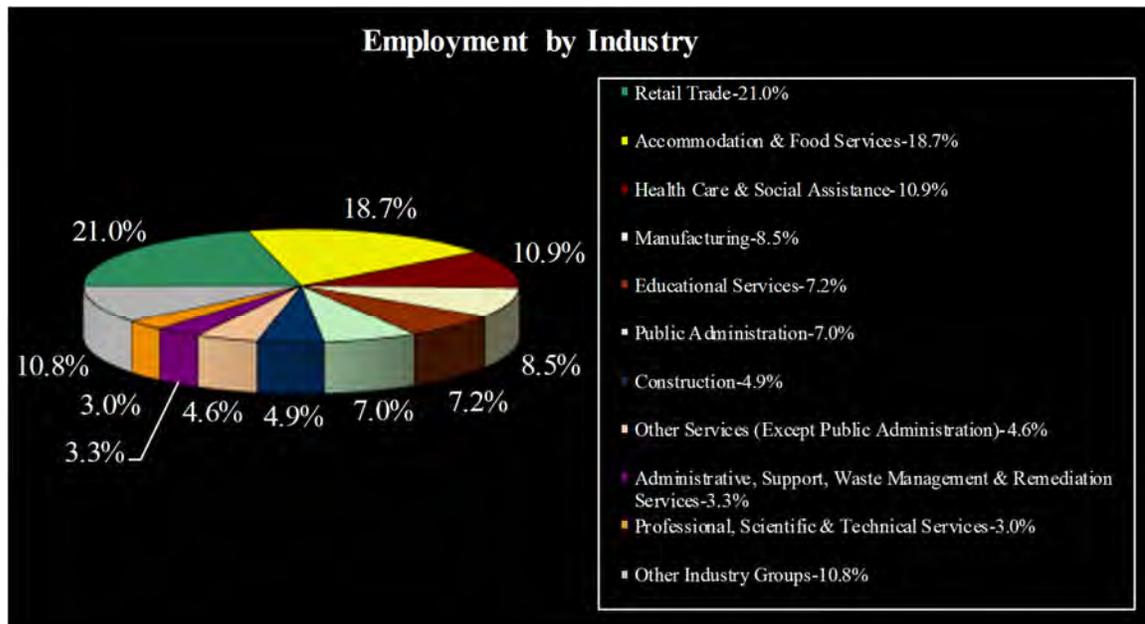
The labor force within the Clayton Site PMA is based primarily in three sectors. Retail Trade (which comprises 21.0%), Accommodation & Food Services and Health Care & Social Assistance comprise nearly 51% of the Site PMA labor force. Employment in the Clayton Site PMA, as of 2019, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	4	0.6%	22	0.3%	5.5
Mining	0	0.0%	0	0.0%	0.0
Utilities	6	0.9%	45	0.7%	7.5
Construction	59	8.4%	308	4.9%	5.2
Manufacturing	22	3.1%	533	8.5%	24.2
Wholesale Trade	12	1.7%	35	0.6%	2.9
Retail Trade	131	18.6%	1,324	21.0%	10.1
Transportation & Warehousing	6	0.9%	27	0.4%	4.5
Information	11	1.6%	59	0.9%	5.4
Finance & Insurance	30	4.3%	164	2.6%	5.5
Real Estate & Rental & Leasing	36	5.1%	159	2.5%	4.4
Professional, Scientific & Technical Services	42	6.0%	186	3.0%	4.4
Management of Companies & Enterprises	1	0.1%	1	0.0%	1.0
Administrative, Support, Waste Management & Remediation Services	22	3.1%	210	3.3%	9.5
Educational Services	10	1.4%	455	7.2%	45.5
Health Care & Social Assistance	46	6.5%	685	10.9%	14.9
Arts, Entertainment & Recreation	14	2.0%	160	2.5%	11.4
Accommodation & Food Services	81	11.5%	1,178	18.7%	14.5
Other Services (Except Public Administration)	102	14.5%	292	4.6%	2.9
Public Administration	43	6.1%	440	7.0%	10.2
Nonclassifiable	26	3.7%	10	0.2%	0.4
Total	704	100.0%	6,293	100.0%	8.9

*Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

E.P.E. - Average Employees Per Establishment

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within the Site PMA. These employees, however, are included in our labor force calculations because their places of employment are located within the Site PMA.



Typical wages by job category for the North Georgia Nonmetropolitan Area are compared with those of Georgia in the following table:

Typical Wage by Occupation Type		
Occupation Type	North Georgia Nonmetropolitan Area	Georgia
Management Occupations	\$87,850	\$117,910
Business and Financial Occupations	\$57,460	\$72,920
Computer and Mathematical Occupations	\$62,160	\$88,590
Architecture and Engineering Occupations	\$66,370	\$80,970
Community and Social Service Occupations	\$43,760	\$46,770
Art, Design, Entertainment and Sports Medicine Occupations	\$38,670	\$54,850
Healthcare Practitioners and Technical Occupations	\$65,230	\$75,690
Healthcare Support Occupations	\$27,390	\$29,910
Protective Service Occupations	\$35,940	\$39,510
Food Preparation and Serving Related Occupations	\$21,020	\$21,520
Building and Grounds Cleaning and Maintenance Occupations	\$25,490	\$26,400
Personal Care and Service Occupations	\$24,760	\$26,040
Sales and Related Occupations	\$30,010	\$37,770
Office and Administrative Support Occupations	\$32,650	\$36,670
Construction and Extraction Occupations	\$37,170	\$43,080
Installation, Maintenance and Repair Occupations	\$41,220	\$46,730
Production Occupations	\$32,540	\$35,000
Transportation and Moving Occupations	\$31,100	\$35,830

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

Most annual blue-collar salaries range from \$21,020 to \$43,760 within the North Georgia Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$67,814. It is important to note that most occupational types within the North Georgia Nonmetropolitan Area have lower typical wages than the state of Georgia's typical wages. Regardless, the proposed project will target households with incomes generally between \$18,000 and \$38,000. As such, the area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

2. MAJOR EMPLOYERS

The ten largest employers within the Rabun County area are summarized in the following table:

Employer Name	Business Type
Rabun County Schools	Education
Parkdale Mills (Aka Hanes Brand)	Textile
Mountain Lakes Medical Center	Healthcare
Walmart	Retail
Ingles	Grocer
Dillard House	Restaurant & Resort
Rabun Gap-Nacoochee School	Education
Home Depot	Retail
Mountain View Healthcare	Healthcare
Reeves Hardware	Retail

Source: Development Authority of Rabun County Georgia

According to a representative with the Development Authority of Rabun County, Georgia, the Rabun County economy is stable and has benefited from the well-performing tourism industry as there are several recreational lakes that draw people in from all over the country. The county is actively working on attracting commercial and industrial businesses to the area. Downtown Clayton is the most active area for development. The following are summaries of some recent economic development activity announcements within the Rabun County area.

- The Georgia Department of Economic Development and ELK Group International, an importer of residential and commercial lighting fixtures, announced they are working together to present a job fair to encourage employees to come to the area. The job fair is scheduled for early May 2019.
- ELK Group International expanded its facilities and added a 510,000 square-foot warehouse in Rabun Gap that created 100 additional jobs.
- Two new restaurants are planning to open in the summer of 2019 and include a deli and an Italian restaurant along Main Street.

- A mixed-use hotel and residential property is planning to be renovated in downtown, though further details were not available at the time of this report.
- The Rabun County Community Market will open in June 2019 along Savannah Street.

There are no major infrastructure projects in the development pipeline within the Rabun County area at this time, though it is of note that the city of Clayton is upgrading its water system and there are paving projects underway throughout the city.

WARN (layoff notices):

WARN Notices of large-scale layoffs/closures were reviewed on April 23, 2019, and according to the Georgia Department of Labor there has been one WARN notice reported for Rabun County over the past 18 months. Below is a table summarizing this notice.

WARN Notices				
Company	Location	Jobs	Notice Date	Effective Date
Gap Partners	Rabun Gap	64	N/A	3/29/2018

3. EMPLOYMENT TRENDS

The following tables were generated from the U.S. Department of Labor, Bureau of Labor Statistics and reflect employment trends of the county in which the site is located.

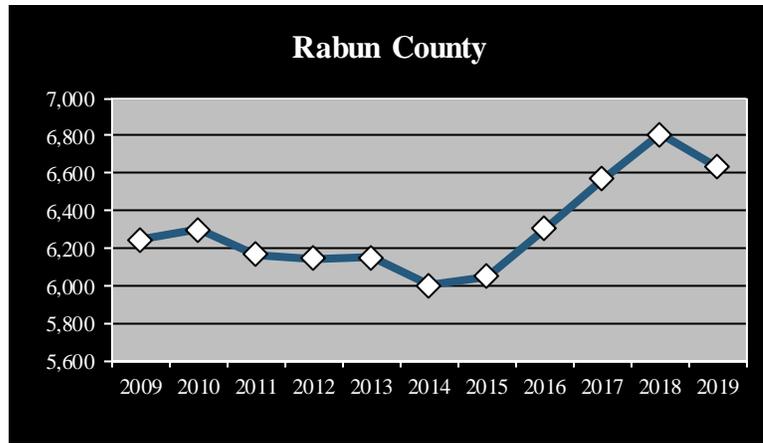
Excluding 2019, the employment base has increased by 13.5% over the past five years in Rabun County, more than the Georgia state increase of 11.4%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Rabun County, the state of Georgia and the United States.

Year	Total Employment					
	Rabun County		Georgia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2009	6,244	-	4,311,854	-	140,696,560	-
2010	6,298	0.9%	4,202,052	-2.5%	140,469,139	-0.2%
2011	6,163	-2.1%	4,263,305	1.5%	141,791,255	0.9%
2012	6,144	-0.3%	4,348,083	2.0%	143,621,634	1.3%
2013	6,146	0.0%	4,366,374	0.4%	145,017,562	1.0%
2014	5,998	-2.4%	4,403,433	0.8%	147,313,048	1.6%
2015	6,051	0.9%	4,490,414	2.0%	149,564,649	1.5%
2016	6,303	4.2%	4,658,053	3.7%	151,965,225	1.6%
2017	6,569	4.2%	4,822,263	3.5%	154,271,036	1.5%
2018	6,808	3.6%	4,906,411	1.7%	156,328,502	1.3%
2019*	6,634	-2.6%	4,908,633	0.0%	156,543,935	0.1%

Source: Department of Labor; Bureau of Labor Statistics

*Through March



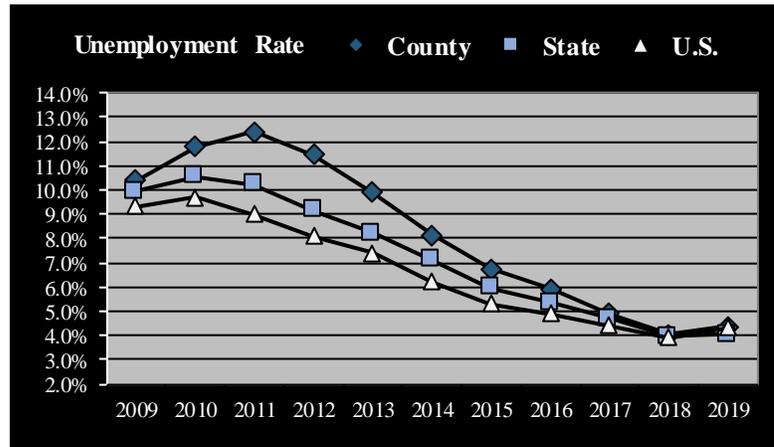
As the preceding illustrates, the Rabun County employment base increased by at least 3.6% each of the past three years and has outpaced employment growth rates for the state of Georgia during this time period. While the employment base has declined thus far in 2019, this is likely due to seasonal jobs within the area as data reported is current through March of 2019. Based on trends reported for the county since 2014, we expect the local employment base will continue to improve for the foreseeable future and that the recent decline in total employment will be short-lived.

