

Market Feasibility Analysis

**The Gardens
Main Street/U.S. Highway 76
(Across from Blue Ridge Mountain EMC)
Young Harris, Towns County, Georgia 30582**

Prepared For

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SECTION A – EXECUTIVE SUMMARY

This report evaluates the market feasibility of The Gardens, a proposed 50-unit rental community utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program in Young Harris, Georgia. Based on the findings contained in this report, we believe a market will exist for the subject development, as long as it is constructed and operated as proposed in this report. Note that this assumption also assumes that management of the subject development will aggressively market this proposed project throughout the Site PMA and surrounding areas.

1. Project Description:

The proposed project involves new construction of The Gardens, a 50-unit age-restricted (age 55 and older) apartment community to be located along Main Street (also known as U.S. Highway 76) in Young Harris, Towns County, Georgia. The 50-unit project will consist of three (3) two-story elevator served buildings, which will comprise 18 one-bedroom and 32 two-bedroom garden-style units. The project will be developed using Low-Income Housing Tax Credit (LIHTC) financing and target senior households (age 55 and older) earning up to 50% and 60% of Area Median Household Income (AMHI). Proposed monthly collected Tax Credit rents range from \$145 to \$455, depending upon bedroom type and AMHI level.

Additional details regarding the proposed project are included in Section B of this report.

2. Site Description/Evaluation:

The subject site is surrounded primarily by undeveloped vacant land and wooded land which will provide a private and quiet living environment, which is considered beneficial to the targeted senior population at the subject project. Further, the existing residential and commercial structures within proximity of the subject site are generally considered to be in average to good condition and are not expected to adversely impact marketability of the subject site. The subject site is located adjacent to Main Street (U.S. Highway 76/State Route 2), a moderately traveled roadway which provides a considerable amount of passerby traffic and clear visibility of the subject site to both vehicular and pedestrian traffic along this arterial roadway. As such, visibility of the subject site is considered good. However, despite this good visibility, proper promotional signage is recommended along Main Street as the subject site is set back away from this arterial roadway. Access to the subject site is also considered good as Main Street provides convenient access to and from State Route 66, south of the subject site. Notably, Main Street (U.S. Highway 76/State Route 2) also provides convenient access to and from the nearby towns of Blairsville and Hiawassee. The subject site is within 1.5 miles of various basic community services, while

more extensive shopping opportunities are located in the nearby towns of Blairsville and Hiawassee. Although the Young Harris area does not provide extensive shopping opportunities, area residents are likely accustomed to traveling to these nearby towns for additional community services. Notably, the two conventional rental properties identified and surveyed within the town of Young Harris (Enotah Village Apartments and Young Harris Apartments) are 90.0% and 100.0% occupied, respectively. These higher occupancy rates further indicate that the limited availability of community services within the Young Harris area have not adversely impacted marketability of rental product in the area. As such, we do not believe that these longer commutes for additional services will have a significant impact on marketability of the subject site. Especially considering the convenient accessibility of these towns from U.S. Highway 76/State Route 2, which is adjacent the site to the east. Both Hiawassee and Blairsville are within approximately a 15 minute drive of the subject site. Overall, the subject site's visibility, accessibility and proximity to community services will likely enhance marketability.

3. Market Area Definition:

The Young Harris Site PMA includes the towns of Young Harris and Hiawassee as well as portions of the town of Blairsville. The boundaries of the Site PMA generally include the North Carolina/Georgia Border to the north; Upper Bell Creek Road, Bearmeat Road and Unicoi Turnpike/State Route 75 to the east; Blairsville Highway and State Route 180 to the south; and Murphy Highway and Blairsville Highway to the west. The Site PMA boundaries are all within approximately 16.0 miles of the subject site.

A map illustrating these boundaries is included on page D-2 of this report.

4. Community Demographic Data:

Overall, the Young Harris Site PMA is projected to experience both population and household growth between 2013 and 2015. Specifically, the population within the Site PMA is projected to increase by 239 (1.4%) while the total number of households is projected to increase by 133 (1.9%) during this time period. It is of note that the senior age cohorts (ages 55 and older) are the only age cohorts which are projected to experience household growth within the Site PMA between 2013 and 2015. Further, senior renter households (age 55 and older) are projected to increase by 35 households between 2013 and 2015. These population and household trends among the senior demographic (age 55 and older) are indicative of an increasing base of potential support for the subject development. Additionally, senior households (age 55 and older) earning less than \$30,000 are projected to increase by 153 households between 2013 and 2015. This increase in low-income senior households (those earning below \$30,000) will likely increase the demand for affordable senior-oriented housing within the market.

5. Economic Data:

According to local economic representatives the Towns County economy is considered to be stable and slowly recovering from the impact of the national recession. Notably, the Towns County area has experienced recent growth among the housing industry as there has been some single-family home development within the area according to these representatives. In addition to the housing industry, these representatives also stated that the local tourism and retail industries continue to improve as well. Further, according to data provided by the U.S. Department of Labor, Bureau of Labor Statistics, the Towns County economy has stabilized since the adverse impact of the national recession. Specifically, the Towns County employment base has not deviated by more than 0.8% (positively or negatively) since 2009. Unemployment rates within Towns County have been below state averages each year since 2003 and have decreased by more than two full percentage points between December of 2011 and April of 2013. These economic trends indicate that the local Towns County economy will likely continue to experience a slow economic recovery from the national recession for the foreseeable future. However, despite these positive trends, the unemployment rate in Towns County remains more than four full percentage points higher than pre-recession levels (3.8% in 2007) and employment base growth has been relatively stagnant since 2009. As such, it is likely that the demand for affordable housing will remain high during this slow economic recovery within Towns County.

6. Project-Specific Affordability and Demand Analysis:

Per GDCA guidelines, projects in rural markets with an overall capture rate of 35% or below are considered acceptable. As such, the project's overall capture rate of 33.8% is considered achievable. Further, the proposed development will provide a non-subsidized senior-oriented rental product which currently has limited availability in the market. As such, this project design will likely attract a sufficient number of senior homeowners that are seeking a more affordable, maintenance-free housing alternative in the area. However, per GDCA methodology, demand from senior homeowner conversion is limited to 2% of total demand. Based on the limited availability of non-subsidized senior-oriented rental product in the area and the design features of the subject development, we anticipate a greater percentage of support will be generated from senior homeowner conversion. Therefore, the overall capture rate is considered conservative.

7. Competitive Rental Analysis

We identified and surveyed four projects which offer Low-Income Housing Tax Credit (LIHTC) units in the Site PMA. However, one of these four LIHTC projects, Cottage Hill Apartments (Map ID 5) also operates under the Rural Development 515 (RD 515) program and provides Rental Assistance (RA) on all of its units. As such, we have not included this project in our Tax Credit analysis. The three remaining LIHTC projects all offer non-subsidized LIHTC units. Note that while two of the three remaining LIHTC projects target general-occupancy households, they each offer two-bedroom units at ground level which would likely attract senior renters. As such, these two general-occupancy LIHTC projects have been included in our Tax Credit analysis. The three non-subsidized LIHTC projects identified and surveyed within the market offer one- and/or two-bedroom units and target households earning up to 30%, 50%, 55% and 60% of Area Median Household Income (AMHI). Therefore, these LIHTC projects should provide an accurate base of comparability for the subject development and are considered competitive.

These comparable properties and the proposed development are summarized as follows. Information regarding property address and phone number, contact name, date of contact and utility responsibility is included in Addendum A, Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	The Gardens	2015	50	-	-	-	Seniors 55+; 50% & 60% AMHI
4	Big Sky Village	2009	48	100.0%	8.1 Miles	3 H.H.	Seniors 55+; 50% & 60% AMHI
8	Enotah Village Apts.	2007	47*	91.5%	0.6 Miles	30% AMHI: 4 H.H.	Families; 30% & 50% AMHI
10	Nantahala Village Apts.	1999	56	92.9%	9.5 Miles	None	Families; 50%, 55%, & 60% AMHI

OCC. – Occupancy

*Tax Credit units only

The three LIHTC projects have a combined occupancy rate of 94.7%, a stable rate for affordable Tax Credit product. It should be noted that the one age-restricted LIHTC project in the market, Big Sky Village (Map ID 4), is currently 100.0% occupied and maintains a three household wait list for its next available units. This indicates that affordable age-restricted LIHTC product has been well received in the market and is in high demand. Further, five of the eight vacant units among the remaining two comparable LIHTC projects in the market are concentrated among larger three-bedroom units which typically do not attract senior renters as targeted at the subject development.

The gross rents for the competing 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	The Gardens	\$270/50% (5) \$475/60% (13)	\$569/50% (4) \$614/60% (28)	-	-	-
4	Big Sky Village	\$501/50% (9/0) \$501/60% (15/0)	\$572/50% (8/0) \$572/60% (16/0)	-	-	None
8	Enotah Village Apts.	-	\$393/30% (2/0) \$562/50% (13/1)	\$450/30% (6/0) \$648/50% (20/3)	\$512/30% (2/0) \$736/50% (4/0)	None
10	Nantahala Village Apts.	-	\$541/50% (9/1) \$597/55% (8/1)	\$623/50% (18/1) \$753/60% (12/1)	\$704/50% (4/0) \$851/60% (5/0)	None

As the preceding table illustrates, the proposed gross rents of all one-bedroom units and the two-bedroom units at 50% AMHI at the subject development will be the lowest priced LIHTC units among similar unit types and targeted AMHI levels in the market. This will likely create a marketing advantage for the subject development. The two-bedroom units at 60% AMHI have proposed gross rents which are slightly higher than similar unit types targeting similar AMHI levels in the market. However, these rents are considered achievable considering that the subject project will offer the newest LIHTC product in the market. Note that two of the comparable LIHTC projects only offer two-bedroom units at 50% and/or 55% of AMHI. As such, rents at these projects aren't directly comparable to those proposed for the two-bedroom units at 60% AMHI at the subject project. It should also be noted that only one of the comparable LIHTC projects, Big Sky Village (Map ID 4), offers one-bedroom units. Further, this project is also the only comparable LIHTC project to offer two-bedroom units at 60% of AMHI. Note that all units at this comparable LIHTC project are 100.0% occupied. As such, the subject development will provide a rental alternative which is currently not available within the market.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the proposed development will be competitive. Notably, aside from the proposed two-bedroom units at 60% AMHI, the proposed rents at the subject development will be the lowest priced LIHTC rents among similar bedroom types and AMHI levels in the market. Further, the subject development will offer the largest one- and two-bedroom units (square feet) in the market. The subject development will also offer a unit and project amenity package which is considered appropriate for senior-oriented housing and will be competitive among those offered at the comparable LIHTC projects in the market. Overall, the low proposed rents, large unit sizes (square feet) and competitive amenity packages to be offered at the subject development will enhance

marketability and ensure the subject development is competitive among the comparable LIHTC projects in the market.

8. Absorption/Stabilization Estimates

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/GHFA guidelines that assume a 2015 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2015.

Considering the facts contained in the market study, as well as the preceding factors, 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 limited availability of non-subsidized age-restricted LIHTC units in the market, the required capture rate, achievable market rents, the demand for all affordable rental housing and the proposed competitiveness of the subject site. Our absorption projections also take into consideration that the developer and/or management successfully markets the project throughout the Site PMA which includes portions of both Towns County and Union County.

Based on our analysis, it is our opinion that the proposed 50 LIHTC units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately 10 to 12 months. This absorption period is based on a conservative average monthly absorption of approximately four to five units per month. We further believe the proposed one-bedroom units will lease-up at a higher monthly rate than the two-bedroom units.

These absorption projections assume a 2015 opening date. A later opening date may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built 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.

9. Overall Conclusion:

Based on our research, the Young Harris affordable (non-subsidized Tax Credit, subsidized Tax Credit and government-subsidized) rental housing market is considered stable. Specifically, the overall occupancy rate of the affordable rental units surveyed in the market is 96.3% and none of the affordable projects in the market are currently offering concessions. It should also be noted that the one existing age-restricted non-subsidized Tax Credit project in the market, Big Sky Village (Map ID 4) is 100.0% occupied and maintains a waiting list for its next available units. Demographic trends indicate a stable and slowly growing senior population and household (age 55 and older) base between 2013 and 2015. Economic development representatives and employment data indicate the Towns County economy has stabilized since the impact of the national recession and is expected to experience a slow economic recovery over the foreseeable future.

The proposed subject development involves the new construction of The Gardens, a 50-unit age-restricted (age 55 and older) apartment community offering one- and two-bedroom units to senior households earning up to 50% and 60% AMHI. It should also be noted that the subject development will offer some units which will be among the lowest priced LIHTC units in the market as well as the largest (square feet) one- and two-bedroom LIHTC units in the market. This will likely create a marketing advantage for the subject development.

Based on the findings reported in our market study, it is our opinion that a market exists for The Gardens apartment project within the Site PMA. This conclusion assumes the project is constructed as detailed in this report and is properly marketed throughout the Site PMA and surrounding areas by management of the subject development. Changes to the proposed project outside of what is reported in this market study may alter these findings. We have no recommendations or suggested modifications for the proposed project at this time.

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

Development Name:	The Gardens	Total # Units: 50
Location:	Along the west side of Main Street (across from Blue Ridge Mountain EMC) in Young Harris, Georgia 30582	# LIHTC Units: 50
PMA Boundary:	The Young Harris Site PMA includes the towns of Young Harris and Hiawassee as well as portions of the town of Blairsville. (Detailed boundaries are located in Section D).	
	Farthest Boundary Distance to Subject:	15.8 miles

RENTAL HOUSING STOCK (found in Addendum A, pages 4-5)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	15	324	20	93.8%
Market-Rate Housing	7*	53	10	81.1%
Assisted/Subsidized Housing not to include LIHTC	5	97	1	99.0%
LIHTC	4*	174	9	94.8%
Stabilized Comps	7	198	16	91.9%
Properties in Construction & Lease Up	1	12	12	0.0% (units under construction)

*LIHTC projects with unrestricted market-rate units included in each category, but units not double-counted.

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
5	One-Br.	1.0	844	\$145 (50%)	\$425	\$0.61	65.9%	\$575	\$0.66
13	One-Br.	1.0	844	\$350 (60%)	\$425	\$0.61	17.6%	\$575	\$0.66
4	Two-Br.	2.0	1,189	\$410 (50%)	\$591	\$0.59	30.6%	\$650	\$0.54
28	Two-Br.	2.0	1,189	\$455 (60%)	\$591	\$0.59	23.0%	\$650	\$0.54

*Based on weighted average collected rent of unrestricted market-rate comparables located in Addendum E.

DEMOGRAPHIC DATA (found in Sections E & G)

	2010		2013		2015	
Senior Renter Households (55+)	620	14.3%	706	16.4%	741	16.5%
Age- and Income-Qualified Renter HHs (LIHTC)	N/A	N/A	276	6.4%	295	6.6%
Income-Qualified Renter HHs (MR)	N/A	N/A	N/A	N/A	N/A	N/A

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page G-6)

Type of Demand	30%	50%	60%	Market-rate	Other: __	Overall
Renter Household Growth		17	12			19
Existing Households (Overburd + Substand)		107	73			126
Homeowner conversion (Seniors)		2	1			3
Total Primary Market Demand		126	86			148
Less Comparable/Competitive Supply		0	0			0
Net Income-Qualified Renter HHs		126	86			148

CAPTURE RATES (found on page G-6)

Targeted Population	30%	50%	60%	Market-rate	Other: __	Overall
Capture Rate		7.1%	47.7%			33.8%

SECTION B - PROJECT DESCRIPTION

The proposed project involves new construction of The Gardens, a 50-unit age-restricted (age 55 and older) apartment community to be located along Main Street (also known as U.S. Highway 76) in Young Harris, Towns County, Georgia. The 50-unit project will consist of three (3) two-story elevator served buildings, which will comprise 18 one-bedroom and 32 two-bedroom garden-style units. The project will be developed using Low-Income Housing Tax Credit (LIHTC) financing and target senior households (age 55 and older) earning up to 50% and 60% of Area Median Household Income (AMHI). Proposed monthly collected Tax Credit rents range from \$145 to \$455, depending upon bedroom type and AMHI level. Additional details regarding the proposed project are as follows:

A. PROJECT DESCRIPTION

1. **Project Name:** The Gardens
2. **Property Location:** Main Street/U.S. Highway 76
(Across from Blue Ridge Mountain EMC)
Young Harris, Georgia 30582
(Towns County)
3. **Project Type:** New Construction of an age-restricted (55+) Low-Income Housing Tax Credit (LIHTC) project.
4. **Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent of AMHI	Proposed Rents		
						Collected	Utility Allowance	Gross
5	One-Br.	1.0	Garden	844	50%	\$145	\$125	\$270
13	One-Br.	1.0	Garden	844	60%	\$350	\$125	\$475
4	Two-Br.	2.0	Garden	1,189	50%	\$410	\$159	\$569
28	Two-Br.	2.0	Garden	1,189	60%	\$455	\$159	\$614
50	Total							

Source: Investors Management

AMHI – Area Median Household Income (Towns County, Georgia)

5. **Target Market:** Senior Households (Age 55 and older) earning up to 50% and 60% of AMHI.
6. **Project Design:** Three (3) two-story elevator served buildings
7. **Original Year Built:** N/A; New Construction

8. Projected Opening Date: March 2015

9. Unit Amenities:

Each unit will include the following amenities:

- Electric Range
- Refrigerator
- Dishwasher
- Central Air Conditioning
- Carpet
- Window Blinds
- Washer/Dryer Hookups
- Patio/Balcony
- Ceiling Fan

10. Community Amenities:

The subject property will include the following community features:

- On-Site Management
- Laundry Facility
- Clubhouse
- Community Room
- Fitness Center
- Picnic Area
- Social Services

11. Resident Services:

The subject development will not provide any resident services

12. Utility Responsibility:

The cost of trash collection will be included in the monthly rent. Tenants will be responsible for all other utilities charges, including the cost of:

- Electric (general use)
- Electric Heat
- Electric Hot Water Heat
- Electric Cooking
- Water/Sewer

13. Rental Assistance:

The subject project will not provide rental assistance on any of the proposed units.