Unemployment rates for Rabun County, the state of Georgia and the United States are illustrated as follows:

Year	Unemployment Rate		
	Rabun County	Georgia	United States
2009	10.4%	9.9%	9.3%
2010	11.8%	10.6%	9.7%
2011	12.4%	10.2%	9.0%
2012	11.5%	9.2%	8.1%
2013	9.9%	8.2%	7.4%
2014	8.1%	7.1%	6.2%
2015	6.7%	6.0%	5.3%
2016	5.9%	5.3%	4.9%
2017	4.9%	4.7%	4.4%
2018	4.0%	3.9%	3.9%
2019*	4.4%	4.0%	4.3%

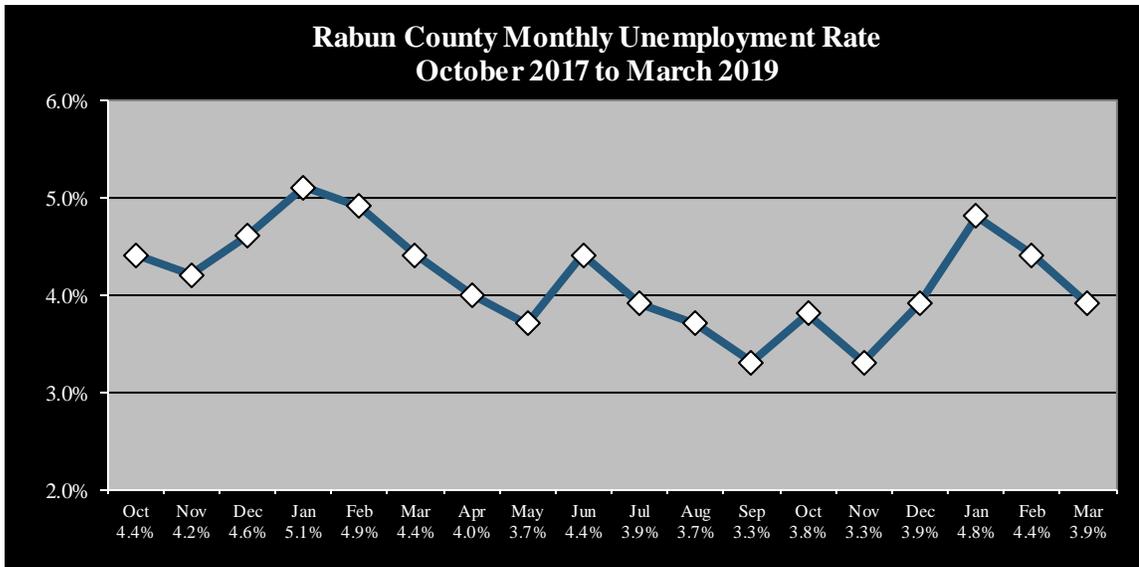
Source: Department of Labor, Bureau of Labor Statistics

*Through March



The unemployment rate in Rabun County has increased slightly thus far in 2019. However, similar to total employment trends, this is likely due to seasonal employment within the county, as the local economy is heavily influenced by the tourism industry and likely offers a notable share of seasonal jobs. This is further illustrated by the monthly unemployment rate trends provided later in this section. With the exception of recent trends in 2019, the Rabun County unemployment rate has declined each year since 2011 and by a total of more than eight full percentage points between 2011 and 2018. It is likely that the unemployment rate will continue to trend downward for the foreseeable future, despite recent increases.

The following table illustrates the monthly unemployment rate in Rabun County for the most recent 18-month period for which data is currently available.



As previously detailed, the Rabun County economy is influenced by the tourism industry and thus likely offers numerous seasonal employment opportunities. This is evident by the increases in unemployment rates during the winter months over the past 18-month period. Since January 2019, the unemployment rate has declined by nearly one full percentage point.

In-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The following illustrates the total in-place employment base for Rabun County.

In-Place Employment Rabun County			
Year	Employment	Change	Percent Change
2008	5,125	-	-
2009	4,920	-205	-4.0%
2010	4,634	-286	-5.8%
2011	4,492	-142	-3.1%
2012	4,434	-58	-1.3%
2013	4,554	120	2.7%
2014	4,543	-11	-0.2%
2015	4,738	195	4.3%
2016	4,868	130	2.7%
2017	5,005	137	2.8%
2018*	5,151	146	2.9%

Source: Department of Labor, Bureau of Labor Statistics

*Through September

Data for 2017, the most recent year that year-end figures are available, indicates in-place employment in Rabun County to be 76.2% of the total Rabun County employment. This means that Rabun County has more employed persons leaving the county for daytime employment than those who work in the county. However, this is not uncommon of a rural market such as Rabun County and is not expected to have any adverse impact on the overall marketability of the subject project.

4. ECONOMIC FORECAST

The labor force within the Clayton Site PMA is relatively well-balanced as no single industry segment represents more than 21.0% of the total labor force. However, local economic development representatives indicated that the overall Rabun County economy is heavily influenced by the tourism industry. Further, while no industry segment represents more than 21.0% of the total labor force within the Site PMA, nearly 40.0% of the labor force is comprised within the Retail and Accommodation and Food Service industries. These industry segments are also likely reflective of the presence of the tourism industry within the area and typically offer lower-wage paying positions conducive to affordable rental product such as that proposed for the subject site.

The Rabun County employment base has increased by at least 3.6% each year between 2015 and 2018, outpacing statewide averages during this time period. During this time period, more than 800 jobs have been added to the county employment base. The unemployment rate within the county has also experienced significant improvement over the past several years, declining by more than eight full percentage points between 2011 and 2018, to a rate of 4.0% through the end of 2018. Although the employment base has declined, and the unemployment rate has increased thus far in 2019 (through March), this is likely reflective of seasonal employment trends within the county and is not expected to continue through year-end, as indicated by year-end trends reported over the past ten-year period. Overall, the Rabun County economy is considered strong and is expected to continue to experience growth for the foreseeable future.

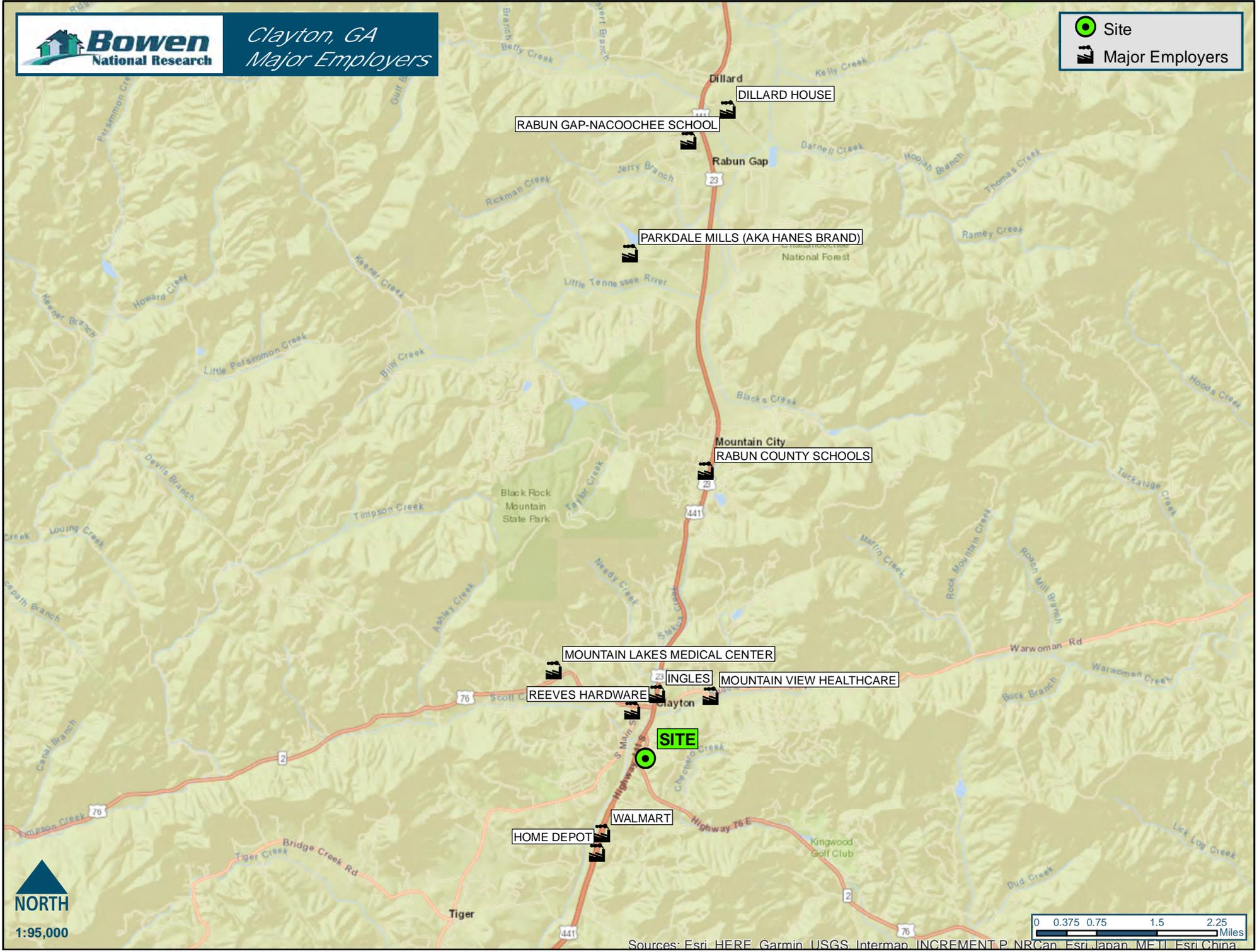
A map illustrating notable employment centers is on the following page.



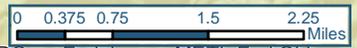
Clayton, GA
Major Employers

 Site

 Major Employers



NORTH
1:95,000



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China

Section G – Project-Specific Demand Analysis

1. DETERMINATION OF INCOME ELIGIBILITY

The number of income-eligible households necessary to support the project from the Site PMA is an important consideration in evaluating the proposed project's potential.

Under the Low-Income Housing Tax Credit (LIHTC) program, household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

The subject site is within Rabun County, Georgia, a nonmetropolitan area, which has a median four-person household income of \$49,900 for 2018. However, the project location, is eligible for the National Non-Metropolitan Income and Rent Floor adjustment. Therefore, the income restrictions for the subject project are based on the national non-metropolitan four-person median household income of \$58,400 for 2018. The subject property will be restricted to households with incomes of up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size and targeted AMHI levels.

Household Size	Targeted AMHI Maximum Allowable Income	
	50%	60%
One-Person	\$20,450	\$24,540
Two-Person	\$23,350	\$28,020
Three-Person	\$26,300	\$31,560
Four-Person	\$29,200	\$35,040
Five-Person	\$31,550	\$37,860

a. Maximum Income Limits

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income at the subject site is **\$37,860**.

b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to GDCA market study guidelines, the maximum rent-to-income ratio permitted for family projects is 35%, while older person (age 55 and older) and elderly (age 62 and older) projects should utilize a 40% rent-to-income ratio.

The proposed LIHTC units will have a lowest gross rent of \$526 (one-bedroom at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,312. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of **\$18,034**.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate range required for living at the proposed project with units built to serve households at 50% and 60% of AMHI is as follows:

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited to 50% Of AMHI)	\$18,034	\$31,550
Tax Credit (Limited to 60% Of AMHI)	\$21,806	\$37,860
Tax Credit (Overall)	\$18,034	\$37,860

2. METHODOLOGY

Demand

The following are the demand components as outlined by the Georgia Department of Community Affairs (GDCA):

- a. Demand from New Household:** **New units required in the market area due to projected household growth from migration into the market and growth from existing households in the market should be determined.** *This should be determined using current renter household data and projecting forward to the anticipated placed in service date of the project using a growth rate established from a reputable source such as ESRI or the State Data Center. This household projection must be limited to the target population, age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately. In instances where a significant number (more than 20%) of proposed units comprise three- and four-bedroom units, please refine the analysis by factoring in the number of large households (generally 5+ persons). A demand analysis that does not account for this may overestimate demand. Note that our calculations have been reduced to only include **renter-qualified** households*
- b. Demand from Existing Households:** The second source of demand should be projected from:

- **Rent overburdened households, if any, within the age group, income groups and tenure (renters) targeted for the proposed development.** *In order to achieve consistency in methodology, all analysts should assume that the rent overburdened analysis includes households paying greater than 35% (Family), or greater than 40% (Senior) of their incomes toward gross rent.*

Based on Table B25074 of the American Community Survey (ACS) 2013-2017 5-year estimates, approximately 19.9% to 28.8% (depending upon the targeted income level) of renter households within the market were rent overburdened. These households have been included in our demand analysis.

- **Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded).** *Households in substandard housing should be determined based on the age, the income bands, and the tenure that apply. The analyst should use his/her own knowledge of the market area and project to determine whether households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both rent overburdened households and from those living in substandard housing.*

Based on Table B25016 of the American Community Survey (ACS) 2013-2017 5-year estimates, 5.5% of all households in the market were living in substandard housing that lacked complete indoor plumbing or in overcrowded (1.5+ persons per room) households.

- **Elderly Homeowners likely to convert to renters:** *GDCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. This segment should not account for more than 2% of total demand. Due to the difficulty of extrapolating elderly (age 62 and older) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. A narrative of the steps taken to arrive at this demand figure must be included and any figure that accounts for more than 2% of total demand must be based on actual market conditions, as documented in the study.*

Not applicable; subject property will not be age-restricted.

- c. **Other:** *GDCA does not consider household turnover to be a source of market demand. However, if an analyst firmly believes that demand exists that is not captured by the above methods, he/she may use other indicators to estimate demand if they are fully justified (e.g. an analysis of an under built market in the base year). Any such additional indicators should be calculated separately from the demand analysis above. Such additions should be well documented by the analyst with documentation included in the Market Study.*

Net Demand

The overall demand components illustrated above are added together and the competitive supply of competitive vacant and/or units constructed in the past two years (2017/2018) is subtracted to calculate Net Demand. Vacancies in projects placed in service prior to 2017 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of supply. **GDCA requires analysts to include ALL projects that have been funded, are proposed for funding and/or received a bond allocation from GDCA, in the demand analysis, along with ALL conventional rental properties existing or planned in the market as outlined above. Competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the subject development.**

To determine the Net Supply number for each bedroom and income category, the analyst will prepare a Competitive Analysis Chart that will provide a unit breakdown of the competitive properties and list each unit type. All properties determined to be competitive with the proposed development will be included in the Supply Analysis to be used in determining Net Supply in the Primary Market Area. In cases where the analyst believes the projects are not competitive with the subject units, the analyst will include a detailed description for each property and unit type explaining why the units were excluded from the market supply calculation. (e.g., the property is on the periphery of the market area, is a market-rate property; or otherwise only partially compares to the proposed subject).

Within the Site PMA, we did not identify any rental units within the development pipeline that will directly compete with the subject project. In addition, we did not identify any directly competitive projects placed in service prior to 2017 that have not reached a stabilized occupancy of 90%. Thus, we have not considered any directly competitive supply units in our demand estimates.