14. Parking:

The subject site will offer a paved surface parking lot containing 84 parking spaces at no additional charge.

15. Statistical Area: Towns County, Georgia (2013)

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



Young Harris, GA
State of Georgia

 Site
 State of Georgia



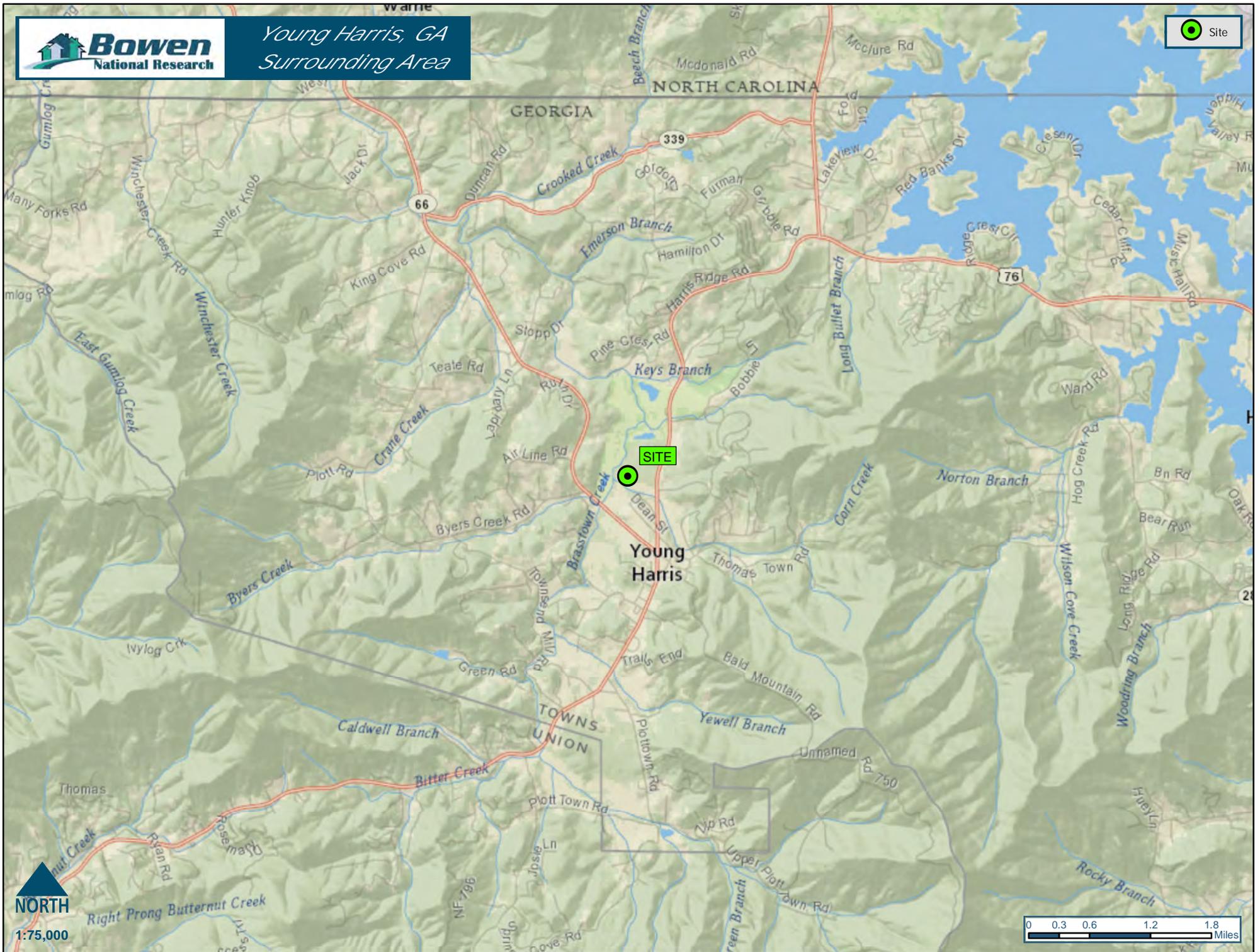
NORTH

1:3,571,081

0 12.5 25 50 75 Miles



*Young Harris, GA
Surrounding Area*



NORTH
1:75,000

0 0.3 0.6 1.2 1.8 Miles

Forest

66

515

2

76

515

76

2

Byers Creek Rd

Ed Nichols Dr

66

Meadow Ln

Village View Dr

Village Path Ln

Dean St

Miller St

Meadow Ln

NORTH
1:8,000

0 0.04 0.08 0.16 0.24 Miles



SECTION C – SITE DESCRIPTION AND EVALUATION

1. LOCATION

The proposed subject site is located west of the Main Street (U.S. Highway 76/State Route 2) and Timberline Drive intersection in the northern portion of Young Harris, Georgia. Located within Towns County, Young Harris is approximately 107.0 miles west of Greenville, South Carolina and approximately 125.0 miles northeast of Atlanta, Georgia. An employee of Bowen National Research inspected the site and area apartments during the week of June 5, 2013.

2. SURROUNDING LAND USES

The proposed subject site is within a partially developed area of Young Harris, Georgia. Surrounding land uses generally include single-family homes, a university, wooded land, a parking lot and various local businesses. Adjacent land uses are detailed as follows:

North -	Mature trees and undeveloped vacant land border the site to the north. The Brasstown Valley Resort and Spa golf course is located farther north of the subject site. Scattered single-family homes considered to be in average condition and undeveloped vacant and wooded land extend beyond the Brasstown Valley Resort and Spa golf course.
East -	Undeveloped land and Main Street, also known as U.S. Highway 76/State Route 2, a four-lane highway north of the site and two-lane highway south of the site, is a moderately traveled arterial roadway that borders the site to the east. Continuing east of Main Street is the Blue Ridge Mountain Electric Membership Corporation (EMC). Undeveloped wooded land and scattered two-story single-family homes considered to be in average condition are located beyond.
South -	Undeveloped vacant land borders the site to the south. Continuing south of the site is Enrico's Italian Restaurant, Here's the Scoop Ice Cream and the Park Sterling Bank. Various small businesses and retail shops, the Mountain Regional Library, scattered single-family homes and undeveloped vacant land are located beyond and extend to State Route 66.

West -	Undeveloped wooded land borders the site directly to the west. The Brasstown Valley Resort and Spa golf course is located beyond this wooded land, followed by additional wooded land which extends farther west of the site to State Route 66. Undeveloped wooded land and scattered single-family homes in average condition are located beyond State Route 66 west of the subject site.
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The subject site is primarily surrounded by undeveloped vacant and wooded land. However, the various retail stores, small business and commercial and residential structures located within the immediate site neighborhood are considered to be in relatively good condition and should not adversely impact marketability of the subject site. Overall, the subject project is expected to fit well with the existing surrounding structures and will benefit from the vacant and wooded land which will provide a private and quiet living environment for the targeted senior population at the subject project.

3. VISIBILITY AND ACCESS

The subject site is located along the west side of Main Street, also known as U.S. Highway 76/State Route 2, an arterial roadway providing north/south access throughout the Young Harris area. Main Street was observed to be a moderately traveled roadway which will provide significant passerby traffic to the subject project. Further, the subject site is generally unimpeded by the surrounding land uses and is clearly visible to both vehicular and pedestrian traffic along Main Street, east of the subject site. As previously mentioned, vehicular traffic along Main Street was observed to be moderate, with slight increases during weekday business hours due to the site’s proximity to various local businesses and Young Harris College. Main Street (U.S. Highway 76/State Route 2) provides convenient access throughout the Young Harris area as well as to and from the nearby towns of Blairsville and Hiawasse. Given the subject site’s clear visibility and convenient accessibility from Main Street (U.S. Highway 76/State Route 2), both visibility and access of the subject site are considered good and should contribute to the overall marketability of the subject site. It should be noted however, that despite good visibility, proper promotional signage is recommended along Main Street as the subject site is set back away from this arterial roadway.

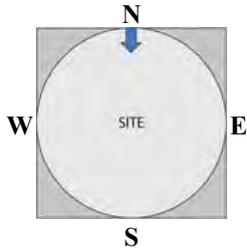
According to area planning and zoning officials, no notable roads or other infrastructure projects are underway or planned for the immediate site area. The area is established and electric service is provided by Blue Ridge Mountain EMC while propane services are provided by Suburban Propane. Note that there were no natural gas providers found within the Young Harris area. Water and sewer service is provided by the City of Young Harris.



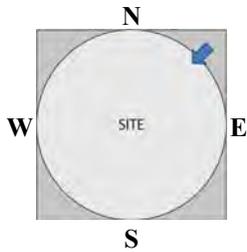
4. SITE PHOTOGRAPHS

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

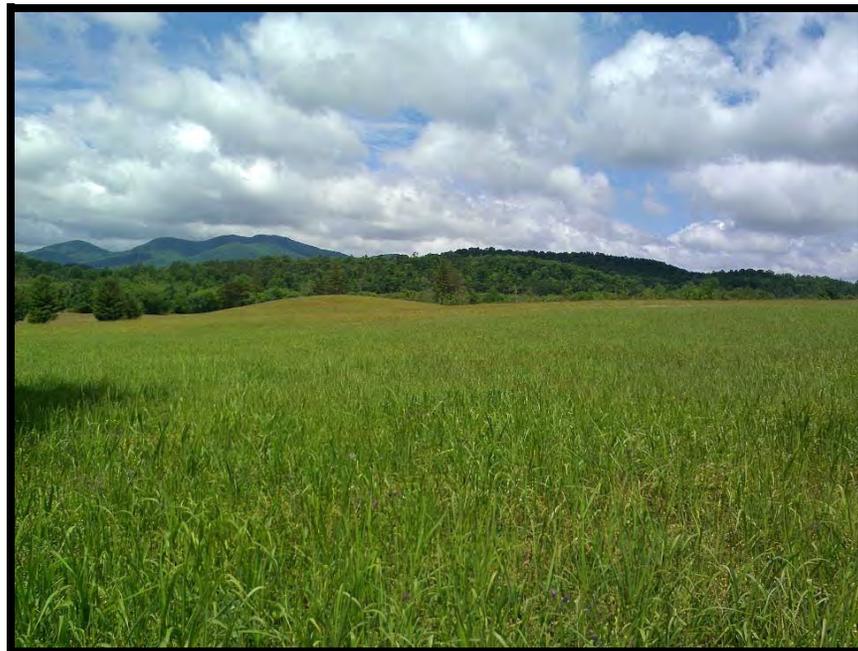
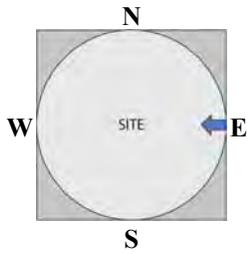
SITE PHOTOGRAPHS



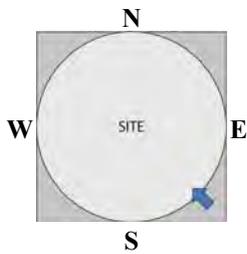
View of site from the north



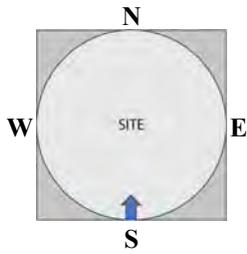
View of site from the northeast



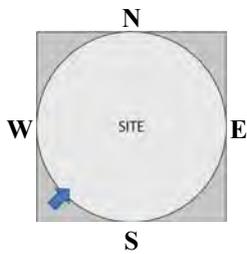
View of site from the east



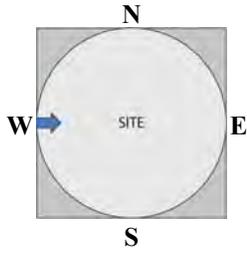
View of site from the southeast



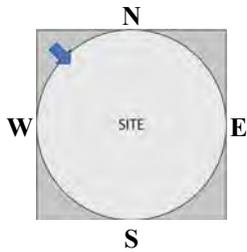
View of site from the south



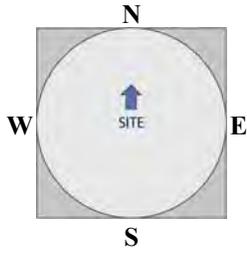
View of site from the southwest



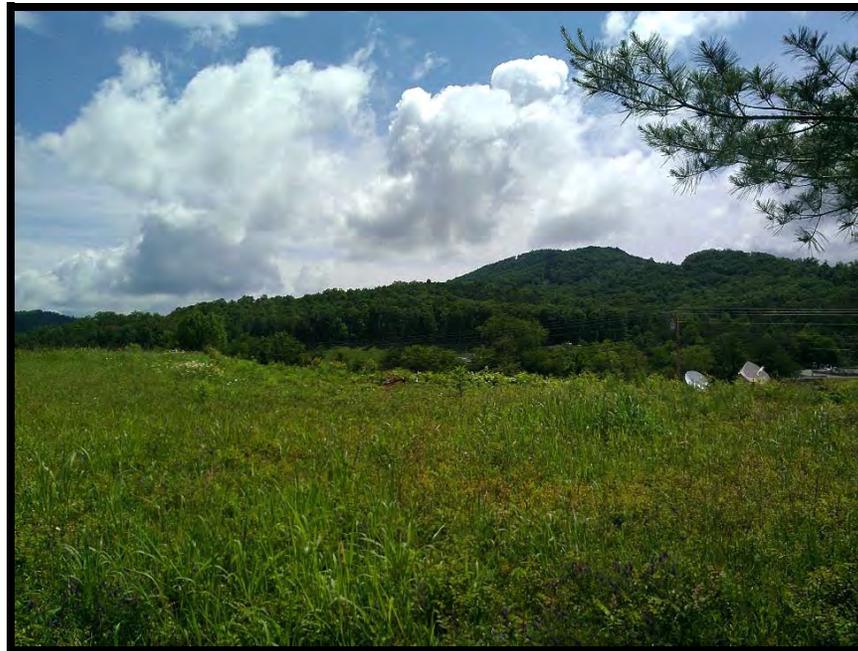
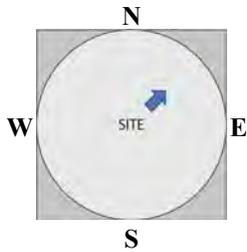
View of site from the west



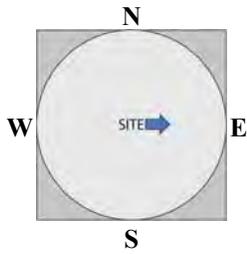
View of site from the northwest



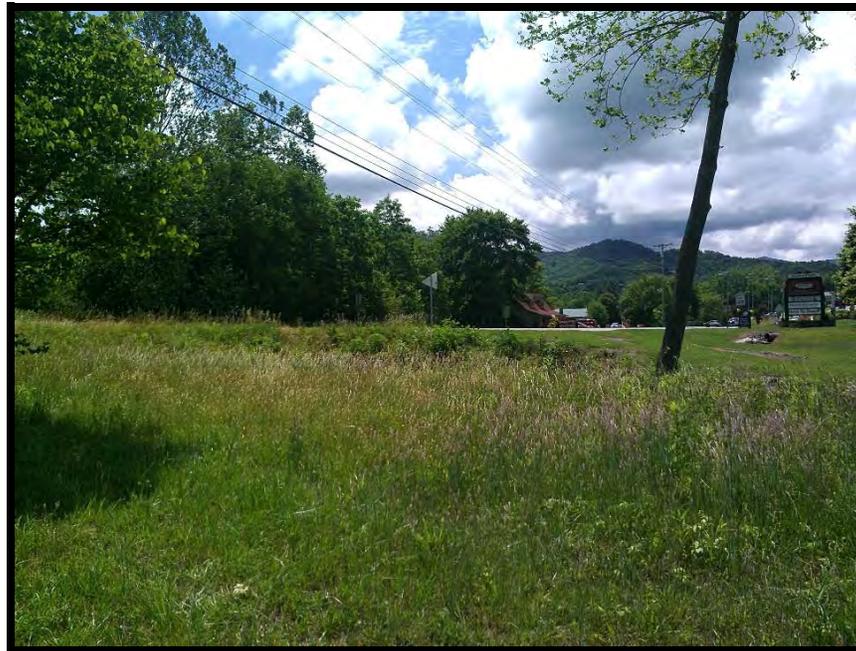
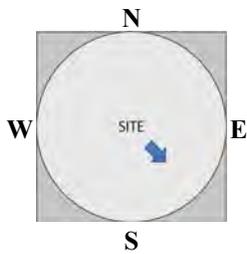
North view from site



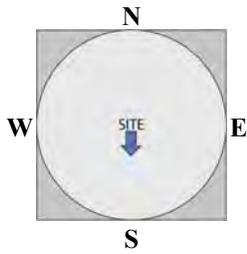
Northeast view from site



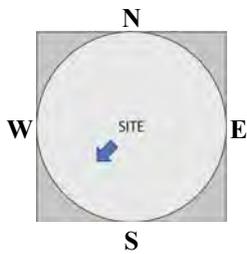
East view from site



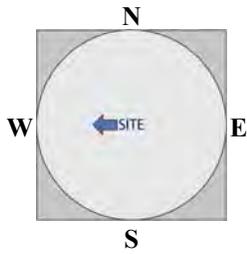
Southeast view from site



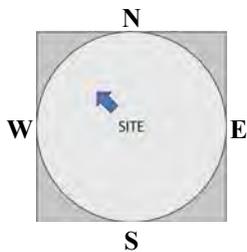
South view from site



Southwest view from site



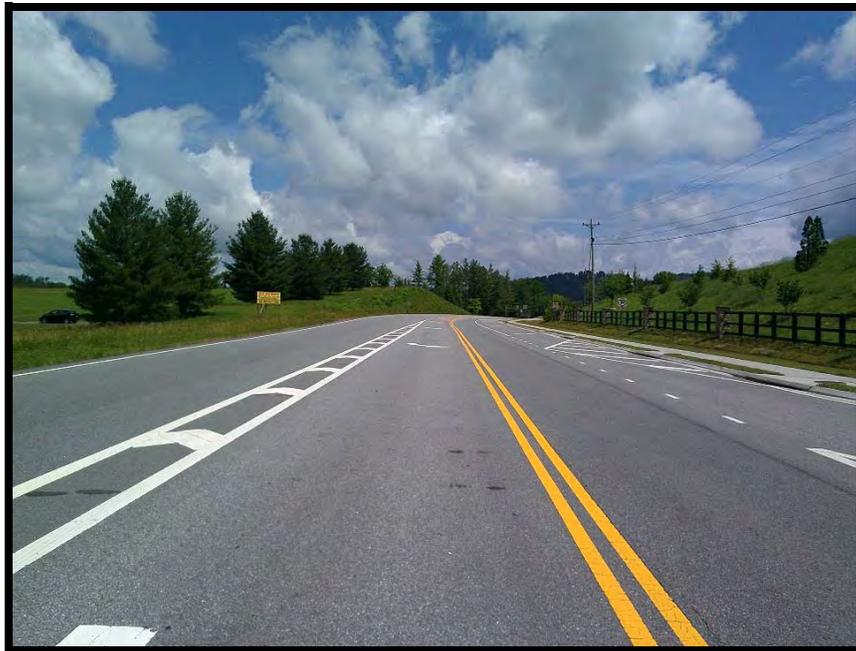
West view from site



Northwest view from site



Streetscape - Southview of Main Street



Streetscape - Northview of Main Street

5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

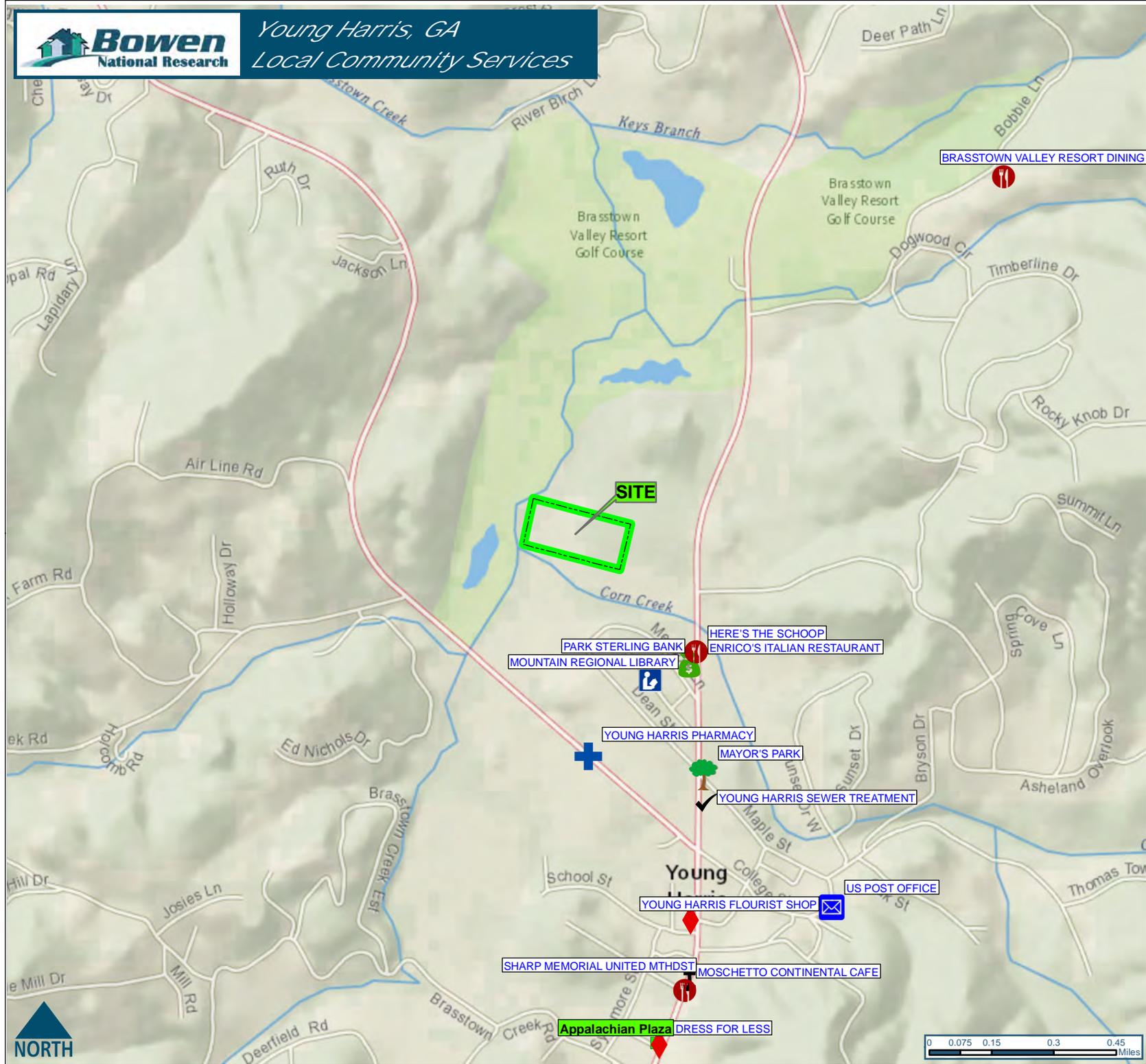
Community Services	Name	Driving Distance From Site (Miles)
Major Highway(s)	U.S. Highway 76/State Route 2 State Route 66	Adjacent East 0.5 South
Public Transportation	Towns County Senior Center	On-Site
Convenience Store	B K's Pit Stop Incorporated Circle K	6.5 Southwest 7.3 East
Grocery	Food City Ingles Market Walmart Supercenter	7.9 East 8.1 East 12.2 Southwest
Discount Department Store	Dress For Less Dollar General Fred's Store Family Dollar Store	0.9 South 7.6 East 7.6 East 7.9 East
Shopping Center/Mall	Appalachian Plaza	0.9 South
Hospital	Chatuge Regional Hospital	7.7 Northeast
Police	Town's County Sheriff's Office	3.5 Northeast
Fire	Towns County Fire Department	7.8 East
Post Office	U.S. Post Office	0.8 Southeast
Bank	Park Sterling Bank United Community Bank Bank Of Hiawassee	0.2 South 7.9 East 8.1 East
Senior Center	Towns County Senior Center Union County Senior Center	8.3 East 10.1 Southwest
Gas Station	Chevron Gas Station Circle K	2.8 Southwest 4.0 Southwest
Pharmacy	Young Harris Pharmacy Medicine Shoppe Fred's Pharmacy	0.9 South 7.5 East 7.8 East
Restaurant	Enrico's Italian Restaurant Here's The Scoop Moschetto Continental Cafe	0.2 South 0.2 South 0.8 South
Library	Mountain Regional Library	0.5 Southeast
Amusement/Entertainment	Fun World	4.1 Northeast
Golf	Brasstown Valley Golf Course Chatuge Shores Golf Course	0.6 North 6.0 Northeast

Due to the rural nature of the Young Harris area, community services and shopping opportunities are somewhat limited within the immediate site neighborhood. However, some basic community services are located within 1.5 miles of the subject site. Notable community services located within 1.5 miles of the subject site include but are not limited to Erinco's Italian Restaurant, Dress for Less, a U.S. Post Office, a bank, a pharmacy, the Mountain Regional Library and multiple dining establishments. Although community services and shopping opportunities are somewhat limited within the Young Harris area, most residents of the area are accustomed to traveling further distances for basic services. As such, it should be noted that additional community services including but not limited to Food City, Ingle's Market, a Walmart Supercenter and two senior centers are located within the nearby towns of Hiawassee and Blairsville. We do not anticipate these relatively longer commutes to additional community services and shopping opportunities will have any adverse impact on marketability of the subject site as area residents are generally accustomed to traveling longer distances for these services. Note that fixed route public transportation is not available within Towns County. However, the Towns County Senior Center provides free on-site transportation services to senior residents within the area for senior center activities, shopping and doctors appointments within the Young Harris and Hiawassee area.

The Chatuge Regional Hospital is the nearest full-service hospital with emergency services and is located within 7.7 miles of the subject site in the nearby town of Hiawassee. All public safety services are provided by the Towns County Sheriff's Department and Towns County Fire Department which are located 3.5 miles and 7.8 miles from the subject site, respectively.

Overall, the subject site has convenient accessibility to community services located within Young Harris as well as those offered in the nearby towns of Hiawassee and Blairsville given the convenient location of the subject site along U.S. Highway 76/State Route 2, which provides access to both nearby towns. Further, as previously stated, senior transportation services are provided by the Towns County Senior Center on an "as needed" basis. This will further enhance accessibility of select community services for senior residents of the subject development.

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



Legend

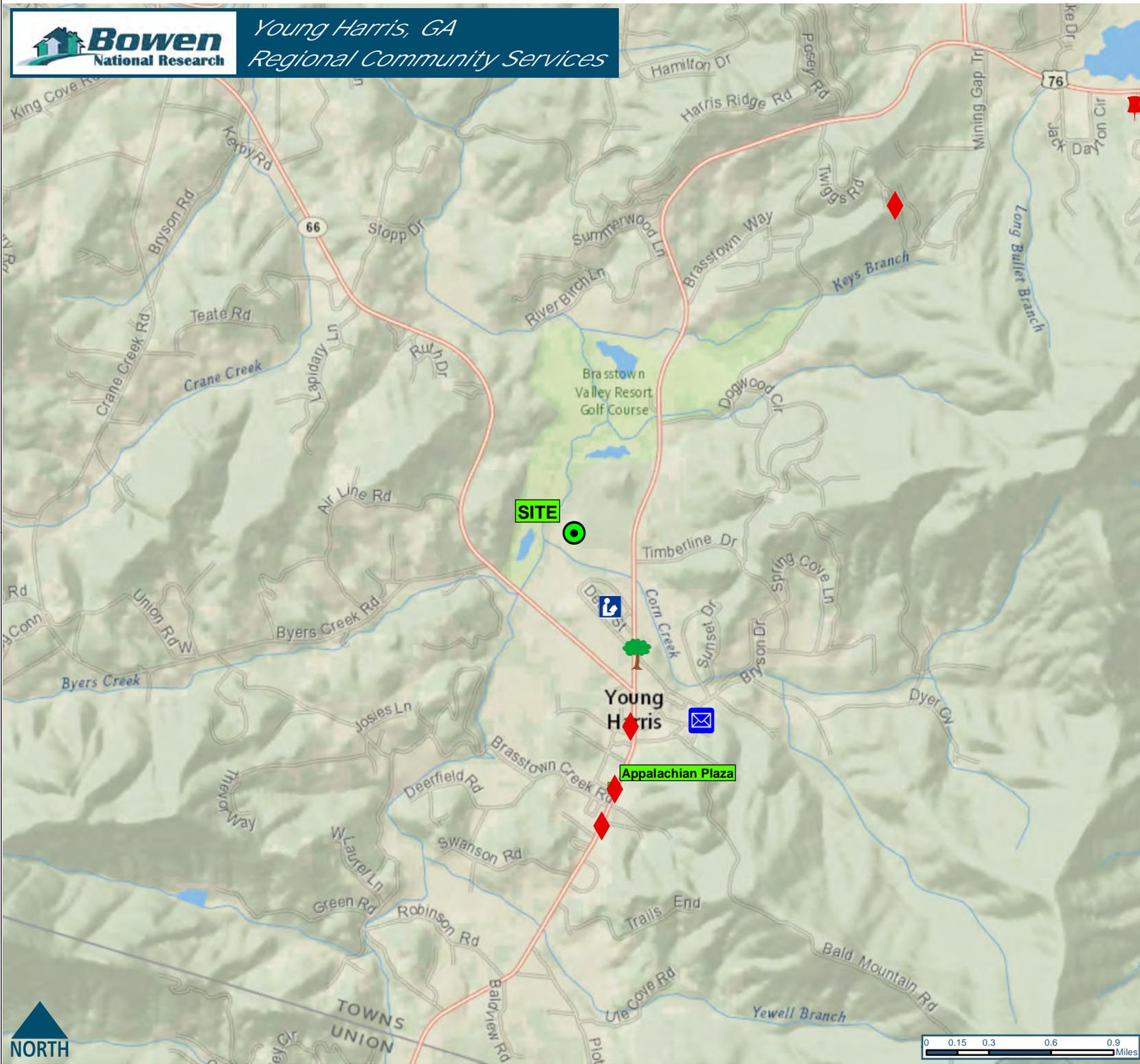
- Site Area
- bank
- church
- city government
- library
- park
- pharmacy
- post office
- restaurant
- shopping

Shopping Center
Gross Leasable Area

- < 500,000 sq. ft.
- < 1,000,000 sq. ft.
- < 3,200,000 sq. ft.



1:20,000



Legend

-  Site
-  entertainment
-  library
-  park
-  post office
-  shopping

Shopping Center

Gross Leasable Area

-  < 500,000 sq. ft.
-  < 1,000,000 sq. ft.
-  < 3,200,000 sq. ft.