The following is a summary of our demand calculations:

Demand Component	Percent of Median Household Income		
	50% AMHI (\$18,034 to \$31,550)	60% AMHI (\$21,806 to \$37,860)	Overall (\$18,034 to \$37,860)
Demand from New Households (Age- And Income-Appropriate)	376 - 389 = -13	379 - 387 = -8	507 - 519 = -12
+			
Demand from Existing Households (Rent Overburdened)	389 X 28.8% = 112	387 X 19.9% = 77	519 X 25.7% = 133
+			
Demand from Existing Households (Renters in Substandard Housing)	389 X 5.5% = 21	387 X 5.5% = 21	519 X 5.5% = 29
=			
Demand Subtotal	120	90	150
+			
Demand from Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2%	N/A	N/A	N/A
=			
Total Demand	120	90	150
-			
Supply (Directly Comparable Units Built and/or Funded Since 2017)	0	0	0
=			
Net Demand	120	90	150
Proposed Units / Net Demand	24 / 120	24 / 90	48 / 150
Capture Rate	= 20.0%	= 26.7%	= 32.0%

N/A – Not Applicable

Per GDCA guidelines, overall capture rates below 35% for projects in rural markets such as Clayton are considered acceptable. As such, the proposed project's overall capture rate of 32.0% is considered achievable within the Clayton Site PMA. Likewise, the subject's capture rates by AMHI level are also considered achievable ranging from 20.0% to 26.7%.

Based on the distribution of households by household size, our survey of conventional apartments and the distribution of bedroom types in balanced markets, the estimated shares of demand by bedroom type for the Site PMA are distributed as follows.

Estimated Demand by Bedroom	
Bedroom Type	Percent
One-Bedroom	35.0%
Two-Bedroom	40.0%
Three-Bedroom	25.0%
Total	100.0%

Applying these shares to the income-qualified households and existing competitive supply yields demand and capture rates for the proposed units by bedroom type and AMHI level as follows:

Bedroom Size (Share of Demand)	Target % of AMHI	Subject Units	Total Demand*	Supply**	Net Demand	Capture Rate	Absorption	Average Market Rent	Market Rents Band Min-Max	Subject Rents
One-Bedroom (35%)	50%	6	42	0	42	14.3%	1 Month	\$661	\$482-\$800	\$425
One-Bedroom (35%)	60%	6	31	0	31	19.4%	2 Month	\$661	\$482-\$800	\$535
One-Bedroom	Total	12	73	0	73	16.4%	2 Months	\$661	\$482-\$800	-
Two-Bedroom (40%)	50%	12	48	0	48	25.0%	2 Months	\$834	\$613-\$935	\$485
Two-Bedroom (40%)	60%	12	36	0	36	33.3%	3 Months	\$834	\$613-\$935	\$615
Two-Bedroom	Total	24	84	0	84	28.6%	4 Months	\$834	\$613-\$935	-
Three-Bedroom (25%)	50%	6	30	0	30	20.0%	1 Month	\$955	\$725-\$1,020	\$520
Three-Bedroom (25%)	60%	6	23	0	23	26.1%	2 Months	\$955	\$725-\$1,020	\$670
Three-Bedroom	Total	12	53	0	53	22.6%	2 Months	\$955	\$725-\$1,020	-

*Includes overlap between the targeted income levels at the subject site.

**Directly comparable units built and/or funded in the project market over the projection period.

Average Market Rent is the weighted average collected rent reported at comparable market-rate properties as identified in *Addendum E*.

The capture rates by bedroom type and targeted income level range from 14.3% to 33.3%. These capture rates are below GDCA's capture rate thresholds and are considered achievable. This indicates that a sufficient base of income-appropriate renter household support exists in the Clayton Site PMA for each of the unit types proposed for the subject development.

Supplemental Special Needs Demand Estimates

As detailed throughout this report, the subject project will offer five (5) units that will also operate with a HUD Section 811 subsidy and target disabled households. As a single person/household could be classified as having multiple disabilities, we have conservatively only considered physically disabled households for this analysis in order to eliminate double-counting. Within the Clayton Site PMA, there are a total 1,429 persons with an ambulatory (physical) disability, based on 2013-2017 American Community Survey (ACS) 5-Year Estimates-Table S1810.

Income data for the special needs population is difficult to obtain given the transient nature, instability of work history, and/or physical illness of this special needs population. However, the subject units will be restricted to households earning up to 60% of Area Median Household Income (AMHI) as detailed in *Section III*. Considering the income levels targeted and unit types offered, the subject's disabled units could potentially accommodate households earning up to \$37,860. The minimum income requirement for the special needs units will effectively be \$0 as the subsidy will allow the property to accommodate households earning little to no income.

The following table summarizes the subject's special needs capture rates based on the preceding factors:

	Disabled Capture Rate
Physically Disabled Households	1,429
x Site PMA Renter Share	x 26.7%
x Income Qualified Share	x 70.4%
= Total Qualified Households	= 269
Proposed Units / Qualified Households	5 / 269
= Capture Rate	= 1.9%

Utilizing this methodology, the subject's capture rate of 1.9% for the special needs units is considered low and indicative of a deep base of potential support for these proposed unit types.

Section H – Rental Housing Analysis (Supply)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Clayton Site PMA in 2010 and 2019 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2019 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	5,757	61.2%	6,084	59.3%
Owner-Occupied	4,273	74.2%	4,457	73.3%
Renter-Occupied	1,484	25.8%	1,627	26.7%
Vacant	3,645	38.8%	4,173	40.7%
Total	9,402	100.0%	10,257	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2019 update of the 2010 Census, of the 10,257 total housing units in the market, 40.7% were vacant. While this is considered a high share of vacant housing units, it is important to understand that this includes units which are vacant due to circumstances other than being vacant long-term rental/for-sale housing units. This includes units which may be vacant due to being utilized solely for seasonal/recreational purposes, which is likely a common occurrence in a tourism-based area such as the Clayton/Rabun County area.

The following table illustrates the status of vacant units within the Site PMA.

Vacant Units	Number	Percent
For Rent	229	5.3%
For-Sale Only	178	4.1%
Renter/Sold, Not Occ.	199	4.6%
Seasonal or Recreational	3,248	74.8%
Other Vacant	489	11.3%
Total	4,343	100.0%

Source: American Community Survey (2013-2017); ESRI; Urban Decision Group; Bowen National Research

As the preceding illustrates, nearly three-quarters (74.8%) of all vacant housing units in the Clayton Site PMA are classified as “Seasonal or Recreational” while more than 11.0% are classified as “Other Vacant”. Along with the fact that approximately only 5.0% of vacant units are classified as “For Rent”, these trends are good indications that the high share of vacant units reported in the table earlier on this page are not solely reflective of long-term rental units within the Clayton market. Nonetheless, we have conducted a Field Survey of Conventional Rentals to better determine the strength of the long-term rental market within the Site PMA.

The Clayton Site PMA is mostly rural and offers a limited supply of conventional rental product, which is evident by the fact that we identified and personally surveyed just three conventional rental housing projects containing a total of 165 units within the Site PMA. Each rental housing segment surveyed is summarized in the following table.

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-Rate	1	65	32	50.8%
Market-Rate/Tax Credit	1	64	0	100.0%
Tax Credit/Government-Subsidized	1	36	0	100.0%
Total	3	165	32	80.6%

The three properties surveyed all differ in terms of product type, as illustrated in the preceding table. The 165 units offered among these properties are 80.6% occupied. While this is a less than stable overall occupancy rate, it is important to understand that all 32 vacant units are concentrated at one property, Stave Mill Apartments (Map ID 2), a market-rate property. Management at this property attributed the currently vacant units to unemployment trends in the local market. However, it is important to point out that the one additional property surveyed which offers non-subsidized units, Vista Ridge (Map ID 3), is 100.0% occupied with a 112-household waiting list. Also, the rents at Vista Ridge are significantly higher than those reported at Stave Mill Apartments, indicating that affordability is likely not a factor contributing to the vacancy issues at Stave Mill Apartments. The aforementioned Stave Mill Apartments property is also the oldest and lowest quality property surveyed in the Site PMA, likely contributing to the performance of this property. Based on the preceding factors, we do not consider the low occupancy rate at this property to be market-related.

The following table summarizes the breakdown of market-rate and non-subsidized Tax Credit units surveyed within the Site PMA.

Market-Rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	20	27.8%	10	50.0%	\$474
Two-Bedroom	1.0	20	27.8%	10	50.0%	\$601
Two-Bedroom	1.5	19	26.4%	9	47.4%	\$655
Two-Bedroom	2.0	4	5.6%	0	0.0%	\$811
Three-Bedroom	1.5	6	8.3%	3	50.0%	\$688
Three-Bedroom	2.0	3	4.2%	0	0.0%	\$958
Total Market-Rate		72	100.0%	32	44.4%	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
Two-Bedroom	2.0	22	38.6%	0	0.0%	\$666
Three-Bedroom	2.0	27	47.4%	0	0.0%	\$921
Four-Bedroom	2.0	8	14.0%	0	0.0%	\$857
Total Tax Credit		57	100.0%	0	0.0%	-

The one non-subsidized Tax Credit property surveyed in the Site PMA, Vista Ridge (Map ID 3), offers two- through four-bedroom units, all of which are occupied as evident in the preceding table. This is a good indication of strong demand for general-occupancy Tax Credit product among households of all sizes. It is also of note that the lack of one-bedroom Tax Credit units in this market will likely create a competitive advantage for the subject development which will offer one- through three-bedroom units. This is particularly true when considering that one-person households represent more than 35.0% of all renter households in the Site PMA.

2. SUMMARY OF ASSISTED PROJECTS

We identified and surveyed a total of two federally subsidized and/or Tax Credit apartment developments in the Clayton Site PMA. These projects were surveyed in March 2019 and are summarized as follows:

Map I.D.	Project Name	Type	Year Built	Total Units	Occupancy	Gross Rent (Unit Mix)				
						Studio	One-Br.	Two-Br.	Three-Br.	Four-Br.
1	Brooks Lane Apts.	TAX & RD 515	1995	36	100.0%	-	\$688 - \$771 (35)	\$779 - \$875 (1)	-	-
3	Vista Ridge	TAX	2005	57*	100.0%	-	-	\$666 - \$798 (22)	\$769 - \$921 (27)	\$857 - \$1027 (8)
Total				93	100.0%					

Note: Contact names and method of contact, as well as amenities and other features are listed in the field survey
 TAX - Tax Credit
 RD - Rural Development
 *Market-rate units not included

The two federally subsidized and/or Tax Credit properties surveyed are both 100.0% occupied and maintain waiting lists ranging from 25- to 112-households. Notably, Brooks Lane Apartments (Map ID 1) is age-restricted while Vista Ridge (Map ID 3) is general-occupancy. Thus, demand appears to be strong for both family- and senior-oriented affordable rental product in this market. The one- through three-bedroom garden-style units to be offered at the subject project are expected to contribute to the subject’s ability to attract renters of all ages.

Housing Choice Voucher Holders

Despite multiple attempts, we have been unable to receive a response from local officials regarding the current status of the Housing Choice Voucher program within the Clayton/Rabun County area. However, it is of note that only one (1) of the 165 total units surveyed in the Clayton Site PMA is known to be occupied by a tenant which currently holds a Housing Choice Voucher. Thus, voucher support appears to be very modest within the Clayton Site PMA.



Nonetheless, if the rents do not exceed the payment standards established by the local/regional housing authority, households with Housing Choice Vouchers may be willing to reside at a LIHTC project. Established by the Georgia Department of Community Affairs (GDCA), the payment standards for Rabun County, as well as the proposed subject gross rents, are summarized in the following table:

Bedroom Type	Payment Standards	Proposed Tax Credit Gross Rents (AMHI)
One-Bedroom	\$598	\$526 (50%) \$636 (60%)
Two-Bedroom	\$792	\$612 (50%) \$742 (60%)
Three-Bedroom	\$1,051	\$680 (50%) \$830 (60%)

As the preceding table illustrates, most of the proposed gross rents are below the payment standards for Rabun County. As such, those who hold Housing Choice Vouchers will likely respond to the subject development, though this potential base of support is expected to be minimal based on the trends of existing conventional rental properties surveyed in the Site PMA.

3. PLANNED MULTIFAMILY DEVELOPMENT

Based on our interviews with planning representatives, it was determined that there are no rental housing projects planned within the Site PMA.

Building Permit Data

The following table illustrates single-family and multifamily building permits issued within Rabun County for the most recent ten-year period available (2008-2017):

Housing Unit Building Permits for Rabun County:										
Permits	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Multifamily Permits	22	13	16	19	24	0	0	0	0	0
Single-Family Permits	141	75	49	61	47	48	47	52	55	62
Total Units	163	88	65	80	71	48	47	52	55	62

Source: SOCDS Building Permits Database at <http://socds.huduser.org/permits/index.html>

While there have been some permits issued within the county during this ten-year period, there have been no multifamily building permits issued since 2012. It is also of note that the newest property identified and surveyed in the Clayton Site PMA, Vista Ridge (Map ID 3), was built in 2005. Thus, it is likely that the multifamily building permits issued during the aforementioned ten-year period have been outside the Clayton area in other portions of the county.

4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Tax Credit Units

The proposed subject project will offer one- through three-bedroom units targeting general-occupancy (family) households earning up to 50% and 60% of Area Median Household Income (AMHI) under the Low-Income Housing Tax Credit (LIHTC) program. As detailed throughout this report, only one non-subsidized LIHTC property was identified within the Clayton Site PMA. This property, Vista Ridge (Map ID 3), is expected to be competitive with the proposed subject project due to the unit types offered and targeted population segment and has therefore been included in our comparable/competitive analysis.

Due to the limited supply of comparable LIHTC product within the Site PMA, we also identified and surveyed four additional general-occupancy LIHTC properties outside the Site PMA but within the surrounding areas of Cleveland, Cornelia, and Toccoa, Georgia. Due to the location of these properties, they are not expected to compete with the subject project. They will, however, offer a good additional base of comparison given the unit types offered and income levels targeted.

The five comparable LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address and phone number, contact name, date of contact and utility responsibility is included in *Addendum B, Comparable Property Profiles*.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Peaks of Clayton	2021	48	-	-	-	Families and Disabled; 50% & 60% AMHI and Section 811
3	Vista Ridge	2005	57*	100.0%	4.3 Miles	112 HH	Families; 50% & 60% AMHI
902	Fern Point Apts.	2012	48	100.0%	31.5 Miles	6-12 Months	Families; 50% & 60% AMHI
903	Heritage Gardens	2006	64*	100.0%	34.0 Miles	100 HH	Families; 30%, 50%, & 60% AMHI
904	Peaks of Cornelia	2018	68*	100.0%	32.5 Miles	80 HH	Families; 50% & 60% AMHI
905	White Hall Commons	2009	43*	100.0%	40.4 Miles	2-3 Months	Families; 50% & 60% AMHI

900 Series Map IDs are located outside the Site PMA

OCC. – Occupancy

HH - Households

*Tax Credit units only

The five LIHTC projects have a combined occupancy rate of 100.0% and all five maintain waiting lists for their next available units. Notably, the one property located in the Site PMA, Vista Ridge (Map ID 3), maintains a waiting list of 112-households. This is a clear indication of strong and pent-up demand for general-occupancy LIHTC product in the market.

The newest property surveyed, Peaks of Cornelia (Map ID 904), began preleasing units in April of 2018 and reached 100.0% occupancy by the time of opening in July of 2018. This is reflective of an average monthly absorption rate of approximately 20 units per month during this time period. This further demonstrates demand for LIHTC product in the region.

The map on the following page illustrates the location of the comparable Tax Credit properties relative to the proposed site location.

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)				Rent Special
		One-Br.	Two-Br.	Three-Br.	Four-Br.	
Site	Peaks of Clayton	\$526/50% (6) \$636/60% (6)	\$612/50% (12) \$742/60% (12)	\$680/50% (6) \$830/60% (6)	-	-
3	Vista Ridge	-	\$666/50% (17/0) \$798/60% (5/0)	\$769/50% (7/0) \$921/60% (20/0)	\$857/50% (7/0) \$1,027/60% (1/0)	None
902	Fern Point Apts.	\$519/50% (2/0) \$569/60% (8/0)	\$591/50% (4/0) \$686/60% (24/0)	\$685/50% (2/0) \$800/60% (8/0)	-	None
903	Heritage Gardens	\$304/30% (2/0) \$502/50% (11/0) \$602/60% (3/0)	\$366/30% (5/0) \$605/50% (18/0) \$724/60% (9/0)	\$422/30% (2/0) \$698/50% (11/0) \$835/60% (3/0)	-	None
904	Peaks of Cornelia	\$490/50% (3/0) \$584/60% (3/0)	\$611/50% (18/0) \$688/60% (18/0)	\$745/50% (13/0) \$820/60% (13/0)	-	None
905	White Hall Commons	-	\$623/50% (9/0) \$747/60% (5/0)	\$719/50% (14/0) \$865/60% (10/0)	\$801/50% (4/0) \$960/60% (1/0)	None

900 Series Map IDs are located outside the Site PMA

The subject's proposed gross Tax Credit rents are generally within range of those reported among the comparable properties surveyed. In fact, the subject's two- and three-bedroom rents are positioned below those reported at the one property located in the Site PMA, Vista Ridge (Map ID 3). Although this property does not offer one-bedroom units, the subject's one-bedroom rents appear to be appropriate for the market based on their relation to the two-bedroom rents reported at the one property surveyed in the market and the one-bedroom rents reported among the properties surveyed outside the Site PMA.

The following table illustrates the weighted average *collected* rents of the comparable LIHTC units by bedroom type and targeted income level:

Weighted Average Collected Rent of Comparable LIHTC Units (AMHI)		
One-Br.	Two-Br.	Three-Br.
\$422 (50%)	\$514 (50%)	\$581 (50%)
\$480 (60%)	\$582 (60%)	\$720 (60%)

The rent advantage for the proposed Tax Credit units is calculated as follows (average weighted collected LIHTC rent – proposed LIHTC rent) / proposed LIHTC rent).

Bedrooms	Weighted Avg. Rent (AMHI)	Proposed Rent (AMHI)	Difference	Proposed Rent (AMHI)	Rent Advantage
One-Br.	\$422 (50%)	- \$425 (50%)	- \$3	/ \$425 (50%)	- 0.7%
	\$480 (60%)	- \$535 (60%)	- \$55	/ \$535 (60%)	- 10.3%
Two-Br.	\$514 (50%)	- \$485 (50%)	\$29	/ \$485 (50%)	6.0%
	\$582 (60%)	- \$615 (60%)	- \$33	/ \$615 (60%)	- 5.4%
Three-Br.	\$581 (50%)	- \$520 (50%)	\$61	/ \$520 (50%)	11.7%
	\$720 (60%)	- \$670 (60%)	\$50	/ \$720 (60%)	6.9%

As the preceding table illustrates, some of the subject’s proposed *collected* rents represent little to no rent advantage. However, it should be noted that this analysis is reflective of the collected rent and does not account for utility responsibilities and/or other features of the subject project, including the subject’s newness, which will enable it to charge higher rents. Therefore, caution must be used when drawing any conclusions. A complete analysis of the achievable market rent by bedroom type and the rent advantage of the proposed development’s collected rents are included in *Addendum E* of this report.

The unit sizes (square footage) and number of bathrooms included in each of the different LIHTC unit types offered in the market and region are compared with the subject development in the following tables:

Map I.D.	Project Name	Square Footage			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Peaks of Clayton	652	853	1,101	-
3	Vista Ridge	-	878	1,104	1,372
902	Fern Point Apts.	775	1,162	1,260	-
903	Heritage Gardens	856	1,074	1,304	-
904	Peaks of Cornelia	705	1,000	1,105	-
905	White Hall Commons	-	1,099	1,308	1,442

900 Series Map IDs are located outside the Site PMA

Map I.D.	Project Name	Number of Baths			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Peaks of Clayton	1.0	2.0	2.0	-
3	Vista Ridge	-	2.0	2.0	2.0
902	Fern Point Apts.	1.0	2.0	2.0	-
903	Heritage Gardens	1.0	2.0	2.0	-
904	Peaks of Cornelia	1.0	2.0	2.0	-
905	White Hall Commons	-	2.0	2.0	2.0

900 Series Map IDs are located outside the Site PMA

The proposed development will be competitive with the existing LIHTC projects in the market and region based on unit size (square footage) and the number of baths offered, though it is of note that the subject unit sizes (square feet) will be the smallest among the comparable properties. Nonetheless, given the newness of the subject project and significant pent-up demand for LIHTC product in this market, the smaller unit sizes are not expected to have any adverse impact on the subject’s overall marketability.

The following tables compare the amenities of the subject development with the other LIHTC projects in the market and region.

Tax Credit Unit Amenities by Map ID							
	Site**	3	902	903	904	905	
Appliances	Dishwasher	X	X	X	X	X	X
	Disposal	X	X	X		X	X
	Icemaker		X	X		X	X
	Microwave	X		X	X	X	X
	Range	X	X	X	X	X	X
	Refrigerator	X	X	X	X	X	X
	No Appliances						
Unit Amenities	AC-Central	X	X	X	X	X	X
	AC-Other						
	Balcony						
	Deck / Patio				X		
	Basement						
	Ceiling Fan	X	S	X	X	X	X
	Controlled Access						
	E-Call System						S
	Fireplace						
	Furnished						
	Security System						
	W/D Hookup Only		X	X		X	X
	W/D Included	X			S	X	
	Walk-In Closet						
	Window Treatments	X	X	X	X	X	X
Flooring	Carpet	X	X	X	X	X	X
	Ceramic Tile						
	Composite (VCT)						
	Hardwood						
	Finished Concrete						
	Vinyl	X					
	Wood Laminate						X
Upgraded	Premium Appliances						
	Premium Countertops						
	Premium Cabinetry						
	Premium Fixtures						
	High Ceilings						
	Vaulted Ceilings						
	Crown Molding						
	Oversized Windows						
Parking	Attached Garage						
	Detached Garage						
	Surface Lot	X	X	X	X	X	X
	Carport						
	Property Parking Garage						
	Podium Parking						
	No Provided Parking						

* Details in Comparable Property Profile Report

** Proposed Site(s): Peaks of Clayton

X = All Units, S = Some Units, O = Optional with Fee

Tax Credit Property Amenities by Map ID

	Site**	3	902	903	904	905
Bike Racks						
Business Center *	X	X	X		X	X
Car Care *						
Common Patio						
Community Garden	X		X			X
Activity / Craft Room			X			
Chapel						
Clubhouse	X			X	X	
Conference Room						
Community Kitchen						
Dining Room - Private						
Dining Room - Public						
Rooftop Lounge						
Study Lounge						
TV Lounge						
Concierge Service *						
Convenience Amenities *						
Courtyard						
Covered Outdoor Area *				X		
Elevator	X					
Laundry Room	X	X	X	X		X
Meals						
On-Site Management	X	X	X	X	X	X
Pet Care *						
Basketball				X		
Bocce Ball						
Firepit						
Fitness Center	X	X	X	X		X
Grill						
Game Room - Billiards						
Hiking - Walking Trail			X			
Hot Tub						
Media Library						X
Media Room						
Picnic Table	X	X		X	X	X
Playground	X	X	X	X	X	X
Putting Green						
Racquetball						
Soccer						
Swimming Pool - Indoor						
Swimming Pool - Outdoor		X		X		X
Tennis						
Track						
Volleyball						
CCTV						
Courtesy Officer						
Gated Community						
Gated Parking						
Police Substation						
Social Services *	X	X				
Storage - Extra						
Water Feature						

* Details in Comparable Property Profile Report

** Proposed Site(s): Peaks of Clayton

X = All Units, S = Some Units, O = Optional with Fee

The amenity package proposed for the subject site is considered competitive and marketable, both in terms of unit and project amenities, as detailed in the preceding tables. The subject project does not appear to lack any key amenities that would adversely impact its marketability within the Clayton market, particularly when considering the newness of the subject property and the significant pent-up demand for additional LIHTC product in this market. In fact, the inclusion of in-unit washer/dryer appliances and elevator access within the subject building are expected to create a competitive advantage for the property.

Comparable/Competitive Tax Credit Summary

A limited supply of general-occupancy LIHTC product is offered within the Clayton Site PMA as only one such property was surveyed. This property, Vista Ridge (Map ID 3), is 100.0% occupied and maintains a waiting list of 112-households for its next available unit. The subject project will help alleviate a portion of the pent-up demand in the Clayton market. The subject’s proposed gross Tax Credit rents are lower than those reported at the aforementioned Vista Ridge property and the subject development will offer the only non-subsidized one-bedroom LIHTC units in the Site PMA. These characteristics are expected to create a competitive advantage for the property. The subject development will also be marketable in terms of unit size (square feet), number of bathrooms offered, and amenities offered. Overall, the proposed project is considered marketable and will represent a value to low-income households within the Clayton Site PMA.

Competitive Housing Impact

The anticipated occupancy rate of the one existing comparable/competitive Tax Credit development located *in the Site PMA* following completion of the subject project is as follows:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2021
3	Vista Ridge	100.0%	95.0% +

As detailed throughout this section of the report, the one existing comparable/competitive LIHTC property within the Site PMA is currently 100.0% occupied and maintains a waiting list for its next available unit. Based on this high occupancy rate and considering the general lack of family-oriented LIHTC product, and demographic projections for the Clayton market, we do not expect the subject development to have any adverse impact on future occupancy rates at this aforementioned property.

One-page profiles of the Comparable/Competitive Tax Credit properties are included in *Addendum B* of this report.

5. SINGLE-FAMILY HOME IMPACT

According to ESRI, the median home value within the Site PMA was \$193,179. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$193,179 home is \$1,162, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$193,179
Mortgaged Value = 95% of Median Home Price	\$183,520
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$930
Estimated Taxes and Insurance*	\$232
Estimated Monthly Mortgage Payment	\$1,162

*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$425 to \$670 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is at least \$492 greater than the cost of renting at the subject project. Considering the significantly higher cost of homeownership in this market, we do not anticipate any competitive overlap between the subject project and the homebuyer market.

Section I – Absorption & Stabilization Rates

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow GDCA guidelines that assume a 2021 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2021.

Considering the facts contained in the market study and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the subject development. Our absorption projections take into consideration the high occupancy rates and waiting lists maintained among the existing comparable LIHTC properties in the market and region, as well as the limited supply of existing comparable LIHTC product in the Clayton Site PMA. The subject's competitive position among existing comparable product surveyed, has also been considered in our absorption projections. We also consider the subject's capture rate and achievable market rents.

Based on our analysis, it is our opinion that the 48 proposed units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately four months of opening. This absorption period is based on an average monthly absorption rate of approximately 11 to 12 units per month.