1:40,000

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 (31) for the Site PMA is below the national average with an overall personal crime index of 24 and a property crime index of 34. Total crime risk (37) for Towns County is below the national average with indexes for personal and property crime of 32 and 37, respectively.

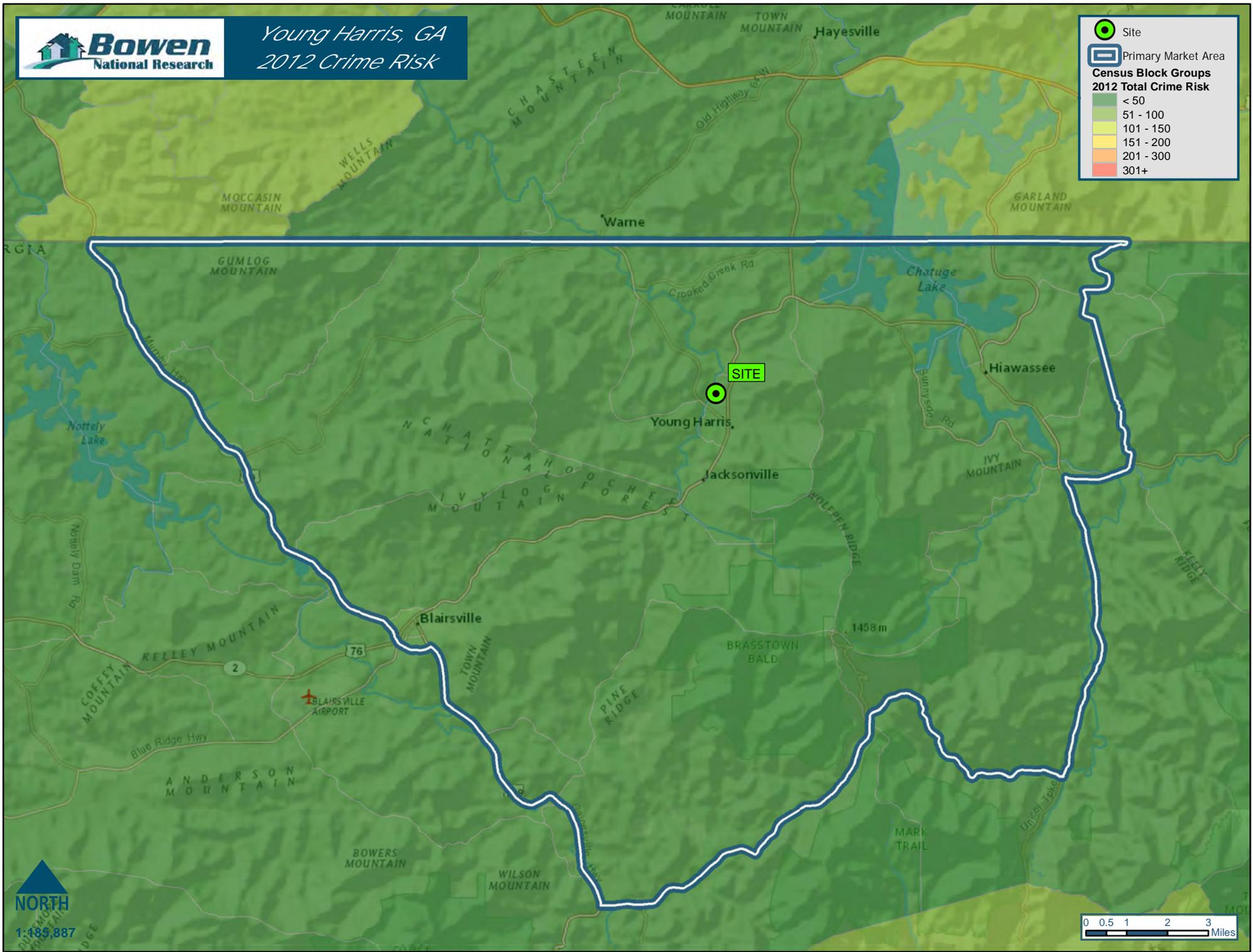
	Crime Risk Index	
	Site PMA	Towns County
Total Crime	31	37
Personal Crime	24	32
Murder	32	52
Rape	19	22
Robbery	5	8
Assault	39	52
Property Crime	34	37
Burglary	64	64
Larceny	25	25
Motor Vehicle Theft	15	24

Source: Applied Geographic Solutions

As the preceding illustrates, the crime index reported within the Site PMA is similar to that of Towns County. Notably, both the Site PMA and Towns County have crime indexes which are less than half that of the national average (100). As such, it is likely that the perception of crime is low within the immediate site neighborhood. Further, the subject project will provide the presence of on-site management which will further enhance the sense of security at the subject project. Based on the low crime indexes reported for both the Site PMA and Towns County and considering the inclusion of on-site management, we do not believe that crime will have any significant impact on marketability of the subject site.

A map illustrating crime risk is on the following page.

 Site
 Primary Market Area
Census Block Groups
2012 Total Crime Risk
 < 50
 51 - 100
 101 - 150
 151 - 200
 201 - 300
 301+



7. OVERALL SITE EVALUATION

The subject site is surrounded primarily by undeveloped vacant land and wooded land which will provide a private and quiet living environment, which is considered beneficial to the targeted senior population at the subject project. Further, the existing residential and commercial structures within proximity of the subject site are generally considered to be in average to good condition and are not expected to adversely impact marketability of the subject site. The subject site is located adjacent to Main Street (U.S. Highway 76/State Route 2), a moderately traveled roadway which provides a considerable amount of passerby traffic and clear visibility of the subject site to both vehicular and pedestrian traffic along this arterial roadway. As such, visibility of the subject site is considered good. However, despite this good visibility, proper promotional signage is recommended along Main Street as the subject site is set back away from this arterial roadway. Access to the subject site is also considered good as Main Street provides convenient access to and from State Route 66, south of the subject site. Notably, Main Street (U.S. Highway 76/State Route 2) also provides convenient access to and from the nearby towns of Blairsville and Hiawassee. The subject site is within 1.5 miles of various basic community services, while more extensive shopping opportunities are located in the nearby towns of Blairsville and Hiawassee. Although the Young Harris area does not provide extensive shopping opportunities, area residents are likely accustomed to traveling to these nearby towns for additional community services. Notably, the two conventional rental properties identified and surveyed within the town of Young Harris (Enotah Village Apartments and Young Harris Apartments) are 90.0% and 100.0% occupied, respectively. These higher occupancy rates further indicate that the limited availability of community services within the Young Harris area have not adversely impacted marketability of rental product in the area. As such, we do not believe that these longer commutes for additional services will have a significant impact on marketability of the subject site. Especially considering the convenient accessibility of these towns from U.S. Highway 76/State Route 2, which is adjacent the site to the east. Both Hiawassee and Blairsville are within approximately a 15 minute drive of the subject site. Overall, the subject site's visibility, accessibility and proximity to community services will likely enhance marketability.

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.

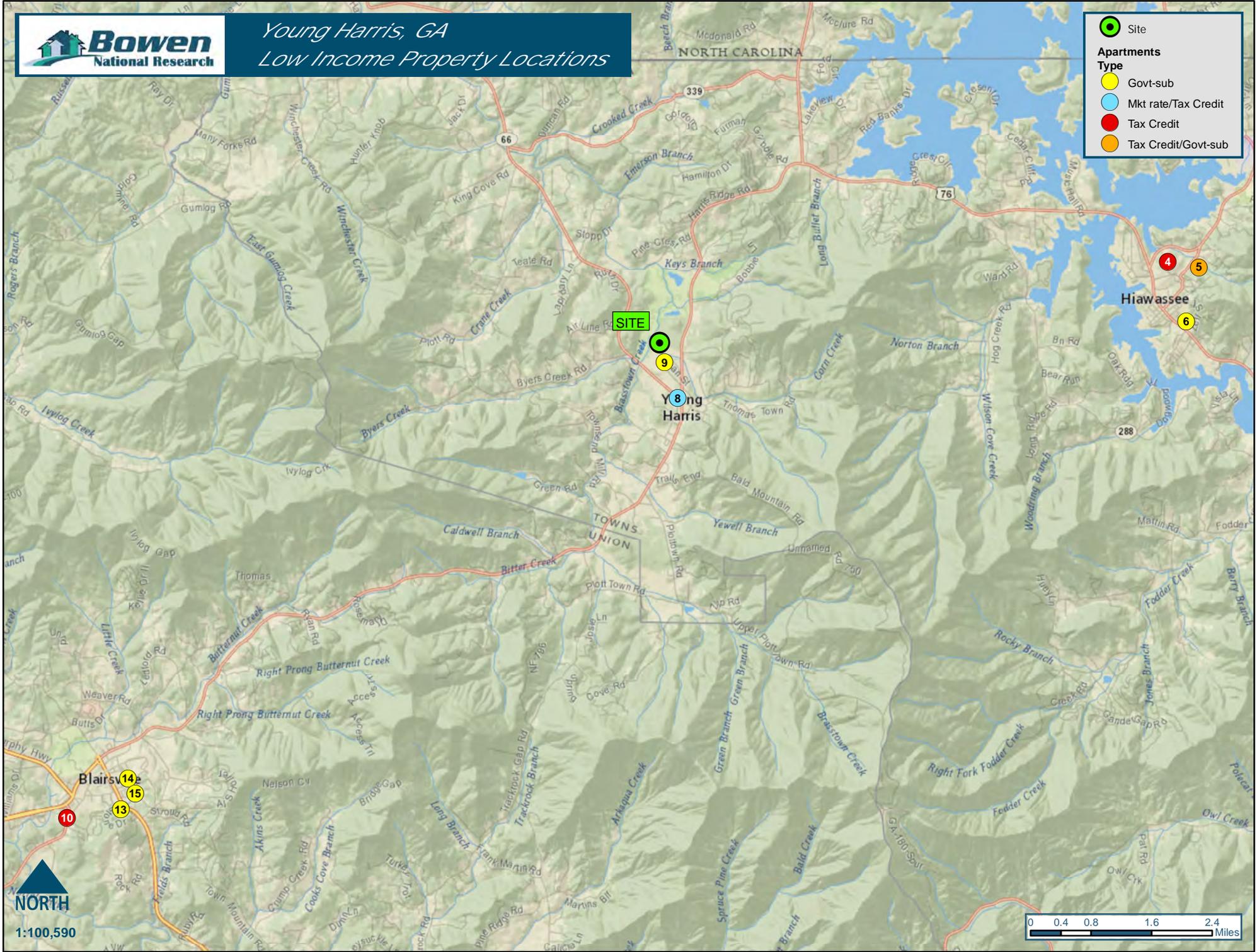


Young Harris, GA Low Income Property Locations

Site
● Site

Apartments Type

- Govt-sub
- Mkt rate/Tax Credit
- Tax Credit
- Tax Credit/Govt-sub



NORTH
1:100,590

0 0.4 0.8 1.6 2.4 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 and the geographic area expected to generate the majority of demographic support for the subject development. The Young Harris 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.

Debbie Reed, Property Manager of Big Sky Village, an age-restricted property located in Hiawassee, stated that the majority of her tenants originate from the surrounding areas of Hiawassee, Young Harris and Blairsville. Specifically, according to Ms. Reed, she believes the support she receives from the Blairsville area is due to the lack of affordable senior-oriented housing in the Blairsville area. Ms. Reed further stated that although most of her tenants come from these surrounding areas, she does receive some support from areas outside of the Site PMA. However, most of this additional support from outside of the Site PMA is derived from out of state residents, mostly from the state of Florida, according to Ms. Reed.

Crystal Ambling, Assistant Property Manager of the Enotah Village Apartments, a mixed market-rate and Tax Credit property located in Young Harris, stated that the majority of her residents originated from the immediate Young Harris area and nearby surrounding areas. Ms. Ambling further stated that she believes seniors within the Young Harris and surrounding areas tend to seek affordable housing throughout the region and are willing to relocate to nearby areas throughout the region if affordable housing becomes available.

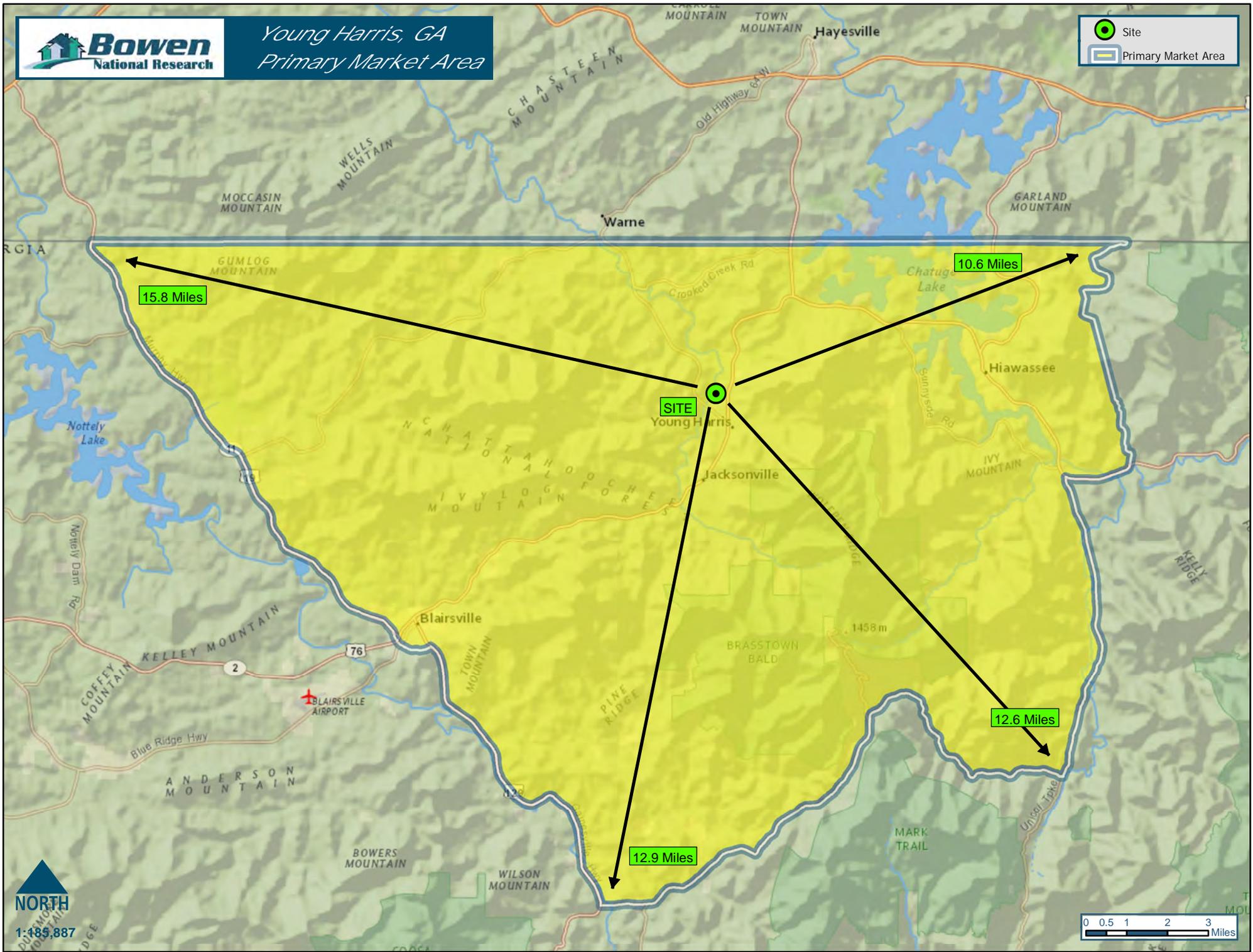
The Young Harris Site PMA includes the towns of Young Harris and Hiawassee as well as portions of the town of Blairsville. The boundaries of the Site PMA generally include the North Carolina/Georgia Border to the north; Upper Bell Creek Road, Bearmeat Road and Unicoi Turnpike/State Route 75 to the east; Blairsville Highway and State Route 180 to the south; and Murphy Highway and Blairsville Highway to the west. The Site PMA boundaries are all within approximately 16.0 miles of the subject site.