These absorption projections assume a May 2021 opening date. A different opening date may impact the absorption potential (positively or negatively) for the subject project. Further, these absorption projections assume the project will be built and operated as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development ultimately receives.

Section J – Interviews

The following are summaries of interviews conducted with various local sources regarding the need for affordable housing within the Clayton Site PMA.

- Scott Dills, Zoning Administrator for the City of Clayton, stated there is a need for affordable housing in the area. Mr. Dills explained that the area attracts residents from the Carolina's that come across the border to Georgia looking for affordable housing. Also, there are a lot of young people that are working and paying 50% of their income towards housing. These cost burdened households would certainly benefit from additional affordable housing alternatives in the area. Mr. Dills also stated there are elderly residents that need affordable housing in the area as Clayton is a tourist destination and attracts seniors that are looking to relocate to a warmer climate.
- Rick Story, Director of Development for the Development Authority of Rabun County Georgia, stated that there is an absolute need for affordable housing in the area, particularly for families. Mr. Story explained that the working class are paying a lot of their income towards housing and housing options for working people are very limited in the area. Since there are fewer housing options, the rent keeps going up and it creates a situation where available apartments become unaffordable for the average worker. Mr. Story is certain that any affordable housing that becomes available will quickly be occupied because the need is dire.
- Chashe Hunnicut is the Site Manager for Brooks Lane Apartments, an age-restricted Tax Credit and government-subsidized community located in the Site PMA. Ms. Hunnicut stated that she feels there is definitely a need for affordable housing in the Clayton area, noting that her property is 100.0% occupied with a waiting list. Ms. Hunnicut also said that she feels senior and disabled housing is specifically needed in Clayton.

Section K – Conclusions & Recommendations

Based on the findings reported in our market study, it is our opinion that a market exists for the 48 units proposed at the subject site, assuming it is developed and operated as detailed in this report. Changes in the project's site, rent, amenities or opening date may alter these findings.

The subject site location is considered conducive to affordable multifamily rental product and is within a good quality area which will contribute to the project's overall marketability. The subject site is also located within proximity of most basic area services and various arterial roadways which will also enhance the subject's overall marketability.

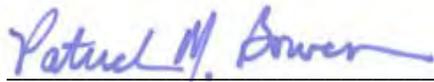
Although modest, demographic growth is projected within the Clayton Site PMA between 2019 and 2021 (subject site opening), in terms of both population and household growth. However, the number of renter households is projected to decline during this time period, though at a slow annual rate of less than ten households. More than 1,600 renter households will continue to exist in the market in 2021, with more than 72.0% of all renter households projected to earn less than \$40,000, conducive to affordable rental product such as that proposed for the subject site. The subject's overall capture rate of 32.0% is further indication of a sufficient base of potential support for the subject project and is below the GDCA threshold of 35% for rural markets such as Clayton.

A very limited supply of general-occupancy (family) LIHTC product is offered within the Clayton Site PMA, as only one such property was identified and surveyed. This property, Vista Ridge, is 100.0% occupied with a 112-household waiting list. The four additional comparable LIHTC properties surveyed outside the Site PMA are also 100.0% occupied with waiting lists, further demonstrating the pent-up demand for LIHTC product in the market and surrounding region. The subject's proposed rents are set below those reported at the one comparable property located in the Site PMA, Vista Ridge. In addition, the property will offer the only non-subsidized one-bedroom LIHTC units in the Clayton market. These aforementioned factors are expected to create a competitive advantage for the subject property and help fill a void in the local rental market.

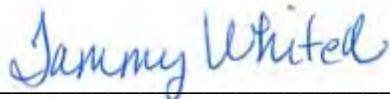
Overall, the subject project is considered marketable as proposed and is not expected to have any adverse impact on future occupancy rates among existing comparable/competitive LIHTC product in this market. In fact, we expect the subject development will help to alleviate only a portion of the pent-up demand for LIHTC product in the Clayton Site PMA. We have no recommendations to the subject project at this time.

Section L - Signed Statement

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study regarding the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in the Georgia Department of Community Affairs (GDCA) rental housing programs. I also affirm that I have no interest in the project or any relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written in accordance with my understanding of the GDCA market study manual and GDCA Qualified Action Plan.



Patrick M. Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: May 7, 2019



Tammy Whited
Market Analyst
tammyw@bowennational.com
Date: May 7, 2019



Craig Rupert
Market Analyst
craigr@bowennational.com
Date: May 7, 2019

Section M – Market Study Representation

The Georgia Department of Community Affairs (GDCA) may rely on the representation made in the market study and that the market study is assignable to other lenders that are parties to the GDCA loan transaction.

Section N - Qualifications

The Company

Bowen National Research employs an expert staff to ensure that each market study is of the utmost quality. Each staff member has hands-on experience evaluating sites and comparable properties, analyzing market characteristics and trends, and providing realistic recommendations and conclusions. The Bowen National Research staff has the expertise to provide the answers for your development.

Company Leadership

Patrick Bowen is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, since 1996. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

Desireé Johnson is the Director of Operations for Bowen National Research. Ms. Johnson is responsible for all client relations, the procurement of work contracts, and the overall supervision and day-to-day operations of the company. She has been involved in the real estate market research industry since 2006. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

Market Analysts

Christopher T. Bunch, Market Analyst has over ten years of professional experience in real estate, including five years of experience in the real estate market research field. Mr. Bunch is responsible for preparing market feasibility studies for a variety of clients. Mr. Bunch earned a bachelor's degree in Geography with a concentration in Urban and Regional Planning from Ohio University in Athens, Ohio.

Jeff Peters, Market Analyst, has conducted on-site inspection and analysis for rental properties throughout the country since 2014. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Peters graduated from The Ohio State University with a Bachelor of Arts in Economics.

Lisa Goff, Market Analyst, has conducted site-specific analyses in both rural and urban markets throughout the country. She is also experienced in the day-to-day operation and financing of Low-Income Housing Tax Credit and subsidized properties, which gives her a unique understanding of the impact of housing development on current market conditions.

Gregory Piduch, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Piduch holds a Bachelor of Arts in Communication and Rhetoric from the University of Albany, State University of New York and a Master of Professional Studies in Sports Industry Management from Georgetown University.

Craig Rupert, Market Analyst, has conducted market analysis in both urban and rural markets throughout the United States since 2010. Mr. Rupert is experienced in the evaluation of multiple types of housing programs, including market-rate, Tax Credit and various government subsidies and uses this knowledge and research to provide both qualitative and quantitative analysis. Mr. Rupert has a degree in Hospitality Management from Youngstown State University.

Jack Wiseman, Market Analyst, has conducted extensive market research in over 200 markets throughout the United States since 2007. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, student housing, and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

Tammy Whited, Market Analyst, has conducted site-specific analyses in both rural and urban markets throughout the country. She is also experienced in the day-to-day operation and financing of Low-Income Housing Tax Credit and subsidized properties, which gives her a unique understanding of the impact of housing development on current market conditions.

Faysal Ahmed, Market Analyst, has a background in multifamily property management. This experience has provided him with inside knowledge of the day-to-day operations of rental housing. Mr. Ahmed holds a Bachelor of Public Affairs from The Ohio State University and a Master of Science in Applied Economics from Southern New Hampshire University.

Zachary Seaman, Market Analyst, has experience in the property management industry and has managed a variety of rental housing types. He has the ability to analyze market and economic trends and conditions, as well as to assess a proposed site's ability to perform successfully in the market.

Research Staff

Bowen National Research employs a staff of in-house researchers who are experienced in the surveying and evaluation of all rental and for-sale housing types, as well as in conducting interviews and surveys with city officials, economic development offices, chambers of commerce, housing authorities and residents.

Stephanie Viren is the Research and Travel Coordinator at Bowen National Research. Ms. Viren focuses on collecting detailed data concerning housing conditions in various markets throughout the United States. Ms. Viren has extensive interviewing skills and experience and also possesses the expertise necessary to conduct surveys of diverse pools of respondents regarding population and housing trends, housing marketability, economic development and other socioeconomic issues relative to the housing industry. Ms. Viren's professional specialty is condominium and senior housing research. Ms. Viren earned a Bachelor of Arts in Business Administration from Heidelberg University.

Kelly Wiseman, Research Specialist Director, has significant experience in the evaluation and surveying of housing projects operating under a variety of programs. In addition, she has conducted numerous interviews with experts throughout the country, including economic development, planning, housing authorities and other stakeholders.

June Davis, Office Manager of Bowen National Research, has been in the market feasibility research industry since 1988. Ms. Davis has overseen production on over 20,000 market studies for projects throughout the United States.

"
"
"
"
"
"
"
"
"
"

"CFF GP FWO "C"
"

HGNF "UWTXGL "QH"
EQP XGP VKP CN"CRCTVO GP VU"

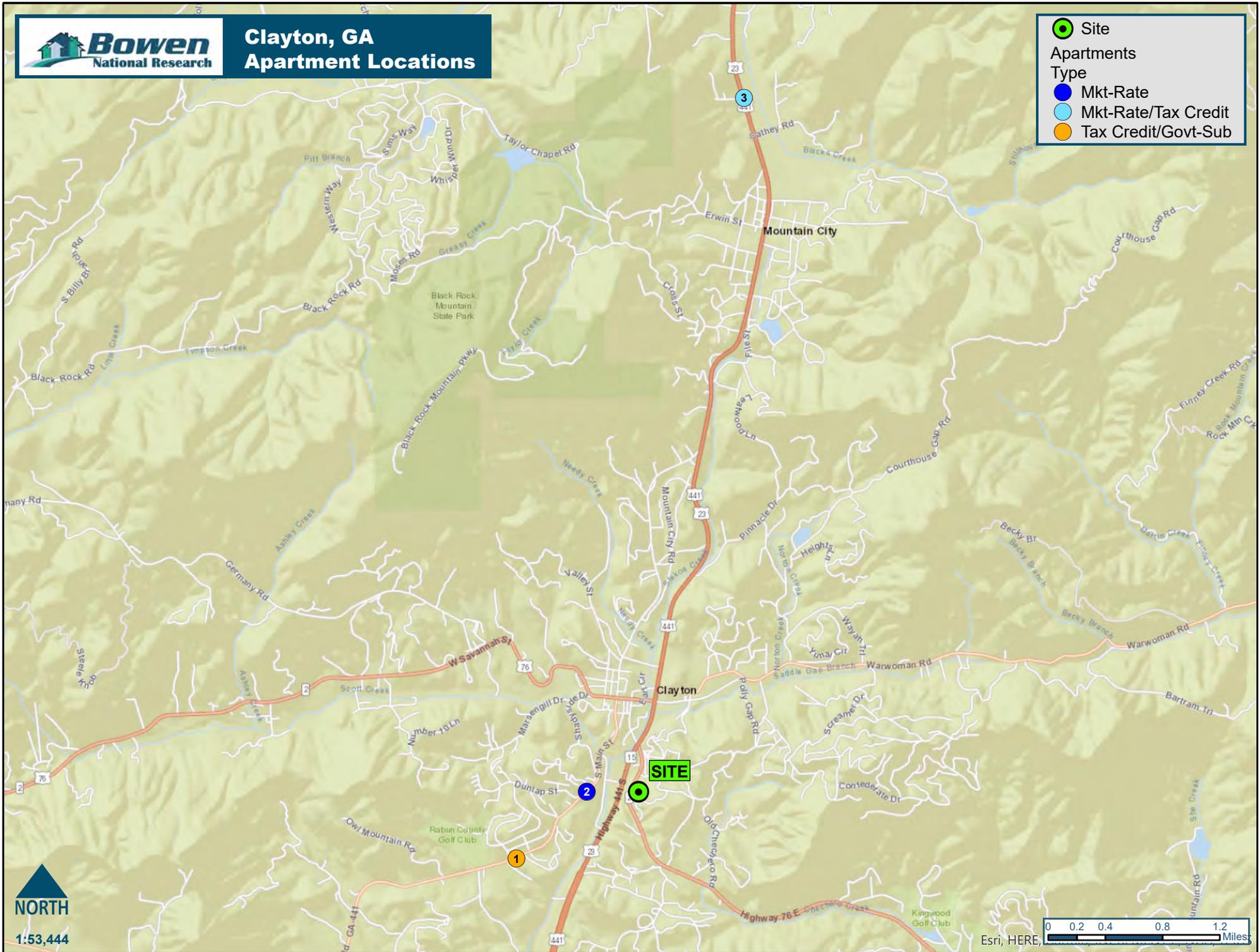
"
"
....."C/3"



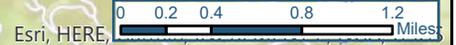


Clayton, GA Apartment Locations

- Site
- Apartment Type
 - Mkt-Rate
 - Mkt-Rate/Tax Credit
 - Tax Credit/Govt-Sub



1:53,444



Esri, HERE

Map ID	Property	Prop Type	Quality Rating	Year Built	Total Units	Vacant	Occ. Rate	Distance To Site*
1	Brooks Lane Apts.	TGS	B	1995	36	0	100.0%	1.7
2	Stave Mill Apts.	MRR	C	1981	65	32	50.8%	1.1
3	Vista Ridge	MRT	B	2005	64	0	100.0%	4.3
901	Cameron at Clarkesville Apt. Homes	MRR	A-	2004	60	3	95.0%	23.9
902	Fern Point Apts.	TAX	B+	2012	48	0	100.0%	31.5
903	Heritage Gardens	MRT	A	2006	80	0	100.0%	34.0
904	Peaks of Cornelia	MRT	B+	2018	80	0	100.0%	32.5
905	White Hall Commons	MRT	A	2009	64	0	100.0%	40.4

*Drive distance in miles

 Comparable Property	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized
 (MRT) Market-Rate & Tax Credit	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized
 (MRG) Market-Rate & Govt Subsidized	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
 (MIN) Market-Rate & Income Restricted (not LIHTC)		

1	Brooks Lane Apts. 1203 Old 441 South, Clayton, GA 30525	Contact: Shasee Phone: (706) 782-4194	(In Person)
	Total Units: 36 UC: 0 Occupancy: 100.0% Stories: 1 Year Built: 1995 BR: 1, 2 Vacant Units: 0 Waitlist: 25 HH; AR Year: Target Population: Senior 62+ Yr Renovated: Rent Special: Notes: Tax Credit; RD 515, has RA (36 units)		
2	Stave Mill Apts. 607 Old 441 S. 991, Clayton, GA 30525	Contact: Jack Phone: (706) 782-4633	(In Person)
	Total Units: 65 UC: 0 Occupancy: 50.8% Stories: 2 Year Built: 1981 BR: 1, 2, 3 Vacant Units: 32 Waitlist: AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Does not accept HCV; Vacancies due to unemployment in the area		
3	Vista Ridge 160 Marsen Knob Dr., Rabun Gap, GA 30568	Contact: Angie Phone: (706) 746-2333	(In Person)
	Total Units: 64 UC: 0 Occupancy: 100.0% Stories: 2,3 Year Built: 2005 BR: 2, 3, 4 Vacant Units: 0 Waitlist: 112 HH; AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Market-Rate (7 units); Tax Credit (57 units); HCV (1 unit)		
901	Cameron at Clarkesville Apt. Homes 130 Cameron Cir., Clarkesville, GA 30523	Contact: Brianna Phone: (706) 776-2863	(In Person)
	Total Units: 60 UC: 0 Occupancy: 95.0% Stories: 3 Year Built: 2004 BR: 1, 2, 3 Vacant Units: 3 Waitlist: AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Does not accept HCV; HUD Insured		
902	Fern Point Apts. 280 Fern Point Dr., Toccoa, GA 30577	Contact: Sonya Phone: (706) 886-0349	(In Person)
	Total Units: 48 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 2012 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 6-12 mos; AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit; Accepts HCV (0 currently)		

 Comparable Property	 Senior Restricted	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 (MRR) Market-Rate	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)	
 (MRT) Market-Rate & Tax Credit	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized	
 (MRG) Market-Rate & Govt Subsidized	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized	
 (MIN) Market-Rate & Income Restricted (not LIHTC)	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted	



903	Heritage Gardens 110 Heritage Gardens Dr., Cornelia, GA 30531	Contact: Beverly (In Person)	
		Phone: (706) 778-1814	
	Total Units: 80 UC: 0 Occupancy: 100.0% Stories: 4 Year Built: 2006 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 100 HH; AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Market-Rate (16 units); Tax Credit (64 units); Accepts HCV		



904	Peaks of Cornelia 100 Peaks Cir., Cornelia, GA 30531	Contact: Trisha (In Person)	
		Phone: (706) 778-6000	
	Total Units: 80 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 2018 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 80 HH; AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Market-Rate (12 units); Tax Credits (68 units); HCV (1 unit); Began preleasing 4/2018, opened & stabilized occupancy 7/2018		



905	White Hall Commons 29 Whitehall Commons Ln., Cleveland, GA 30528	Contact: Nell (In Person)	
		Phone: (706) 219-4100	
	Total Units: 64 UC: 0 Occupancy: 100.0% Stories: 2,3 Year Built: 2009 BR: 2, 3, 4 Vacant Units: 0 Waitlist: 2-3 mos; AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Market-Rate (21 units); Tax Credit (43 units); Accepts HCV (0 currently)		

Comparable Property	(MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	(TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
Senior Restricted	(TAX) Tax Credit	(INR) Income Restricted (not LIHTC)
(MRR) Market-Rate	(TGS) Tax Credit & Govt Subsidized	(ING) Income Restricted (not LIHTC) & Govt Subsidized
(MRT) Market-Rate & Tax Credit	(TIN) Tax Credit & Income Restricted (not LIHTC)	(GSS) Govt Subsidized
(MRG) Market-Rate & Govt Subsidized	(TMG) Tax Credit, Market-Rate & Govt Subsidized	(ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
(MIN) Market-Rate & Income Restricted (not LIHTC)		

Source: Georgia Department of Community Affairs
 Effective: 01/2019

Monthly Dollar Allowances

		Garden						Townhome					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	8	12	14	18	24			13	16	20	26	
	+Base Charge												
	Bottled Gas												
	Electric	12	17	20	26	31			18	23	28	36	
	Heat Pump												
	Oil												
Cooking	Natural Gas	2	3	4	5	6			3	4	5	6	
	Bottled Gas												
	Electric	5	7	10	12	15			7	10	12	15	
	Oil												
Other Electric	20	28	37	46	57			29	38	47	59		
+Base Charge													
Air Conditioning													
Water Heating	Natural Gas	3	5	7	8	10			5	7	8	10	
	Bottled Gas												
	Electric	9	14	19	24	29			14	19	24	29	
	Oil												
Water	18	21	24	30	35			21	24	30	35		
Sewer	18	22	26	32	39			22	26	32	39		
Trash Collection	15	15	15	15	15			15	15	15	15		
Internet*		20	20	20	20	20			20	20	20	20	
Cable*		20	20	20	20	20			20	20	20	20	
Alarm Monitoring*													

* Estimated- not from source

ADDENDUM B

COMPARABLE PROPERTY PROFILES

3 Vista Ridge 4.3 miles to site



Address: 160 Marsen Knob Dr., Rabun Gap, GA 30568
 Phone: (706) 746-2333 Contact: Angie (In Person)
 Property Type: Market Rate, Tax Credit
 Target Population: Family
 Total Units: 64 Year Built: 2005 Ratings
 Vacant Units: 0 *AR Year: Quality: B
 Occupancy: 100.0% Yr Renovated: Neighborhood: B
 Turnover: Stories: 2,3 Access/Visibility: A-/A-
 Waitlist: 112 HH;
 Rent Special:

Notes: Market-Rate (7 units); Tax Credit (57 units); HCV (1 unit)

Features And Utilities

Utility Schedule Provided by: Georgia Department of Community Affairs
 Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Range; Refrigerator; Central AC; Ceiling Fan; W/D Hookup Only; Window Treatments; Flooring (Carpet)

Property Amenities: Business Center (Computer); Meeting Room; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Picnic Table, Playground, Outdoor Swimming Pool); Social Services (After School Program)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
2	2	G	4		878	\$0.83	\$725	0%
2	2	G	17	0	878	\$0.66	\$580	50%
2	2	G	5	0	878	\$0.81	\$712	60%
3	2	G	3	0	1,104	\$0.77	\$850	0%
3	2	G	7	0	1,104	\$0.60	\$661	50%
3	2	G	20	0	1,104	\$0.74	\$813	60%
4	2	G	7	0	1,372	\$0.53	\$725	50%
4	2	G	1	0	1,372	\$0.65	\$895	60%

* Adaptive Reuse

901 Cameron at Clarkesville Apt. Homes 23.9 miles to site



Address: 130 Cameron Cir., Clarkesville, GA 30523
 Phone: (706) 776-2863 Contact: Brianna (In Person)
 Property Type: Market Rate
 Target Population: Family
 Total Units: 60 Year Built: 2004
 Vacant Units: 3 *AR Year:
 Occupancy: 95.0% Yr Renovated:
 Turnover: Stories: 3
 Waitlist:
 Rent Special:

Ratings
 Quality: A-
 Neighborhood: B+
 Access/Visibility: B+/B+

Notes: Does not accept HCV; HUD Insured



Features And Utilities

Utility Schedule Provided by: Georgia Department of Community Affairs

Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Dishwasher; Disposal; Icemaker; Range; Refrigerator; Central AC; Patio/Deck; Ceiling Fan; W/D Hookup Only; Window Treatments; Flooring (Carpet)

Property Amenities: Clubhouse, TV Lounge; Laundry Room; On-Site Management; Recreation Areas (Basketball, Grill, Picnic Table, Playground, Outdoor Swimming Pool); Extra Storage

Parking Type: Detached Garage; Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	4	1	790	\$1.01	\$800	0%
2	2	G	20	1	1,078	\$0.87	\$935	0%
3	2	G	36	1	1,234 - 1,294	\$0.83 - \$0.79	\$1,020	0%

* Adaptive Reuse

902 Fern Point Apts. 31.5 miles to site



Address: 280 Fern Point Dr., Toccoa, GA 30577
 Phone: (706) 886-0349 Contact: Sonya (In Person)
 Property Type: Tax Credit
 Target Population: Family
 Total Units: 48 Year Built: 2012
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2
 Waitlist: 6-12 mos;
 Rent Special:

Ratings
 Quality: B+
 Neighborhood: A
 Access/Visibility: B-/B-

Notes: Tax Credit; Accepts HCV (0 currently)



Features And Utilities

Utility Schedule Provided by: Georgia Department of Community Affairs
 Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Ceiling Fan; W/D Hookup Only; Window Treatments; Flooring (Carpet)

Property Amenities: Business Center (Computer); Community Gardens; Activity-Craft Room; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Hiking-Walking Trail, Playground)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	2	0	775	\$0.53	\$410	50%
1	1	G	8	0	775	\$0.59	\$460	60%
2	2	G	4	0	1,162	\$0.39	\$455	50%
2	2	G	24	0	1,162	\$0.47	\$550	60%
3	2	G	2	0	1,260	\$0.41	\$515	50%
3	2	G	8	0	1,260	\$0.50	\$630	60%

* Adaptive Reuse

903 Heritage Gardens 34.0 miles to site



Address: 110 Heritage Gardens Dr., Cornelia, GA 30531
 Phone: (706) 778-1814 Contact: Beverly (In Person)
 Property Type: Market Rate, Tax Credit
 Target Population: Family
 Total Units: 80 Year Built: 2006
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 4
 Waitlist: 100 HH;
 Rent Special:

Ratings
 Quality: A
 Neighborhood: B+
 Access/Visibility: B+/B-

Notes: Market-Rate (16 units); Tax Credit (64 units); Accepts HCV

Features And Utilities

Utility Schedule Provided by: Georgia Department of Community Affairs
 Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Microwave; Range; Refrigerator; Central AC; Patio/Deck; Ceiling Fan; W/D Included; Window Treatments; Flooring (Carpet)

Property Amenities: Clubhouse; Gazebo; Laundry Room; On-Site Management; Recreation Areas (Basketball, Fitness Center, Picnic Table, Playground, Outdoor Swimming Pool)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	4	0	856	\$0.82	\$700	0%
1	1	G	2	0	856	\$0.28	\$238	30%
1	1	G	11	0	856	\$0.51	\$436	50%
1	1	G	3	0	856	\$0.63	\$536	60%
2	2	G	8	0	1,074	\$0.74	\$800	0%
2	2	G	5	0	1,074	\$0.26	\$280	30%
2	2	G	18	0	1,074	\$0.48	\$519	50%
2	2	G	9	0	1,074	\$0.59	\$638	60%
3	2	G	4	0	1,304	\$0.69	\$900	0%
3	2	G	2	0	1,304	\$0.24	\$314	30%
3	2	G	11	0	1,304	\$0.45	\$590	50%

* Adaptive Reuse

903 Unit Configuration- cont.									
Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI	
3	2	G	3	0	1,304	\$0.56	\$727	60%	

904 Peaks of Cornelia 32.5 miles to site



Address: 100 Peaks Cir., Cornelia, GA 30531
 Phone: (706) 778-6000 Contact: Trisha (In Person)
 Property Type: Market Rate, Tax Credit
 Target Population: Family
 Total Units: 80 Year Built: 2018
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2
 Waitlist: 80 HH;
 Rent Special:

Ratings
 Quality: B+
 Neighborhood: B
 Access/Visibility: A/A



Notes: Market-Rate (12 units); Tax Credits (68 units); HCV (1 unit); Began preleasing 4/2018, opened & stabilized occupancy 7/2018

Features And Utilities

Utility Schedule Provided by: Georgia Department of Community Affairs
 Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Ceiling Fan; W/D Hookup Only; W/D Included; Window Treatments; Flooring (Carpet)

Property Amenities: Business Center (Computer); Clubhouse; On-Site Management; Recreation Areas (Picnic Table, Playground)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	4	0	705	\$0.68	\$482	0%
1	1	G	3	0	705	\$0.54	\$381	50%
1	1	G	3	0	705	\$0.67	\$475	60%
2	2	G	4	0	1,000	\$0.61	\$613	0%
2	2	G	18	0	1,000	\$0.48	\$475	50%
2	2	G	18	0	1,000	\$0.55	\$552	60%
3	2	G	4	0	1,105	\$0.66	\$725	0%
3	2	G	13	0	1,105	\$0.52	\$575	50%
3	2	G	13	0	1,105	\$0.59	\$650	60%

* Adaptive Reuse

905 White Hall Commons 40.4 miles to site



Address: 29 Whitehall Commons Ln., Cleveland, GA 30528
 Phone: (706) 219-4100 Contact: Nell (In Person)
 Property Type: Market Rate, Tax Credit
 Target Population: Family
 Total Units: 64 Year Built: 2009
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2,3
 Waitlist: 2-3 mos;
 Rent Special:

Ratings
 Quality: A
 Neighborhood: B+
 Access/Visibility: B-/B-

Notes: Market-Rate (21 units); Tax Credit (43 units); Accepts HCV (0 currently)



Features And Utilities

Utility Schedule Provided by: Georgia Department of Community Affairs

Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Ceiling Fan; E-Call System; W/D Hookup Only; Window Treatments; Flooring (Carpet, Wood Laminate)

Property Amenities: Business Center (Computer); Community Gardens; Meeting Room; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Media Library, Picnic Table, Playground, Outdoor Swimming Pool)

Parking Type: Surface Lot

Unit Configuration

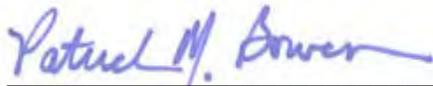
Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
2	2	G	7	0	1,099	\$0.71	\$775	0%
2	2	G	9	0	1,099	\$0.44	\$487	50%
2	2	G	5	0	1,099	\$0.56	\$611	60%
3	2	G	11	0	1,308	\$0.67	\$875	0%
3	2	G	14	0	1,308	\$0.42	\$549	50%
3	2	G	10	0	1,308	\$0.53	\$695	60%
4	2	G	3	0	1,442	\$0.68	\$975	0%
4	2	G	4	0	1,442	\$0.41	\$595	50%
4	2	G	1	0	1,442	\$0.52	\$754	60%

* Adaptive Reuse

Addendum C – NCHMA Member Certification & Checklist

This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms Used in Market Studies for Housing Projects*, and *Model Content Standards for the Content of Market Studies for Housing Projects*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

Bowen National Research is duly qualified and experienced in providing market analysis for housing. The company's principals participate in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Bowen National Research is an independent market analyst. No principal or employee of Bowen National Research has any financial interest whatsoever in the development for which this analysis has been undertaken.