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



Young Harris, GA Primary Market Area

● Site
▭ Primary Market Area



NORTH
1:485,887



SECTION E - COMMUNITY DEMOGRAPHIC DATA

1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2013 (estimated) and 2015 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2015 (Projected)
Population	13,926	16,334	16,915	17,154
Population Change	-	2,408	581	239
Percent Change	-	17.3%	3.6%	1.4%

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

The Young Harris Site PMA population base increased by 2,408 between 2000 and 2010. This represents a 17.3% increase over the 2000 population, or an annual rate of 1.6%. Between 2010 and 2013, the population increased by 581, or 3.6%. It is projected that the population will increase by 239, or 1.4%, between 2013 and 2015.

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

Population by Age	2010 (Census)		2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	3,280	20.1%	3,278	19.4%	3,291	19.2%	12	0.4%
20 to 24	823	5.0%	826	4.9%	789	4.6%	-37	-4.5%
25 to 34	1,285	7.9%	1,331	7.9%	1,337	7.8%	6	0.5%
35 to 44	1,659	10.2%	1,637	9.7%	1,622	9.5%	-15	-0.9%
45 to 54	2,080	12.7%	2,028	12.0%	1,968	11.5%	-60	-3.0%
55 to 64	2,571	15.7%	2,768	16.4%	2,825	16.5%	57	2.1%
65 to 74	2,601	15.9%	2,938	17.4%	3,169	18.5%	230	7.8%
75 & Over	2,035	12.5%	2,109	12.5%	2,154	12.6%	45	2.1%
Total	16,334	100.0%	16,915	100.0%	17,154	100.0%	239	1.4%

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

As the preceding table illustrates, over 46% of the population is expected to be age 55 and older in 2013. Notably, each of the senior age cohorts (age 55 and older) is projected to experience population growth between 2013 and 2015. Note that the 65 to 74 age cohort is projected to experience the fastest population growth among all age cohorts within the Site PMA during this time period.

The following compares the PMA's elderly (age 55+) and non-elderly population.

Population Type	Year		
	2010 (Census)	2013 (Estimated)	2015 (Projected)
Elderly (Age 55+)	7,208	7,816	8,148
Non-Elderly	9,126	9,099	9,006
Total	16,334	16,915	17,154

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

The elderly population within the Site PMA is projected to increase by 332, or 4.2%, between 2013 and 2015. This population increase among the targeted age cohort, will likely result in increased demand for senior-oriented housing within the Site PMA.

2. HOUSEHOLD TRENDS

Household trends within the Young Harris Site PMA are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2015 (Projected)
Households	5,774	6,887	7,137	7,270
Household Change	-	1,113	250	133
Percent Change	-	19.3%	3.6%	1.9%
Household Size	2.25	2.37	2.22	2.21

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

Within the Young Harris Site PMA, households increased by 1,113 (19.3%) between 2000 and 2010. Between 2010 and 2013, households increased by 250 or 3.6%. By 2015, there will be 7,270 households, an increase of 133 households, or 1.9% over 2013 levels. This is an increase of approximately 67 households annually over the next two years.

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

Households by Age	2010 (Census)		2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	145	2.1%	172	2.4%	169	2.3%	-3	-1.9%
25 to 34	510	7.4%	611	8.6%	601	8.3%	-10	-1.6%
35 to 44	790	11.5%	877	12.3%	871	12.0%	-6	-0.7%
45 to 54	1,115	16.2%	1,177	16.5%	1,142	15.7%	-35	-3.0%
55 to 64	1,425	20.7%	1,541	21.6%	1,573	21.6%	32	2.1%
65 to 74	1,561	22.7%	1,527	21.4%	1,626	22.4%	98	6.4%
75 to 84	999	14.5%	915	12.8%	960	13.2%	45	4.9%
85 & Over	344	5.0%	317	4.4%	328	4.5%	12	3.7%
Total	6,887	100.0%	7,137	100.0%	7,270	100.0%	133	1.9%

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

Similar to population trends, each of the senior age cohorts (age 55 and older) are projected to experience household growth between 2013 and 2015. In fact, these senior age cohorts are the only age cohorts which are projected to experience growth during this time period. This projected senior household growth will likely result in an increased demand for senior-oriented housing within the Site PMA.

Households by tenure are distributed as follows:

Distribution of Households	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied (<Age 55)	1,818	26.4%	2,089	29.3%	2,064	28.4%
Owner-Occupied (Age 55+)	3,708	53.8%	3,594	50.4%	3,746	51.5%
Renter-Occupied (<Age 55)	742	10.8%	748	10.5%	719	9.9%
Renter-Occupied (Age 55+)	620	9.0%	706	9.9%	741	10.2%
Total	6,887	100.0%	7,137	100.0%	7,270	100.0%

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

Currently, 9.9% of all occupied housing units within the Site PMA are occupied by renters age 55 and older. As the preceding table illustrates, both the number and share of renter-occupied households age 55 and older are projected to increase between 2013 and 2015. This demonstrates an increasing base of potential age-appropriate renter support within the market for the subject development.

Households by tenure for the general demographic, as well as those ages 55 and older are distributed in the following tables:

Tenure	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	5,526	80.2%	5,683	79.6%	5,810	79.9%
Renter-Occupied	1,361	19.8%	1,454	20.4%	1,460	20.1%
Total	6,887	100.0%	7,137	100.0%	7,270	100.0%

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

Tenure Age 55+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	3,708	85.7%	3,594	83.6%	3,746	83.5%
Renter-Occupied	620	14.3%	706	16.4%	741	16.5%
Total	4,327	100.0%	4,300	100.0%	4,487	100.0%

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

A total of 706 (16.4%) of all households age 55 and older within the Site PMA were renters in 2013. As previously stated, this number is projected to increase between 2013 and 2015.

The household sizes by tenure for age 55 and older within the Site PMA, based on the 2010 Census and 2013 estimates, were distributed as follows:

Persons Per Renter Household Age 55+	2010 (Census)		2013 (Estimated)		Change 2010-2013	
	Households	Percent	Households	Percent	Households	Percent
1 Person	374	60.4%	424	60.1%	50	13.3%
2 Persons	148	23.9%	178	25.2%	29	19.8%
3 Persons	33	5.4%	40	5.7%	7	21.0%
4 Persons	15	2.4%	16	2.3%	1	8.1%
5 Persons+	49	8.0%	48	6.8%	-1	-2.6%
Total	620	100.0%	706	100.0%	86	13.9%

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

Persons Per Owner Household Age 55+	2010 (Census)		2013 (Estimated)		Change 2010-2013	
	Households	Percent	Households	Percent	Households	Percent
1 Person	1,250	33.7%	1,174	32.7%	-76	-6.1%
2 Persons	2,096	56.5%	1,951	54.3%	-146	-6.9%
3 Persons	263	7.1%	313	8.7%	50	18.9%
4 Persons	51	1.4%	83	2.3%	32	62.0%
5 Persons+	47	1.3%	73	2.0%	27	56.8%
Total	3,708	100.0%	3,594	100.0%	-114	-3.1%

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

The subject development will target one- to two-person senior renter households (age 55 and older), which are estimated to comprise more than 85.0% of all renter households age 55 and older within the Site PMA in 2013. As such, the subject development will be able to accommodate the majority of senior renter households based on household size within the market.

The distribution of households by income age 55 and older within the Young Harris Site PMA is summarized as follows:

Household Income 55+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	447	10.3%	572	13.3%	620	13.8%
\$10,000 to \$19,999	710	16.4%	838	19.5%	889	19.8%
\$20,000 to \$29,999	584	13.5%	650	15.1%	704	15.7%
\$30,000 to \$39,999	612	14.1%	632	14.7%	654	14.6%
\$40,000 to \$49,999	497	11.5%	506	11.8%	522	11.6%
\$50,000 to \$59,999	382	8.8%	327	7.6%	323	7.2%
\$60,000 to \$74,999	316	7.3%	251	5.8%	254	5.7%
\$75,000 to \$99,999	296	6.8%	240	5.6%	244	5.4%
\$100,000 to \$124,999	168	3.9%	112	2.6%	107	2.4%
\$125,000 to \$149,999	135	3.1%	50	1.2%	52	1.2%
\$150,000 to \$199,999	70	1.6%	71	1.6%	67	1.5%
\$200,000 & Over	108	2.5%	51	1.2%	50	1.1%
Total	4,327	100.0%	4,300	100.0%	4,487	100.0%
Median Income	\$36,888		\$31,416		\$30,463	

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

In 2010, the median household income for households age 55 and older was \$36,888. This declined by 14.8% to \$31,416 in 2013. By 2015, it is projected that the median household income will be \$30,463, a decline of 3.0% over 2013. Notably, senior households (age 55 and older) earning less than \$30,000 are projected to increase by 153 households between 2013 and 2015. This increase in low-income senior households (those earning below \$30,000) will likely increase the demand for additional affordable senior-oriented housing within the Young Harris Site PMA.

The following tables illustrate renter household income by household size for age 55 and older for 2010, 2013 and 2015 for the Young Harris Site PMA:

Renter Age 55+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	76	7	2	1	1	87
\$10,000 to \$19,999	78	39	2	6	2	127
\$20,000 to \$29,999	70	33	5	1	1	110
\$30,000 to \$39,999	37	10	2	1	19	69
\$40,000 to \$49,999	26	28	6	1	3	64
\$50,000 to \$59,999	45	5	3	1	4	58
\$60,000 to \$74,999	8	2	2	0	5	16
\$75,000 to \$99,999	11	5	1	1	4	22
\$100,000 to \$124,999	9	4	2	1	5	22
\$125,000 to \$149,999	3	5	3	1	1	13
\$150,000 to \$199,999	5	3	3	1	4	15
\$200,000 & Over	5	7	2	1	0	16
Total	374	148	33	15	49	620

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 55+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	118	15	5	0	6	144
\$10,000 to \$19,999	115	52	3	8	3	181
\$20,000 to \$29,999	77	43	7	1	2	131
\$30,000 to \$39,999	27	7	4	1	15	55
\$40,000 to \$49,999	24	35	5	1	3	67
\$50,000 to \$59,999	31	4	4	1	3	43
\$60,000 to \$74,999	7	3	3	0	2	15
\$75,000 to \$99,999	12	4	3	1	2	23
\$100,000 to \$124,999	5	6	1	1	4	19
\$125,000 to \$149,999	3	2	2	1	2	9
\$150,000 to \$199,999	3	3	2	1	2	10
\$200,000 & Over	2	2	1	0	3	7
Total	424	178	40	16	48	706

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 55+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	127	17	6	0	5	155
\$10,000 to \$19,999	123	56	4	8	3	195
\$20,000 to \$29,999	82	46	7	1	2	138
\$30,000 to \$39,999	29	8	5	1	16	59
\$40,000 to \$49,999	23	36	4	0	3	66
\$50,000 to \$59,999	31	4	4	1	2	42
\$60,000 to \$74,999	7	3	3	1	4	17
\$75,000 to \$99,999	11	6	4	1	3	25
\$100,000 to \$124,999	5	4	3	1	4	17
\$125,000 to \$149,999	3	2	1	2	2	11
\$150,000 to \$199,999	2	3	2	1	3	11
\$200,000 & Over	2	1	1	0	3	7
Total	445	187	42	17	50	741

Source: Ribbon Demographics; ESRI; Urban Decision Group

The following tables illustrate owner household income by household size for age 55 and older for 2010, 2013 and 2015 for the Young Harris Site PMA:

Owner Age 55+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	241	106	6	3	4	360
\$10,000 to \$19,999	348	188	23	22	3	584
\$20,000 to \$29,999	213	238	10	3	10	474
\$30,000 to \$39,999	110	406	23	4	1	543
\$40,000 to \$49,999	114	269	34	7	10	433
\$50,000 to \$59,999	51	216	53	2	1	324
\$60,000 to \$74,999	37	225	34	1	3	300
\$75,000 to \$99,999	51	181	37	4	2	274
\$100,000 to \$124,999	21	97	25	0	3	146
\$125,000 to \$149,999	21	86	9	3	3	122
\$150,000 to \$199,999	6	36	6	3	4	55
\$200,000 & Over	37	48	4	1	3	92
Total	1,250	2,096	263	51	47	3,708

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 55+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	266	138	14	4	5	428
\$10,000 to \$19,999	351	221	44	38	4	657
\$20,000 to \$29,999	213	262	22	6	17	520
\$30,000 to \$39,999	119	418	31	2	7	577
\$40,000 to \$49,999	102	269	45	9	13	438
\$50,000 to \$59,999	41	194	42	3	4	284
\$60,000 to \$74,999	18	173	36	1	7	235
\$75,000 to \$99,999	24	143	37	6	7	217
\$100,000 to \$124,999	7	56	25	4	2	93
\$125,000 to \$149,999	8	23	4	2	4	40
\$150,000 to \$199,999	6	35	10	7	3	61
\$200,000 & Over	20	19	3	0	2	43
Total	1,174	1,951	313	83	73	3,594

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 55+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	287	151	15	5	7	465
\$10,000 to \$19,999	361	238	48	42	6	694
\$20,000 to \$29,999	230	284	25	8	18	566
\$30,000 to \$39,999	123	430	32	2	8	595
\$40,000 to \$49,999	104	280	49	9	15	457
\$50,000 to \$59,999	39	192	41	4	5	281
\$60,000 to \$74,999	17	177	36	1	6	237
\$75,000 to \$99,999	22	145	39	7	6	220
\$100,000 to \$124,999	6	53	25	4	2	90
\$125,000 to \$149,999	7	24	4	3	4	41
\$150,000 to \$199,999	6	32	11	7	2	57
\$200,000 & Over	19	18	3	1	2	43
Total	1,221	2,024	327	93	81	3,746

Source: Ribbon Demographics; ESRI; Urban Decision Group

Overall, the Young Harris Site PMA is projected to experience both population and household growth between 2013 and 2015. Specifically, the population within the Site PMA is projected to increase by 239 (1.4%) while the total number of households is projected to increase by 133 (1.9%) during this time period. It is of note that the senior age cohorts (ages 55 and older) are the only age cohorts which are projected to experience household growth within the Site PMA between 2013 and 2015. Further, senior renter households (age 55 and older) are projected to increase by 35 households between 2013 and 2015. These population and household trends among the senior demographic (age 55 and older) are indicative of an increasing base of potential support for the subject development. Additionally, senior households (age 55 and older) earning less than \$30,000 are projected to increase by 153 households between 2013 and 2015. This increase in low-income senior households (those earning below \$30,000) will likely increase the demand for affordable senior-oriented housing within the market.

SECTION F - ECONOMIC TRENDS

1. LABOR FORCE PROFILE

The labor force within the Young Harris Site PMA is based primarily in three sectors. Retail Trade (which comprises 19.5%), Accommodation & Food Services and Health Care & Social Assistance comprise over 45% of the Site PMA labor force. Employment in the Young Harris Site PMA, as of 2013, was distributed as follows:

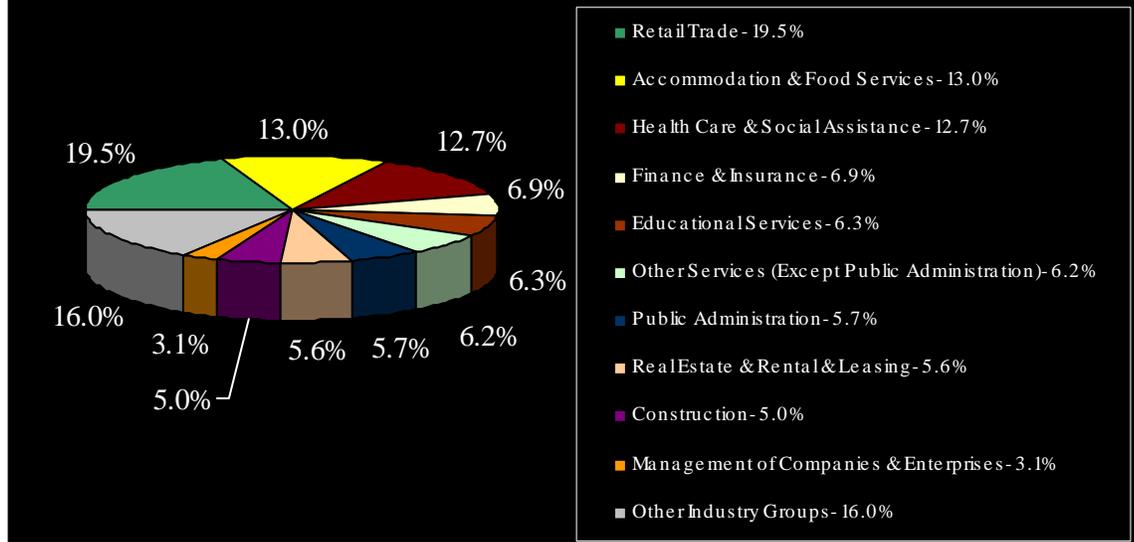
NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	14	1.0%	137	1.6%	9.8
Mining	2	0.1%	14	0.2%	7.0
Utilities	6	0.4%	192	2.3%	32.0
Construction	153	11.2%	421	5.0%	2.8
Manufacturing	38	2.8%	200	2.4%	5.3
Wholesale Trade	32	2.3%	146	1.7%	4.6
Retail Trade	286	21.0%	1,643	19.5%	5.7
Transportation & Warehousing	18	1.3%	64	0.8%	3.6
Information	24	1.8%	109	1.3%	4.5
Finance & Insurance	61	4.5%	577	6.9%	9.5
Real Estate & Rental & Leasing	92	6.7%	470	5.6%	5.1
Professional, Scientific & Technical Services	75	5.5%	240	2.9%	3.2
Management of Companies & Enterprises	2	0.1%	261	3.1%	130.5
Administrative, Support, Waste Management & Remediation Services	45	3.3%	64	0.8%	1.4
Educational Services	19	1.4%	532	6.3%	28.0
Health Care & Social Assistance	78	5.7%	1,067	12.7%	13.7
Arts, Entertainment & Recreation	24	1.8%	176	2.1%	7.3
Accommodation & Food Services	103	7.6%	1,092	13.0%	10.6
Other Services (Except Public Administration)	185	13.6%	524	6.2%	2.8
Public Administration	81	5.9%	477	5.7%	5.9
Nonclassifiable	25	1.8%	4	0.0%	0.2
Total	1,363	100.0%	8,410	100.0%	6.2

*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.