Patrick M. Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: May 7, 2019



Craig Rupert
Market Analyst
craigr@bowennational.com
Date: May 7, 2019

Note: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting <http://www.housingonline.com>.

Market Study Index

A. INTRODUCTION

Members of the National Council of Housing Market Analysts provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location content of issues relevant to the evaluation and analysis of market studies.

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

The following components have been addressed in this market study. The section number of each component is noted below. Each component is fully discussed in that section. In cases where the item is not relevant, the author has indicated 'N/A' or not applicable. Where a conflict with or variation from client standards or client requirements exists, the author has indicated a 'VAR' (variation) with a comment explaining the conflict.

C. CHECKLIST

		Section (s)
Executive Summary		
1.	Executive Summary	A
Project Description		
2.	Proposed number of bedrooms and baths proposed, income limitations, proposed rents and utility allowances	B
3.	Utilities (and utility sources) included in rent	B
4.	Project design description	B
5.	Unit and project amenities; parking	B
6.	Public programs included	B
7.	Target population description	B
8.	Date of construction/preliminary completion	B
9.	If rehabilitation, existing unit breakdown and rents	B
10.	Reference to review/status of project plans	N/A
Location and Market Area		
11.	Market area/secondary market area description	D
12.	Concise description of the site and adjacent parcels	C
13.	Description of site characteristics	C
14.	Site photos/maps	C
15.	Map of community services	C
16.	Visibility and accessibility evaluation	C
17.	Crime Information	C

CHECKLIST (Continued)

		Section (s)
Employment and Economy		
18.	Employment by industry	F
19.	Historical unemployment rate	F
20.	Area major employers	F
21.	Five-year employment growth	F
22.	Typical wages by occupation	F
23.	Discussion of commuting patterns of area workers	F
Demographic Characteristics		
24.	Population and household estimates and projections	E
25.	Area building permits	H
26.	Distribution of income	E
27.	Households by tenure	E
Competitive Environment		
28.	Comparable property profiles	Addendum B
29.	Map of comparable properties	H
30.	Comparable property photographs	H
31.	Existing rental housing evaluation	H
32.	Comparable property discussion	H
33.	Area vacancy rates, including rates for Tax Credit and government-subsidized	H
34.	Comparison of subject property to comparable properties	H
35.	Availability of Housing Choice Vouchers	H
36.	Identification of waiting lists	H
37.	Description of overall rental market including share of market-rate and affordable properties	H
38.	List of existing LIHTC properties	H
39.	Discussion of future changes in housing stock	H
40.	Discussion of availability and cost of other affordable housing options including homeownership	H
41.	Tax Credit and other planned or under construction rental communities in market area	H
Analysis/Conclusions		
42.	Calculation and analysis of Capture Rate	G
43.	Calculation and analysis of Penetration Rate	N/A
44.	Evaluation of proposed rent levels	H & Addendum E
45.	Derivation of Achievable Market Rent and Market Advantage	Addendum E
46.	Derivation of Achievable Restricted Rent	N/A
47.	Precise statement of key conclusions	A
48.	Market strengths and weaknesses impacting project	A
49.	Recommendations and/or modification to project discussion	K
50.	Discussion of subject property's impact on existing housing	H
51.	Absorption projection with issues impacting performance	I
52.	Discussion of risks or other mitigating circumstances impacting project projection	A
53.	Interviews with area housing stakeholders	J

CHECKLIST (Continued)

Other Requirements		Section (s)
54.	Preparation date of report	Title Page
55.	Date of Field Work	Addendum A
56.	Certifications	L
57.	Statement of qualifications	N
58.	Sources of data not otherwise identified	Addendum D
59.	Utility allowance schedule	Addendum A

Addendum D – Methodologies, Disclaimers & Sources

1. PURPOSE

The purpose of this report is to evaluate the market feasibility of a proposed Low-Income Housing Tax Credit (LIHTC) project to be developed in Clayton, Georgia by Peaks of Clayton, LP (developer).

This market feasibility analysis complies with the requirements established by the Georgia Department of Community Affairs (GDCA) and conforms to the standards adopted by the National Council of Housing Market Analysts (NCHMA). These standards include the accepted definitions of key terms used in market studies for affordable housing projects, and model content standards for the content of market studies for affordable housing projects. These standards are designed to enhance the quality of market studies and to make them easier to prepare, understand and use by market analysts and end users.

2. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

- The Primary Market Area (PMA) generated for the subject project is identified. The PMA is generally described as the smallest geographic area from which most of the support for the subject project originates. PMAs are not defined by a radius. The use of a radius is an ineffective approach because it does not consider mobility patterns, changes in the socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.

PMAs are established using a variety of factors, including, but not limited to:

- A detailed demographic and socioeconomic evaluation
- Interviews with area planners, realtors and other individuals who are familiar with area growth patterns
- A drive-time analysis for the site
- Personal observations of the field analyst
- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by an evaluation of the unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the subject property.

- Two types of directly comparable properties are identified through the field survey. They include other Section 42 LIHTC developments and market-rate developments that offer unit and project amenities similar to those of the subject development. An in-depth evaluation of these two property types provides an indication of the potential of the subject development.
- Economic and demographic characteristics of the area are evaluated. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information, as well as projections that determine what the characteristics of the market will be when the project opens and after it achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of the properties that might be planned or proposed for the area that will have an impact on the marketability of the subject development. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project and its impact on the market and the subject development.
- An analysis of the subject project's market capture of income-appropriate renter households within the PMA is conducted. This analysis follows GDCA's methodology for calculating potential demand. The resulting capture rates are compared with acceptable market capture rates for similar types of projects to determine whether the subject development's capture rate is achievable.
- Achievable market rent for the subject development is determined. Using a Rent Comparability Grid, the features of the subject development are compared item by item to the most comparable properties in the market. Adjustments are made for each feature that differs from that of the subject development. These adjustments are then included with the collected rent resulting in an achievable market rent for a unit comparable to the subject unit. This analysis is done for each bedroom type offered at the site.

Please note that non-numbered items in this report are not required by GDCA; they have been included, however, based on Bowen National Research's opinion that it is necessary to consider these details to effectively address the continued market feasibility of the subject project.

3. REPORT LIMITATIONS

The intent of this report is to collect and analyze significant levels of data to forecast the market success of the subject property within an agreed to time period. Bowen National Research relies on a variety of sources of data to generate this report. These data sources are not always verifiable; however, Bowen National Research makes a significant effort to assure accuracy. While this is not always possible, we believe our effort provides an acceptable standard margin of error. Bowen National Research is not responsible for errors or omissions in the data provided by other sources.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent on an action or event (such as the approval of a loan) resulting from the analyses, opinions or conclusions in, or the use of, this study.

Any reproduction or duplication of this report without the expressed approval of Bowen National Research is strictly prohibited.

4. SOURCES

Bowen National Research uses various sources to gather and confirm data used in each analysis. These sources, which are cited throughout this report, include the following:

- The 2000 and 2010 Census on Housing
- American Community Survey
- Urban Decision Group (UDG)
- ESRI
- Area Chamber of Commerce
- Georgia Department of Community Affairs (GDCA)
- U.S. Department of Labor
- U.S. Department of Commerce
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives

Addendum E – Achievable Market Rent Analysis

A. INTRODUCTION

Due to the limited supply of comparable market-rate product located in the Clayton Site PMA, we identified one property in the Site PMA and four properties outside the Site PMA in the surrounding areas of Clarkesville, Cleveland, and Cornelia that we consider comparable to the subject project in terms of age, design, unit types offered and/or amenities offered. These selected properties are used to derive market rent for a project with characteristics similar to the proposed subject development and the subject property's market advantage. It is important to note that, for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the proposed subject units without maximum income and rent restrictions.

The basis for the selection of these projects includes, but is not limited to, the following factors:

- Surrounding neighborhood characteristics
- Target market (seniors, families, disabled, etc.)
- Unit types offered (garden or townhouse, bedroom types, etc.)
- Building type (single-story, midrise, high-rise, etc.)
- Unit and project amenities offered
- Age and appearance of property

Since it is unlikely that any two properties are identical, we adjust the collected rent (the actual rent paid by tenants) of the selected properties according to whether or not they compare favorably with the subject development. Rents of projects that have additional or better features than the subject site are adjusted negatively, while projects with inferior or fewer features are adjusted positively. For example, if the proposed subject project does not have a washer or dryer and a selected property does, then we lower the collected rent of the selected property by the estimated value of a washer and dryer to derive an *achievable market rent* for a project similar to the proposed project.

The rent adjustments used in this analysis are based on various sources, including known charges for additional features within the Site PMA, estimates made by area property managers and realtors, quoted rental rates from furniture rental companies and Bowen National Research's prior experience in markets nationwide.

It is important to note that one or more of the selected properties may be more similar to the subject property than others. These properties are given more weight in terms of reaching the final achievable market rent determination. While monetary adjustments are made for various unit and project features, the final market rent determination is based upon the judgments of our market analysts.

The proposed subject development and the five selected properties include the following:

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)			
					One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Peaks of Clayton	2021	48	-	12 (-)	24 (-)	12 (-)	-
3	Vista Ridge	2005	7*	100.0%	-	4 (100.0%)	3 (100.0%)	-
901	Cameron at Clarkesville Apt. Homes	2004	60	95.0%	4 (75.0%)	20 (95.0%)	36 (97.2%)	-
903	Heritage Gardens	2006	16*	100.0%	4 (100.0%)	8 (100.0%)	4 (100.0%)	-
904	Peaks of Cornelia	2018	12*	100.0%	4 (100.0%)	4 (100.0%)	4 (100.0%)	-
905	White Hall Commons	2009	21*	100.0%	-	7 (100.0%)	11 (100.0%)	3 (100.0%)

900 Series Map IDs are located outside the Site PMA

Occ. – Occupancy

*Market-rate units only

The five selected market-rate projects have a combined total of 116 units with an overall occupancy rate of 97.4%. None of the comparable properties has an occupancy rate below 95.0%. These occupancy rates are good indications that the selected properties are well-received within their respective markets and will serve as accurate benchmarks with which to compare the subject project.

The Rent Comparability Grids on the following pages show the collected rents for each of the selected properties and illustrate the adjustments made (as needed) for various features and location or neighborhood characteristics, as well as quality differences that exist among the selected properties and the proposed subject development.