Employment by Industry



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	\$82,370	\$106,520
Business and Financial Occupations	\$54,280	\$69,720
Computer and Mathematical Occupations	\$66,470	\$76,060
Architecture and Engineering Occupations	\$57,400	\$73,630
Community and Social Service Occupations	\$36,130	\$41,880
Art, Design, Entertainment and Sports Medicine Occupations	\$38,230	\$48,400
Healthcare Practitioners and Technical Occupations	\$59,700	\$69,400
Healthcare Support Occupations	\$24,020	\$26,160
Protective Service Occupations	\$31,610	\$33,690
Food Preparation and Serving Related Occupations	\$18,770	\$19,810
Building and Grounds Cleaning and Maintenance Occupations	\$23,420	\$23,550
Personal Care and Service Occupations	\$22,030	\$22,160
Sales and Related Occupations	\$28,280	\$35,520
Office and Administrative Support Occupations	\$29,770	\$33,110
Construction and Extraction Occupations	\$34,450	\$38,120
Installation, Maintenance and Repair Occupations	\$36,830	\$41,750
Production Occupations	\$29,870	\$31,340
Transportation and Moving Occupations	\$26,600	\$34,260

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

Most annual blue-collar salaries range from \$18,770 to \$38,230 within the North Georgia Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$64,044. It is important to note that most occupational types within the North Georgia Nonmetropolitan Area have slightly lower typical wages than the State of Georgia's typical wages. Although the proposed subject development will target senior households (age 55 and older), many of which will likely be retired, the area employment base appears to have a large base of wage-appropriate jobs in the market from which seniors seeking employment could choose.

2. MAJOR EMPLOYERS

The five largest employers within the Towns County area comprise a total of 1,295 employees. Five additional businesses were provided as major employers in the area, but no employment numbers were provided. These employers are summarized as follows:

Employer Name	Business Type	Total Employed
Towns County Government & School System	Government & Education	400
Chatuge Regional Hospital & Nursing Home	Healthcare	225
Young Harris College	Higher Education	250
Brasstown Valley Resort	Lodging & Entertainment	220
Blue Ridge Mountain EMC	Power Company	200
The Ridges Resort & Marina	Lodging & Entertainment	NA
Ingles Market	Grocery	NA
Fieldstone Family Entertainment Center	Entertainment	NA
K-B Health Technology	Home Health Care	NA
Sodexo USA	Dining Service	NA
Total		1,295

Source: Georgia Department of Labor-Blue Ridge Mountain EMC-May 2013

N/A – Not available

It should be noted that the Blue Ridge Mountain Electric Membership Corporation (EMC) works in conjunction with the Towns County Chamber of Commerce in regards to economic development within the area. According to representatives with the Blue Ridge Mountain EMC and the Towns County Chamber of Commerce the Towns County economy is considered to be stable and slowly recovering from the impact of the national recession.

According to these economic representatives with the Blue Ridge Mountain EMC and the Towns County Chamber of Commerce the regional housing market during the past twelve months has begun to show signs of improvement. Specifically, they have seen the previously large surplus of for sale homes decline, and have now begun to see the construction of new homes within the area. While this number of new homes being constructed is still very small, it is still considered to be a positive economic indicator as this construction contributes by adding employment to the region. Notably, the housing industry comprised a large sector of the area economy for many years according to these representatives.

Further, the tourism and retail sales industries in the county have become stronger over the past 12 months, allowing for some employment growth in the community. While this employment growth has been small in terms of overall numbers, these sectors do represent a substantial portion of the employment base within the Town County area according to these representatives.

According these local representatives, development has been strongest along the natural growth corridors in Towns County. These corridors exist along the main highways intersecting the County (U.S. Highway 76 and State Route 17). Notably, the city of Young Harris has experienced the most development in the past two years as both Blue Ridge Mountain EMC and Young Harris College have undertaken significant building projects.

Additionally, these representatives noted the following infrastructure projects currently planned or taking place within the Towns County area. The Georgia Department of Transportation is planning a major by-pass project that will border the city of Young Harris to the north. The City of Hiawassee plans to expand their water treatment facility, and a new water tank is being constructed to serve the Towns County Comprehensive Schools.

According to the Georgia Department of Labor website, there have been no WARN notices (large-scale layoffs/closures) reported for Towns County over the past 12 months.

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.

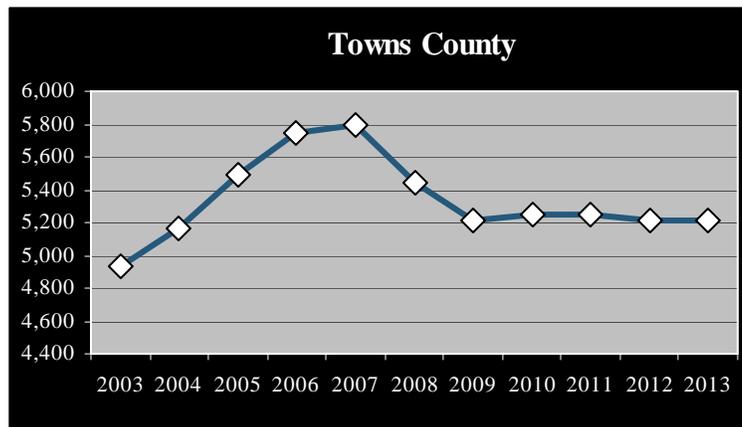
Excluding 2013, the employment base has declined by 4.2% over the past five years in Towns County, more than the Georgia state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Towns County, Georgia and the United States.

Year	Total Employment					
	Towns County		Georgia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2003	4,928	-	4,173,787	-	138,371,211	-
2004	5,166	4.8%	4,249,007	1.8%	139,967,126	1.2%
2005	5,487	6.2%	4,375,178	3.0%	142,299,506	1.7%
2006	5,742	4.6%	4,500,150	2.9%	145,000,043	1.9%
2007	5,790	0.8%	4,587,739	1.9%	146,388,369	1.0%
2008	5,444	-6.0%	4,540,706	-1.0%	146,047,748	-0.2%
2009	5,213	-4.2%	4,289,819	-5.5%	140,696,562	-3.7%
2010	5,254	0.8%	4,241,718	-1.1%	140,457,477	-0.2%
2011	5,243	-0.2%	4,295,113	1.3%	141,728,427	0.9%
2012	5,214	-0.6%	4,371,608	1.8%	143,574,127	1.3%
2013*	5,211	-0.1%	4,403,508	0.7%	142,952,603	-0.4%

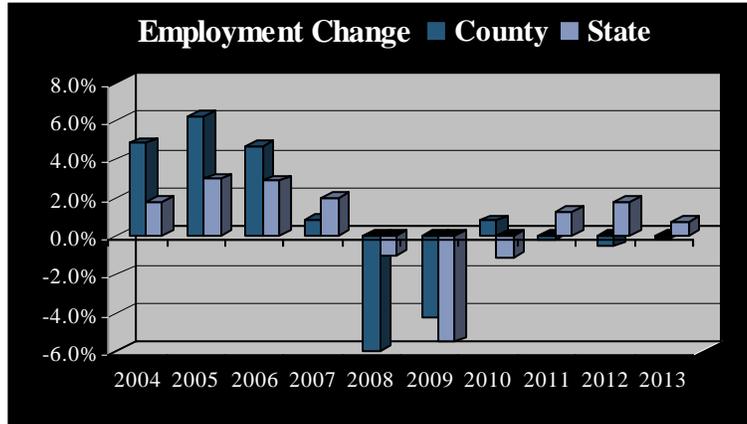
Source: Department of Labor; Bureau of Labor Statistics

*Through April



As the preceding illustrates, the Towns County employment base experienced a significant decrease between 2007 and 2009 as a result of the national recession. However, since 2009 the Towns County employment base has stabilized and has not deviated by more than 0.8% (positive or negative) during this time period.

The following table illustrates the percent change in employment for Towns County and Georgia.

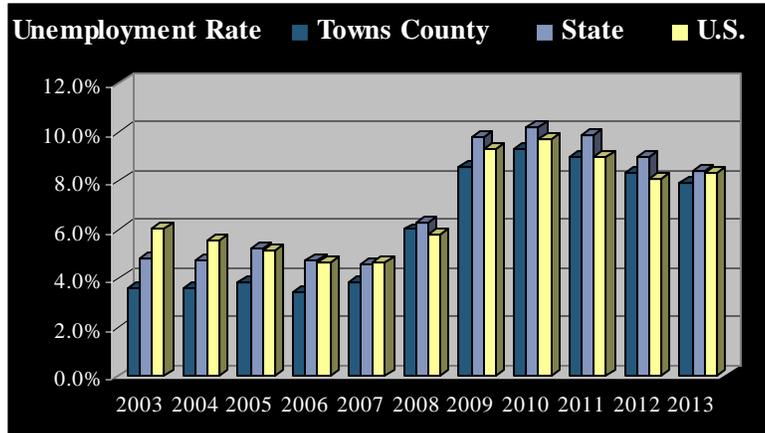


Unemployment rates for Towns County, Georgia and the United States are illustrated as follows:

Year	Unemployment Rate		
	Towns County	Georgia	United States
2003	3.6%	4.8%	6.0%
2004	3.6%	4.7%	5.6%
2005	3.8%	5.2%	5.2%
2006	3.4%	4.7%	4.7%
2007	3.8%	4.6%	4.7%
2008	6.0%	6.3%	5.8%
2009	8.6%	9.8%	9.3%
2010	9.3%	10.2%	9.7%
2011	9.0%	9.9%	9.0%
2012	8.3%	9.0%	8.1%
2013*	8.0%	8.4%	8.3%

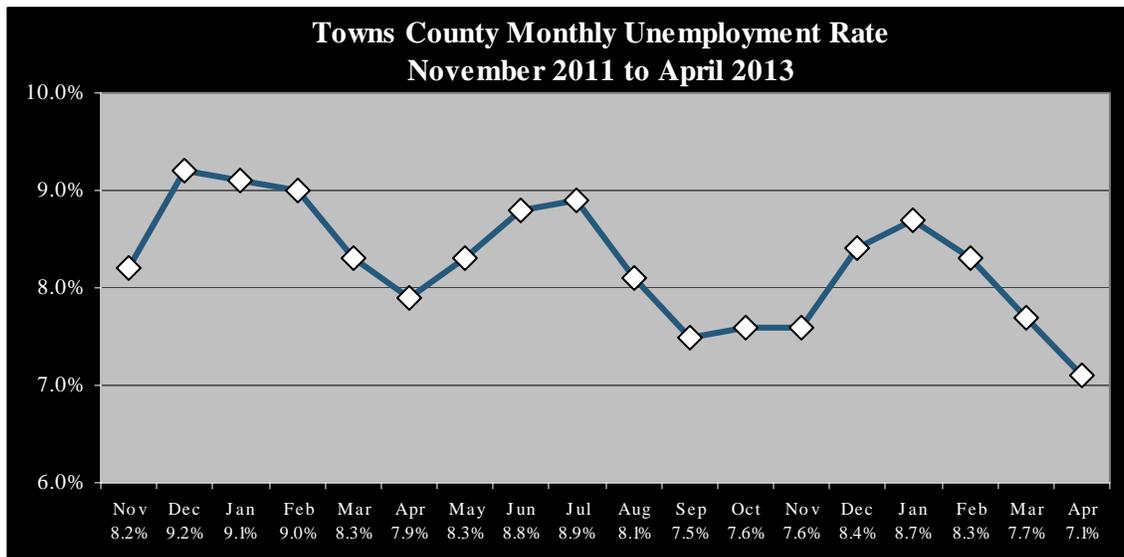
Source: Department of Labor, Bureau of Labor Statistics

*Through April



The unemployment rate in Towns County has ranged between 3.4% and 9.3%, below the state average since 2003. Similar to employment base trends, the unemployment rate within Towns County was also adversely impacted by the national recession, increasing from 3.8% in 2007 to 9.3% in 2010. However, it is of note that the unemployment rate within Towns County has decreased each of the past two years and again thus far in 2013.

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



As the preceding table illustrates, the unemployment rate within Towns County has generally trended downward, despite fluctuations over the past 18 month period. Notably, the unemployment rate has decreased from a high of 9.2% in December of 2011 to a low of 7.1% in April of 2013, a decrease of more than two full percentage points.

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 Towns County.

In-Place Employment Towns County			
Year	Employment	Change	Percent Change
2002	2,933	-	-
2003	3,190	257	8.8%
2004	3,379	189	5.9%
2005	3,601	222	6.6%
2006	3,746	145	4.0%
2007	3,720	-26	-0.7%
2008	3,498	-222	-6.0%
2009	3,364	-134	-3.8%
2010	3,260	-104	-3.1%
2011	3,258	-2	-0.1%
2012*	3,295	37	1.1%

Source: Department of Labor, Bureau of Labor Statistics

*Through September

Data for 2011, the most recent year that year-end figures are available, indicates in-place employment in Towns County to be 62.1% of the total Towns County employment. This means that Towns County has more employed persons leaving the county for daytime employment than those who work in the county. However, as stated throughout this report, the subject project will target senior households (age 55 and older), many of which will likely be retired. As such, we do not anticipate the location of employers and commuting patterns will have any significant impact on the marketability of the subject project.

4. ECONOMIC FORECAST

According to local economic representatives the Towns County economy is considered to be stable and slowly recovering from the impact of the national recession. Notably, the Towns County area has experienced recent growth among the housing industry as there has been some single-family home development within the area according to these representatives. In addition to the housing industry, these representatives also stated that the local tourism and retail industries continue to improve as well. Further, according to data provided by the U.S. Department of Labor, Bureau of Labor Statistics, the Towns County economy has stabilized since the adverse impact of the national recession. Specifically, the Towns County employment base has not deviated by more than 0.8% (positively or negatively) since 2009. Unemployment rates within Towns County have been below state averages each year since 2003 and have decreased by more than two full percentage points between December of 2011 and April of 2013. These economic trends indicate that the local Towns County economy will likely continue to experience a slow economic recovery from the national recession for the foreseeable future. However, despite these positive trends, the unemployment rate in Towns County remains more than four full percentage points higher than pre-recession levels (3.8% in 2007) and employment base growth has been relatively stagnant since 2009. As such, it is likely that the demand for affordable housing will remain high during this slow economic recovery within Towns County.

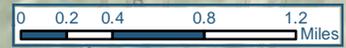
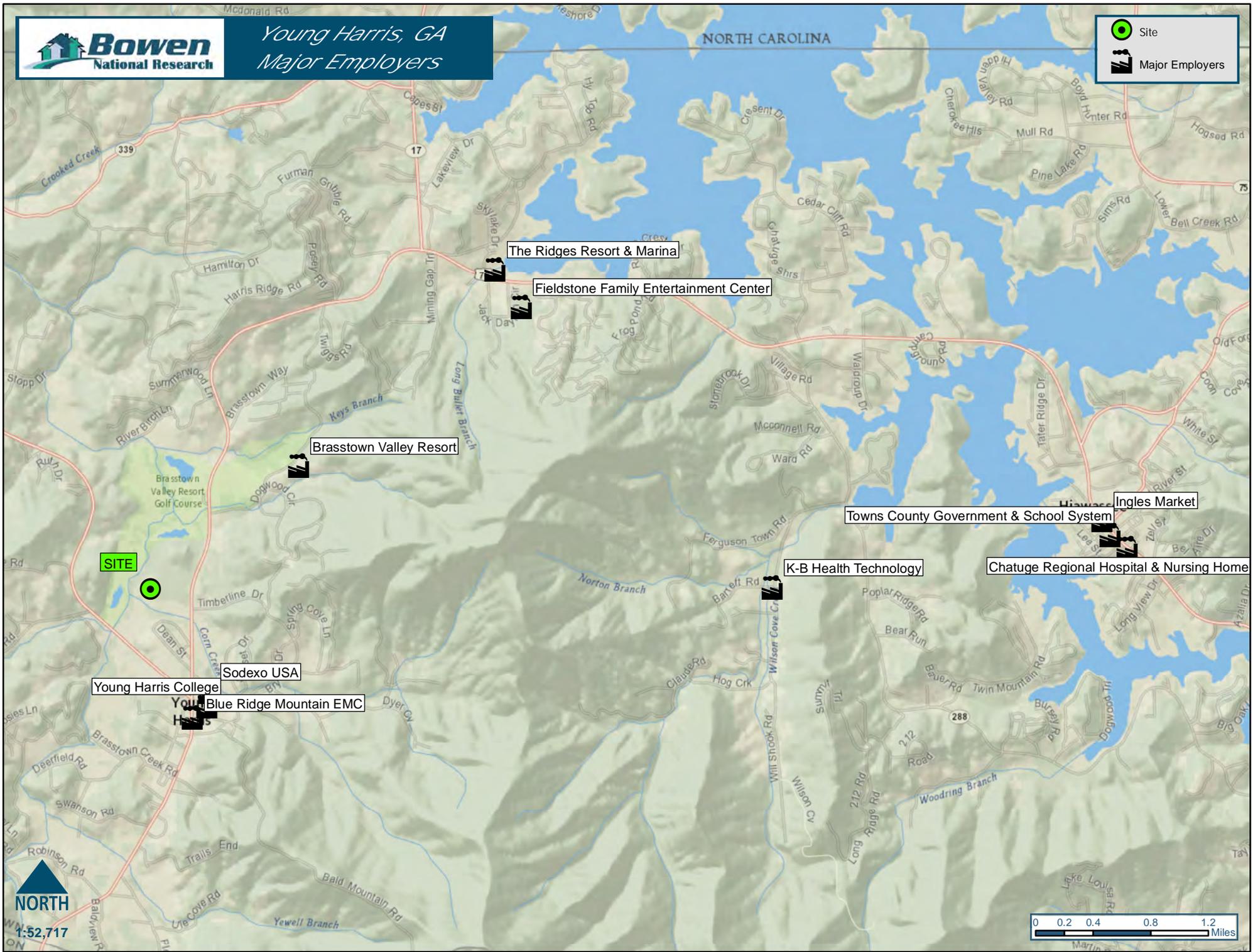
A map illustrating notable employment centers is on the following page.



Young Harris, GA Major Employers

 Site

 Major Employers



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 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 Towns County, Georgia, which has a median four-person household income of \$51,000 for 2013. However, the subject site is located within a "rural area" as defined by the 2008 Housing Act. Therefore, the subject site is eligible for the National Non-Metropolitan Income of \$52,400. The subject property will be restricted to senior (age 55 and older) households with incomes of up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size and targeted income level:

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$18,350	\$22,020
Two-Person	\$20,950	\$25,140

a. Maximum Income Limits

The largest proposed units (two-bedroom) at the subject site are expected to house up to two-person senior households. As such, the maximum allowable income at the subject site is **\$25,140**.

b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to GDCA/GHFA 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 Low-Income Housing Tax Credit units will have a lowest gross rent of \$270. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$3,240.

Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$8,100.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate range required for living at the proposed project by AMHI is as follows:

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$8,100	\$20,950
Tax Credit (Limited To 60% Of AMHI)	\$14,250	\$25,140
Tax Credit Overall	\$8,100	\$25,140

2. METHODOLOGY

Demand

The following are the demand components as outlined by the Georgia Department of Community Affairs/Georgia Housing and Finance Authority:

- 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) 2006-2010 5-year estimates, approximately 41.0% to 46.8% (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) 2006-2010 5-year estimates, 1.6% 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 above 5% must be based on actual market conditions, as documented in the study.*
- c. **Other:** *DCA 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 developments awarded and/or constructed from 2010 to the present is subtracted to calculate Net Demand. **DCA requires analysts to include ALL projects that have been funded, are proposed for funding and/or received a bond allocation from DCA, 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).

There are no LIHTC properties that were funded and/or built during the projection period (2011 to current). As such, there were no LIHTC properties included in this demand analysis.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% (\$8,100 - \$20,950)	60% (\$14,250 - \$25,140)	Overall (\$8,100 - \$25,140)
Demand From New Households (Age- And Income-Appropriate)	238 - 221 = 17	183 - 171 = 12	295 - 276 = 19
+			
Demand From Existing Households (Rent Overburdened)	221 X 46.8% = 103	171 X 41.0% = 70	276 X 44.1% = 122
+			
Demand From Existing Households (Renters In Substandard Housing)	221 X 1.6% = 4	171 X 1.6% = 3	276 X 1.6% = 4
=			
Demand Subtotal	124	85	145
+			
Demand From Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2% of total demand	787 X 5.0% = 39 (2*)	645 X 5.0% = 32 (1*)	1,005 X 5.0% = 50 (3*)
=			
Total Demand	126	86	148
-			
Supply (Directly Comparable Units Built And/Or Funded Since 2011)	0	0	0
=			
Net Demand	126	86	148
Proposed Units / Net Demand	9 / 126	41 / 86	50 / 148
Capture Rate	= 7.1%	= 47.7%	= 33.8%

*Given that demand from existing homeowners cannot exceed 2% of total demand, these numbers were utilized to calculate total demand

Per GDCA guidelines, projects in rural markets with an overall capture rate of 35% or below are considered acceptable. As such, the project's overall capture rate of 33.8% is considered achievable. Further, the proposed development will provide a non-subsidized senior-oriented rental product which currently has limited availability in the market. As such, this project design will likely attract a sufficient number of senior homeowners that are seeking a more affordable, maintenance-free housing alternative in the area. However, per GDCA methodology, demand from senior homeowner conversion is limited to 2% of total demand. Based on the limited availability of non-subsidized senior-oriented rental product in the area and the design features of the subject development, we anticipate a greater percentage of support will be generated from senior homeowner conversion. Therefore, the overall capture rate is considered conservative.

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	55%
Two-Bedroom	45%
Total	100.0%

Applying these shares to the income-qualified households 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	Subject Rents
One-Bedroom (55%)	50%	5	69	0	69	7.2%	1-2 Months	\$425	\$145
One-Bedroom (55%)	60%	13	47	0	47	27.7%	4-5 Months	\$425	\$350
One-Bedroom	Total	18	116	0	116	15.5%	5-6 Months	\$425	\$293***
Two-Bedroom (45%)	50%	4	57	0	57	7.0%	2-3 Months	\$591	\$410
Two-Bedroom (45%)	60%	28	39	0	39	71.8%	9-10 Months	\$591	\$455
Two-Bedroom	Total	32	96	0	96	33.3%	10-12 Months	\$591	\$449***
All Units	Total	50	212	0	212	23.6%	10-12 Months	\$567	\$145 - \$455

*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.

***Weighted Average

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, ranging from 15.5% to 33.3%, are considered achievable, especially considering the fact the subject project will be the newest property in the market and will offer a non-subsidized senior-oriented rental product which currently has limited availability within the market.

SECTION H – RENTAL HOUSING ANALYSIS (SUPPLY)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Young Harris Site PMA in 2010 and 2013 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2013 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	6,887	62.1%	7,137	61.3%
Owner-Occupied	5,526	80.2%	5,683	79.6%
Renter-Occupied	1,361	19.8%	1,454	20.4%
Vacant	4,195	37.9%	4,514	38.7%
Total	11,082	100.0%	11,650	100.0%

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

Based on a 2013 update of the 2010 Census, of the 11,650 total housing units in the market, 38.7% were vacant. While this is a large share of vacant units, it should be noted that the majority of vacant units within Towns County are classified as “*For seasonal, recreational, or occasional use*” according to Table B25004 of the American Community Survey (five year estimates 2007-2011). The shares of vacant units within Towns County are summarized as follows:

Towns County, GA – Vacancy Status	
Vacant Units	Percent
For Rent	2.9%
For Sale Only	8.6%
Rented/Sold, Not Occupied	0.2%
For Seasonal, recreational, or occasional use	78.5%
For Migrant Workers	0.8%
Other Vacant	9.0%
Total	100.0%

Source: 2007-2011 American Community Survey 5-Year Estimates

As the preceding table illustrates, nearly 79.0% of all vacant housing units within Towns County were classified as “*For seasonal, recreational, or occasional use*” while only 2.9% were classified as “*For Rent*”. As such, the 38.7% share of vacant units within the market is not likely representative of the long-term rental market within the Site PMA. However, we have further assessed the current strength of the market by surveying conventional apartments.

We identified and personally surveyed 15 conventional housing projects containing a total of 324 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 93.8%, a fair rate for rental housing. Among these projects, nine are non-subsidized (market-rate and Tax Credit) projects containing 204 units. These non-subsidized units are 92.2% occupied. The remaining six projects contain 120 government-subsidized units, which are 98.3% occupied.

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	6	40	8	80.0%
Market-rate/Tax Credit	1	60	6	90.0%
Tax Credit	2	104	4	96.2%
Tax Credit/Government-Subsidized	1	23	1	95.7%
Government-Subsidized	5	97	1	99.0%
Total	15	324	20	93.8%

As illustrated in the preceding table, all affordable rental product within the Site PMA (market-rate/Tax Credit, non-subsidized Tax Credit, subsidized Tax Credit and government-subsidized) is performing well with overall occupancy rates at or above 90.0%. Notably, non-subsidized Tax Credit product is currently operating with the second highest overall occupancy rate indicating that such housing has been well received within the market and is likely in high demand. Further, the low 80.0% overall occupancy rate reported among market-rate product within the market it also of note, as this likely indicates that higher market-rate rents are not easily achievable in this market. This is further indicative that affordable rental housing is in high demand within the market.

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

Market-rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	12	22.6%	5	41.7%	\$543
Two-Bedroom	1.0	8	15.1%	0	0.0%	\$652
Two-Bedroom	2.0	23	43.4%	3	13.0%	\$817
Two-Bedroom	3.0	2	3.8%	1	50.0%	\$652
Three-Bedroom	2.0	6	11.3%	1	16.7%	\$847
Four-Bedroom	2.0	2	3.8%	0	0.0%	\$959
Total Market-rate		53	100.0%	10	18.9%	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	24	15.9%	0	0.0%	\$501
Two-Bedroom	1.5	17	11.3%	2	11.8%	\$541
Two-Bedroom	2.0	39	25.8%	1	2.6%	\$572
Three-Bedroom	2.0	56	37.1%	5	8.9%	\$648
Four-Bedroom	2.0	15	9.9%	0	0.0%	\$736
Total Tax Credit		151	100.0%	8	5.3%	-

As the preceding table illustrates, the median gross rent of each non-subsidized unit type is significantly lower than the median gross rent of similar market-rate units in the market. As such, non-subsidized Tax Credit product is likely perceived as a significant value in the market given these significantly lower non-subsidized Tax Credit rents. Additionally, it is also of note that the one-bedroom non-subsidized Tax Credit units in the market are 100.0% occupied. In fact, the one- and two-bedroom non-subsidized Tax Credit units in the market have a combined occupancy rate of 96.3%. As such, the proposed one- and two-bedroom units at the subject site will provide a rental alternative which currently has limited availability within the market.

We rated each property surveyed on a scale of "A" through "F". All properties were rated based on quality and overall appearance (i.e. aesthetic appeal, building appearance, landscaping and grounds appearance). Following is a distribution by quality rating, units and vacancies.

Market-rate			
Quality Rating	Projects	Total Units	Vacancy Rate
A	1	13	15.4%
B+	2	18	16.7%
B	2	10	0.0%
B-	2	12	41.7%
Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	2	95	4.2%
B+	1	56	7.1%

As the preceding table illustrates, the vacancy rates among non-subsidized Tax Credit projects are substantially lower than those of market-rate projects with similar quality ratings in the market. This further demonstrates that affordable non-subsidized Tax Credit product has been well received and is likely in high demand within the market.

2. SUMMARY OF ASSISTED PROJECTS

There are a total of 12 federally subsidized and/or Tax Credit apartment developments in the Young Harris Site PMA. These projects were surveyed in June 2013. They are summarized as follows:

Map I.D.	Project Name	Type	Year Built	Total Units	Occup.	Gross Rent (Unit Mix)			
						One-Br.	Two-Br.	Three-Br.	Four-Br.
4*	Big Sky Village	TAX	2009	48	100.0%	\$501 (24)	\$572 (24)	-	-
5*	Cottage Hill Apts.	TAX & RD 515	1993	23	95.7%	\$568 - \$718 (19)	\$617 - \$787 (4)	-	-
6	Hiawassee Apts.	RD 515	1983	14	92.9%	\$548 - \$700 (6)	\$617 - \$804 (8)	-	-
8	Enotah Village Apts.	TAX	2007	47**	91.5%	-	\$393 - \$562 (15)	\$450 - \$648 (26)	\$512 - \$736 (6)
9	Young Harris Apts.	RD 515	1983	14	100.0%	\$543 - \$725 (6)	\$607 - \$794 (8)	-	-
10	Nantahala Village Apts.	TAX	1999	56	92.9%	-	\$541 - \$597 (17)	\$623 - \$753 (30)	\$704 - \$851 (9)
13	Jackson Heights	RD 515	1984	20	100.0%	\$663 - \$829 (8)	\$802 - \$1005 (12)	-	-
14	Tan Yard Branch Apts. I	RD 515	1994	24	100.0%	\$473 - \$628 (1)	\$517 - \$688 (20)	\$579 - \$758 (3)	-
15*	Tan Yard Branch Apts. II	RD 515	1994	25	100.0%	\$543 - \$690 (22)	\$602 - \$795 (3)	-	-
				Total	271	98.2%			

Note : Contact names and method of contact, as well as amenities and other features are listed in the field survey

OCCUP. – Occupancy

TAX – Tax Credit

RD – Rural Development

*Age-Restricted

**Market-rate units not included

The overall occupancy is 98.2% for these projects, indicating strong market demand for affordable rental product within the Site PMA. It should also be noted that the three affordable age-restricted projects in the market have a combined total of 96 units which are 99.0% occupied with only one vacant unit. This high occupancy rate among the affordable age-restricted product in the market demonstrates that the availability of such housing is limited within the market. As such, the proposed age-restricted (age 55 and older) units at the subject project will provide a rental alternative that is likely in high demand within the market.

HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia Department of Community Affairs-Athens Office, there are approximately seven Housing Choice Voucher holders within the housing authority's jurisdiction and no people currently on the waiting list for additional Vouchers. The waiting list is closed and will not reopen in 2013 and it is undermined when it will re-open again. Annual turnover of persons in the Voucher program is estimated at zero households. Based on the preceding analysis, Voucher support is limited within the market which further indicates that affordable rental housing is likely in high demand within the market.

It should be noted that all three comparable non-subsidized Tax Credit projects identified and surveyed within the market accepts Housing Choice Vouchers. However, only one of these comparable non-subsidized Tax Credit projects currently has units occupied by residents utilizing Housing Choice Vouchers. The following table summarizes these three properties that accept Housing Choice Vouchers as well as the approximate number of units currently occupied by residents utilizing Housing Choice Vouchers:

Map I.D.	Project Name	Total Units	Occupancy Rate	Number of Vouchers
4	Big Sky Village	48	100.0%	0
8	Enotah Village Apts.	47*	91.5%	0
10	Nantahala Village Apts.	56	92.9%	5
Total		151	94.7%	5

*Tax Credit units only

As the preceding table illustrates, there are only approximately five units that are occupied by voucher holders out of 151 units, comprising 3.3% of the total comparable LIHTC units in the region. Notably, the one age-restricted LIHTC project in the market, Big Sky Village (Map ID 4) is currently 100.0% occupied and does not currently have any units occupied by Voucher holders. The preceding analysis illustrates that the gross rents charged at the comparable LIHTC projects in the market are achievable.