Rent Comparability Grid

Unit Type →

ONE-BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Peaks of Clayton		Vista Ridge		Cameron at Clarkesville Apt. Homes		Heritage Gardens		Peaks of Cornelia		White Hall Commons	
U.S. Highway 76 East		160 Marsen Knob Dr.		130 Cameron Cir.		110 Heritage Gardens Dr.		100 Peaks Cir.		29 Whitehall Commons Ln.	
Clayton, GA		Rabun Gap, GA		Clarkesville, GA		Cornelia, GA		Cornelia, GA		Cleveland, GA	
Subject		Data		Data		Data		Data		Data	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$725		\$800		\$700		\$482		\$775	
2	Date Surveyed	04/01/2019		03/27/2019		03/27/2019		03/27/2019		03/28/2019	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		75%		100%		100%		100%	
5	Effective Rent & Rent/ sq. ft	\$725	0.83	\$800	1.01	\$700	0.82	\$482	0.68	\$775	0.71
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/3		WU/3		WU/4		WU/2		WU/2,3	
7	Yr. Built/Yr. Renovated	2021		2005	\$16	2004	\$17	2006	\$15	2018	\$3
8	Condition/Street Appeal	E		G	\$15	E		G	\$15	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		No	(\$120)	No		No		No	
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1	(\$50)	1		1		1		2	(\$50)
12	# Baths	1	(\$30)	1		1		1		2	(\$30)
13	Unit Interior Sq. Ft.	652	(\$45)	790	(\$28)	856	(\$41)	705	(\$11)	1099	(\$90)
14	Balcony/Patio	N		Y	(\$5)	Y	(\$5)	N		N	
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	Y/Y	\$5	N/Y	\$5	Y/Y		Y/Y		Y/Y	
18	Washer/Dryer	W/D	\$25	HU/L	\$25	W/D		W/D		HU/L	\$25
19	Floor Coverings	C/V		C		C		C		C/L	
20	Window Coverings	Y		Y		Y		Y		Y	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		N	\$5	Y		Y	
23	Ceiling Fans/Storage	Y/N		N/Y		Y/N		Y/N		Y/N	
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N		N		N		N		N	
27	Community Space	Y		Y		Y		Y		Y	
28	Pool/Recreation Areas	G/F	(\$7)	P/S	(\$5)	P/F/S	(\$10)	N	\$8	P/F/S/L/G	(\$16)
29	Computer/Business Center	Y		Y	\$3	N	\$3	Y		Y	
30	Picnic Area	Y		Y		Y		Y		Y	
31	Playground	Y		Y		Y		Y		Y	
32	Social Services	N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/N	(\$43)	N/N		Y/Y	(\$43)	N/N		N/N	
39	Trash/Recycling	Y/N		Y/N	\$15	Y/N		Y/N		Y/N	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	4	4	4	4	3	3	3	1	2	4
41	Sum Adjustments B to D	\$61	(\$132)	\$50	(\$158)	\$23	(\$56)	\$26	(\$11)	\$37	(\$186)
42	Sum Utility Adjustments		(\$43)	\$15			(\$43)				
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$114)	\$236	(\$93)	\$223	(\$76)	\$122	\$15	\$37	(\$149)	\$223
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$611		\$707		\$624		\$497		\$626	
45	Adj Rent/Last rent		84%		88%		89%		103%		81%
46	Estimated Market Rent	\$640		\$0.98 ←		Estimated Market Rent/ Sq. Ft					

Rent Comparability Grid

Unit Type →

TWO-BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Peaks of Clayton		Vista Ridge		Cameron at Clarkesville Apt. Homes		Heritage Gardens		Peaks of Cornelia		White Hall Commons	
U.S. Highway 76 East		160 Marsen Knob Dr.		130 Cameron Cir.		110 Heritage Gardens Dr.		100 Peaks Cir.		29 Whitehall Commons Ln.	
Clayton, GA		Rabun Gap, GA		Clarkesville, GA		Cornelia, GA		Cornelia, GA		Cleveland, GA	
Subject		Data		Data		Data		Data		Data	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$725		\$935		\$800		\$613		\$775	
2	Date Surveyed	04/01/2019		03/27/2019		03/27/2019		03/27/2019		03/28/2019	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		95%		100%		100%		100%	
5	Effective Rent & Rent/ sq. ft	\$725	0.83	\$935	0.87	\$800	0.74	\$613	0.61	\$775	0.71
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/3		WU/3		WU/4		WU/2		WU/2,3	
7	Yr. Built/Yr. Renovated	2021		2005	\$16	2004	\$17	2006	\$15	2018	\$3
8	Condition/Street Appeal	E		G	\$15	E		G	\$15	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		No	(\$140)	No		No		No	
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2		2		2	
12	# Baths	2		2		2		2		2	
13	Unit Interior Sq. Ft.	853	(\$5)	878	(\$5)	1074	(\$41)	1000	(\$28)	1099	(\$46)
14	Balcony/Patio	N		N	(\$5)	Y	(\$5)	N		N	
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	Y/Y	\$5	N/Y	\$5	Y/Y		Y/Y		Y/Y	
18	Washer/Dryer	W/D	\$25	HU/L	\$25	W/D		W/D		HU/L	\$25
19	Floor Coverings	C/V		C		C		C		C/L	
20	Window Coverings	Y		Y		Y		Y		Y	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		N	\$5	Y		Y	
23	Ceiling Fans/Storage	Y/N		N/Y		Y/N		Y/N		Y/N	
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N		N		N		N		N	
27	Community Space	Y		Y		Y		Y		Y	
28	Pool/Recreation Areas	G/F	(\$7)	P/F	(\$7)	P/S	(\$5)	P/F/S	(\$10)	N	\$8
29	Computer/Business Center	Y		Y		N	\$3	Y		Y	
30	Picnic Area	Y		Y		Y		Y		Y	
31	Playground	Y		Y		Y		Y		Y	
32	Social Services	N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/N	(\$50)	Y/Y	(\$50)	N/N		Y/Y	(\$50)	N/N	
39	Trash/Recycling	Y/N		Y/N		N/N	\$15	Y/N		Y/N	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	4	2	4	4	3	3	3	1	2	2
41	Sum Adjustments B to D	\$61	(\$12)	\$50	(\$192)	\$23	(\$56)	\$26	(\$28)	\$37	(\$62)
42	Sum Utility Adjustments		(\$50)		\$15		(\$50)				
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$1)	\$123	(\$127)	\$257	(\$83)	\$129	(\$2)	\$54	(\$25)	\$99
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$724		\$808		\$717		\$611		\$750	
45	Adj Rent/Last rent		100%		86%		90%		100%		97%
46	Estimated Market Rent	\$750	\$0.88 ←	Estimated Market Rent/ Sq. Ft							

Rent Comparability Grid

Unit Type → **THREE-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Peaks of Clayton		Vista Ridge		Cameron at Clarkesville Apt. Homes		Heritage Gardens		Peaks of Cornelia		White Hall Commons	
U.S. Highway 76 East		160 Marsen Knob Dr.		130 Cameron Cir.		110 Heritage Gardens Dr.		100 Peaks Cir.		29 Whitehall Commons Ln.	
Clayton, GA		Rabun Gap, GA		Clarkesville, GA		Cornelia, GA		Cornelia, GA		Cleveland, GA	
Subject		Subject		Subject		Subject		Subject		Subject	
Data		Data		Data		Data		Data		Data	
on		on		on		on		on		on	
Subject		Subject		Subject		Subject		Subject		Subject	
A. Rents Charged		Data		Data		Data		Data		Data	
		\$ Adj		\$ Adj		\$ Adj		\$ Adj		\$ Adj	
1	\$ Last Rent / Restricted?	\$850		\$1,020		\$900		\$725		\$875	
2	Date Surveyed	04/01/2019		03/27/2019		03/27/2019		03/27/2019		03/28/2019	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		97%		100%		100%		100%	
5	Effective Rent & Rent/ sq. ft	\$850	0.77	\$1,020	0.83	\$900	0.69	\$725	0.66	\$875	0.67
B. Design, Location, Condition		Data		Data		Data		Data		Data	
		\$ Adj		\$ Adj		\$ Adj		\$ Adj		\$ Adj	
6	Structure / Stories	EE/3	WU/2,3	WU/3		WU/4		WU/2		WU/2,3	
7	Yr. Built/Yr. Renovated	2021	2005 \$16	2004 \$17		2006 \$15		2018 \$3		2009 \$12	
8	Condition/Street Appeal	E	G \$15	E		E		G \$15		E	
9	Neighborhood	G	G	G		G		G		G	
10	Same Market?		Yes	No (\$153)		No		No		No	
C. Unit Equipment/ Amenities		Data		Data		Data		Data		Data	
		\$ Adj		\$ Adj		\$ Adj		\$ Adj		\$ Adj	
11	# Bedrooms	3	3	3		3		3		3	
12	# Baths	2	2	2		2		2		2	
13	Unit Interior Sq. Ft.	1101	1104 (\$1)	1234 (\$24)		1304 (\$37)		1105 (\$1)		1308 (\$37)	
14	Balcony/Patio	N	N	Y (\$5)		Y (\$5)		N		N	
15	AC: Central/Wall	C	C	C		C		C		C	
16	Range/Refrigerator	R/F	R/F	R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	Y/Y	N/Y \$5	N/Y \$5		Y/Y		Y/Y		Y/Y	
18	Washer/Dryer	W/D	HU/L \$25	HU/L \$25		W/D		W/D		HU/L \$25	
19	Floor Coverings	C/V	C	C		C		C		C/L	
20	Window Coverings	Y	Y	Y		Y		Y		Y	
21	Secured Entry	N	N	N		N		N		N	
22	Garbage Disposal	Y	Y	Y		N \$5		Y		Y	
23	Ceiling Fans/Storage	Y/N	N/Y	Y/N		Y/N		Y/N		Y/N	
D Site Equipment/ Amenities		Data		Data		Data		Data		Data	
		\$ Adj		\$ Adj		\$ Adj		\$ Adj		\$ Adj	
24	Parking (\$ Fee)	LOT/\$0	LOT/\$0	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y	Y	Y		Y		Y		Y	
26	Security Features	N	N	N		N		N		N	
27	Community Space	Y	Y	Y		Y		Y		Y	
28	Pool/Recreation Areas	G/F	P/F (\$7)	P/S (\$5)		P/F/S (\$10)		N \$8		P/F/S/L/G (\$16)	
29	Computer/Business Center	Y	Y	N \$3		N \$3		Y		Y	
30	Picnic Area	Y	Y	Y		Y		Y		Y	
31	Playground	Y	Y	Y		Y		Y		Y	
32	Social Services	N	N	N		N		N		N	
E. Utilities		Data		Data		Data		Data		Data	
		\$ Adj		\$ Adj		\$ Adj		\$ Adj		\$ Adj	
33	Heat (in rent?/ type)	N/E	N/E	N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E	N/E	N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E	N/E	N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E	N/E	N/E		N/E		N/E		N/E	
37	Other Electric	N	N	N		N		N		N	
38	Cold Water/Sewer	N/N	Y/Y (\$62)	N/N		Y/Y (\$62)		N/N		N/N	
39	Trash/Recycling	Y/N	Y/N	N/N \$15		Y/N		Y/N		Y/N	
F. Adjustments Recap		Pos		Neg		Pos		Neg		Pos	
		Neg		Pos		Neg		Pos		Neg	
40	# Adjustments B to D	4	2	4	4	3	3	3	1	2	2
41	Sum Adjustments B to D	\$61	(\$8)	\$50	(\$187)	\$23	(\$52)	\$26	(\$1)	\$37	(\$53)
42	Sum Utility Adjustments		(\$62)	\$15			(\$62)				
		Net		Gross		Net		Gross		Net	
		\$ Adj		\$ Adj		\$ Adj		\$ Adj		\$ Adj	
43	Net/ Gross Adjmts B to E	(\$9)	\$131	(\$122)	\$252	(\$91)	\$137	\$25	\$27	(\$16)	\$90
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$841		\$898		\$809		\$750		\$859	
45	Adj Rent/Last rent		99%		88%		90%		103%		98%
46	Estimated Market Rent	\$850	\$0.77 ←	Estimated Market Rent/ Sq. Ft							

Once all adjustments to collected rents were made, the adjusted rents for each comparable were used to derive an achievable market rent for each bedroom type. Each property was considered and weighed based upon its proximity to the subject site and its amenities and unit layout compared to the subject site.

Based on the preceding Rent Comparability Grids, it was determined that the present-day achievable market rents for units similar to the proposed subject development are \$640 for a one-bedroom unit, \$750 for a two-bedroom unit and \$850 for a three-bedroom unit, which are illustrated as follows:

Bedroom Type	% AMHI	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Br.	50%	\$425	\$640	33.6%
One-Br.	60%	\$535	\$640	16.4%
Two-Br.	50%	\$485	\$750	35.3%
Two-Br.	60%	\$615	\$750	18.0%
Three-Br.	50%	\$520	\$850	38.8%
Three-Br.	60%	\$670	\$850	21.1%

The proposed collected rents represent market rent advantages ranging from 16.4% to 38.8%, depending on bedroom type and targeted income level. Typically, Tax Credit rents are set 10% or more below achievable market rents to ensure that the project will represent a value and have a sufficient flow of tenants within the market. As such, the proposed rents should represent significant values for the local market.

B. RENT ADJUSTMENT EXPLANATIONS (RENT COMPARABILITY GRID)

None of the selected properties offer the same amenities as the subject property. As a result, we have made adjustments to the collected rents to reflect the differences between the subject property and the selected properties. The following are explanations (preceded by the line reference number on the comparability grid table) for each rent adjustment made to each selected property.

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.

7. The subject property is expected to be complete in 2021. The selected properties were built between 2004 and 2018. We have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.

8. It is anticipated that the proposed subject project will have an excellent quality appearance and an attractive aesthetic appeal. We have made adjustments for those properties that we consider having an inferior quality to the subject development.
10. Due to the limited supply of comparable market-rate product in the Site PMA, four of the selected properties are located outside of the Site PMA. These properties are, however, located in the surrounding areas of Clarkesville, Cleveland, and Cornelia, Georgia. The Cleveland and Cornelia markets are considered similar to the Clayton market in terms of median household income and median gross rent, based on American Community Survey (ACS) data. Thus, no out-of-market adjustments were warranted for the properties located in these aforementioned markets. The Clarkesville market, however, is considered superior to the Clayton market in terms of the aforementioned characteristics and therefore properties located in this market have been negatively adjusted by 15% to account for out-of-market differences.
11. Two of the selected properties do not offer one-bedroom units. Thus, we have utilized the next most comparable floor plan (two-bedroom) as a comparable for the subject's one-bedroom units. A negative adjustment of \$50 has been applied to account for the additional defined bedroom within the comparable two-bedroom units.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar basis, we have used 25% of the average for this adjustment.
- 14.-23. The proposed subject project will offer a unit amenity package similar to the selected properties. We have made, however, adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The proposed project offers a project amenities package which is generally considered inferior to those offered among the comparable market-rate properties. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences in utility responsibility at each selected property, as needed. The utility adjustments were based on the local housing authority's utility cost estimates.