The following table outlines the HUD 2013 Fair Market Rents for Towns County, Georgia and the proposed gross Tax Credit rents at the subject site:

Bedroom Type	Fair Market Rents	Proposed Tax Credit Gross Rents (AMHI)
One-Bedroom	\$513	\$270 (50%) \$475 (60%)
Two-Bedroom	\$659	\$569 (50%) \$614 (60%)

As the preceding table illustrates, each of the proposed gross Tax Credit rents are below the Fair Market Rents for Towns County. As such, Voucher holders are able to reside at the proposed subject development. However, as previously stated there is currently a limited amount of Voucher support within the market from which the subject project could potentially draw support. It should be noted however, that should additional Voucher support become available within the market, it would likely increase the potential base of support for the subject development.

3. PLANNED MULTIFAMILY DEVELOPMENT

Based on our interviews with local building and planning representatives, it was determined that there is currently one multifamily project planned within the Site PMA. However, it should be noted that according to these local representatives this project consists of the addition of 12 two-bedroom market-rate units at Hiawassee Park Retirement Community. Although this project will target senior households (age 50 and older) it will target much higher income households as this will be a market-rate project which will include the cost of meals in the rent. As such, we do not consider this project to be directly competitive with the subject project and has not been considered in our demand calculations.

Building Permit Data

The following table illustrates single-family and multifamily building permits issued within the city of Young Harris and Towns County for the past ten years.

Housing Unit Building Permits for Towns County:										
Permits	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multifamily Permits	0	28	12	0	66	0	0	0	0	0
Single-Family Permits	254	293	368	397	188	75	63	59	64	44
Total Units	254	321	380	397	254	75	63	59	64	44

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

Housing Unit Building Permits for Young Harris, GA:										
Permits	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multifamily Permits	0	0	0	0	60	0	0	0	0	0
Single-Family Permits	4	0	0	3	8	2	1	0	0	0
Total Units	4	0	0	3	68	2	1	0	0	0

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

As the preceding tables indicate, there have been no multifamily building permits issued within Towns County or the town of Young Harris since 2007, which is not considered unusual within rural markets. Considering the high occupancy rate of all affordable age-restricted projects in the market and based on the limited number of multifamily building permits issued, it is likely that there is high demand for additional senior-oriented rental housing units within the Site PMA.

4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Tax Credit Units

We identified and surveyed four projects which offer Low-Income Housing Tax Credit (LIHTC) units in the Site PMA. However, one of these four LIHTC projects, Cottage Hill Apartments (Map ID 5) also operates under the Rural Development 515 (RD 515) program and provides Rental Assistance (RA) on all of its units. As such, we have not included this project in our Tax Credit analysis. The three remaining LIHTC projects all offer non-subsidized LIHTC units. Note that while two of the three remaining LIHTC projects target general-occupancy households, they each offer two-bedroom units at ground level which would likely attract senior renters. As such, these two general-occupancy LIHTC projects have been included in our Tax Credit analysis. The three non-subsidized LIHTC projects identified and surveyed within the market offer one- and/or two-bedroom units and target households earning up to 30%, 50%, 55% and 60% of Area Median Household Income (AMHI). Therefore, these LIHTC projects should provide an accurate base of comparability for the subject development and are considered competitive.

These comparable properties and the proposed development are summarized as follows. Information regarding property address and phone number, contact name, date of contact and utility responsibility is included in Addendum A, Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	The Gardens	2015	50	-	-	-	Seniors 55+; 50% & 60% AMHI
4	Big Sky Village	2009	48	100.0%	8.1 Miles	3 H.H.	Seniors 55+; 50% & 60% AMHI
8	Enotah Village Apts.	2007	47*	91.5%	0.6 Miles	30% AMHI: 4 H.H.	Families; 30% & 50% AMHI
10	Nantahala Village Apts.	1999	56	92.9%	9.5 Miles	None	Families; 50%, 55%, & 60% AMHI

OCC. – Occupancy
 *Tax Credit units only

The three LIHTC projects have a combined occupancy rate of 94.7%, a stable rate for affordable Tax Credit product. It should be noted that the one age-restricted LIHTC project in the market, Big Sky Village (Map ID 4), is currently 100.0% occupied and maintains a three household wait list for its next available units. This indicates that affordable age-restricted LIHTC product has been well received in the market and is in high demand. Further, five of the eight vacant units among the remaining two comparable LIHTC projects in the market are concentrated among larger three-bedroom units which typically do not attract senior renters as targeted at the subject development.

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

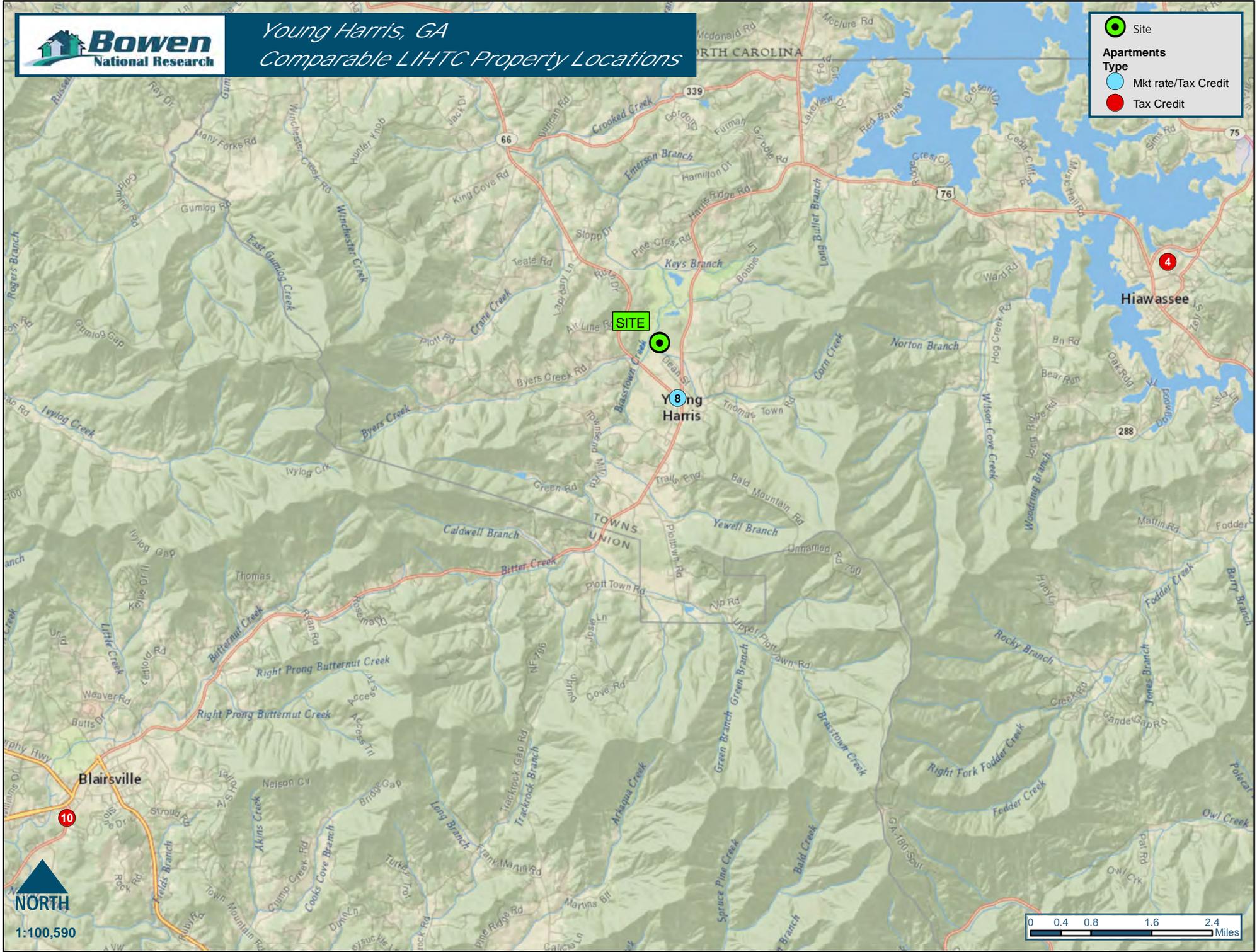


Young Harris, GA Comparable LIHTC Property Locations

Site
● Site

Apartments Type

- Mkt rate/Tax Credit
- Tax Credit



NORTH
1:100,590

0 0.4 0.8 1.6 2.4 Miles

The gross rents for the competing 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	The Gardens	\$270/50% (5) \$475/60% (13)	\$569/50% (4) \$614/60% (28)	-	-	-
4	Big Sky Village	\$501/50% (9/0) \$501/60% (15/0)	\$572/50% (8/0) \$572/60% (16/0)	-	-	None
8	Enotah Village Apts.	-	\$393/30% (2/0) \$562/50% (13/1)	\$450/30% (6/0) \$648/50% (20/3)	\$512/30% (2/0) \$736/50% (4/0)	None
10	Nantahala Village Apts.	-	\$541/50% (9/1) \$597/55% (8/1)	\$623/50% (18/1) \$753/60% (12/1)	\$704/50% (4/0) \$851/60% (5/0)	None

As the preceding table illustrates, the proposed gross rents of all one-bedroom units and the two-bedroom units at 50% AMHI at the subject development will be the lowest priced LIHTC units among similar unit types and targeted AMHI levels in the market. This will likely create a marketing advantage for the subject development. The two-bedroom units at 60% AMHI have proposed gross rents which are slightly higher than similar unit types targeting similar AMHI levels in the market. However, these rents are considered achievable considering that the subject project will offer the newest LIHTC product in the market. Note that two of the comparable LIHTC projects only offer two-bedroom units at 50% and/or 55% of AMHI. As such, rents at the projects aren't directly comparable to those proposed for the two-bedroom units at 60% of AMHI at the subject project. It should also be noted that only one of the comparable LIHTC projects, Big Sky Village (Map ID 4), offers one-bedroom units. Further, this project is also the only comparable LIHTC project to offer two-bedroom units at 60% of AMHI. Note that all units at this comparable LIHTC project are 100% occupied. As such, the subject development will provide a rental alternative which is currently not available within the market.

The following table illustrates the weighted average collected rents of the three comparable LIHTC projects by bedroom type.

Weighted Average Collected Rent Of Comparable LIHTC Units	
One-Br.	Two-Br.
\$350	\$370

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

Bedrooms	Weighted Avg. Rent	Weighted Avg. Proposed Rent	Difference	Weighted Avg. Proposed Rent	Rent Advantage
One-Br.	\$350	- \$288	\$62	/ \$288	21.5%
Two-Br.	\$370	- \$449	-\$79	/ \$449	-17.6%

While the weighted average proposed one-bedroom rent represents a rent advantage of 21.5%, the weighted average proposed two-bedroom rent represents a negative 17.6% advantage. However, 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 gross rents is available 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 are compared with the subject development in the following table:

Map I.D.	Project Name	Square Footage			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	The Gardens	844	1,189	-	-
4	Big Sky Village	762	1,078	-	-
8	Enotah Village Apts.	-	1,143	1,412	1,615
10	Nantahala Village Apts.	-	878	1,104	1,372

Map I.D.	Project Name	Number of Baths			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	The Gardens	1.0	2.0	-	-
4	Big Sky Village	1.0	2.0	-	-
8	Enotah Village Apts.	-	2.0	2.0	2.0
10	Nantahala Village Apts.	-	1.5	2.0	2.0

As the preceding illustrates, the proposed subject development will offer the largest one- and two-bedroom LIHTC units in the market. This will likely create a marketing advantage for the subject development. The number of bathrooms to be offered in each proposed unit type is considered competitive among the comparable LIHTC projects in the market and is considered appropriate for senior-oriented housing.

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

COMPARABLE PROPERTIES AMENITIES - YOUNG HARRIS, GEORGIA

MAP ID	APPLIANCES						UNIT AMENITIES											OTHER	
	RANGE	REFRIGERATOR	ICEMAKER	DISHWASHER	DISPOSAL	MICROWAVE	CENTRAL AC	WINDOW AC	FLOOR COVERING	WASHER AND DRYER	W/D HOOKUP	PATIO/DECK/BALCONY	CEILING FAN	BASEMENT	INTERCOM	SECURITY	WINDOW TREATMENTS		E-CALL BUTTONS
SITE	X	X		X			X		C		X	X				B		S	
8	X	X	X	X	X		X		C		X					B		S	
4	X	X	X	X	X	X	X		C	X	X	X	X			B		S	
10	X	X	X	X	X		X		C	X	X	X	X			B		S	Storage

MAP ID	PROJECT AMENITIES																OTHER		
	POOL	ON-SITE MGMT	LAUNDRY	CLUB HOUSE	COMMUNITY SPACE	FITNESS CENTER	JACUZZI / SAUNA	PLAYGROUND	TENNIS COURT	SPORTS COURT	STORAGE	ELEVATOR	SECURITY GATE	COMPUTER LAB	LIBRARY	PICNIC AREA		SOCIAL SERVICES	BUSINESS CENTER
SITE		X	X	X	X	X										X	X		
8		X	X		X	X		X						X		X			
4		X			A	X		X		X	X			X		X			
10		X		X				X		B				X		X	X		

◆ Senior Restricted
■ Market-rate
■ Market-rate/Tax Credit
■ Market-rate/Government-subsidized
■ Market-rate/Tax Credit/Government-subsidized
■ Tax Credit
■ Tax Credit/Government-subsidized
■ Government-subsidized

X - All Units
S - Some Units
O - Optional

Window Treatments
B - Blinds
C - Curtains
D - Drapes

Parking
A - Attached
C - Carport
D - Detached
O - On Street
S - Surface
G - Parking Garage
(o) - Optional
(s) - Some

Sports Courts
B - Basketball
D - Baseball Diamonds
P - Putting Green
T - Tennis
V - Volleyball
X - Multiple

Floor Covering
C - Carpet
H - Hardwood
V - Vinyl
W - Wood
T - Tile

Community Space
A - Activity Room
L - Lounge/Gathering Room
T - Training Room

The proposed project will offer a comprehensive appliance and unit amenity package. Specifically, the subject development will offer key unit amenities such as but not limited to a dishwasher, washer/dryer hookups and a patio/balcony area. However, it should be noted that the one comparable age-restricted LIHTC project in the market, Big Sky Village (Map ID 4), provides additional unit amenities such as a microwave oven and an in-unit washer/dryer which the subject project does not offer. Further, the subject development will also provide a competitive project amenity package which includes on-site management, a laundry facility, clubhouse, community room, fitness center and a picnic area. Overall, the subject development will provide unit and project amenity packages which are considered to be competitive with those offered at the comparable LIHTC projects in the market and are considered appropriate for senior-oriented housing. The subject development does not appear to be lacking any key amenities which would adversely impact its marketability.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the proposed development will be competitive. Notably, aside from the proposed two-bedroom units at 60% AMHI, the proposed rents at the subject development will be the lowest priced LIHTC rents among similar bedroom types and AMHI levels in the market. Further, the subject development will offer the largest one- and two-bedroom units (square feet) in the market. The subject development will also offer a unit and project amenity package which is considered appropriate for senior-oriented housing and will be competitive among those offered at the comparable LIHTC projects in the market. Overall, the low proposed rents, large unit sizes (square feet) and competitive amenity packages to be offered at the subject development will enhance marketability and ensure the subject development is competitive among the comparable LIHTC projects in the market.

The anticipated occupancy rates of the existing comparable Tax Credit developments in the market following the first year of completion at the subject site are as follows:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2015
4*	Big Sky Village	100.0%	95.0% +
8	Enotah Village Apts.	91.5%**	91.0% +
10	Nantahala Village Apts.	92.9%	92.0% +

*Age-restricted
 **LIHTC units only

It should be noted that although the two comparable general-occupancy LIHTC projects in the market offer two-bedroom units, the majority of the units at these properties consist of larger three- and four-bedroom units which typically do not attract senior renters. As such, we do not anticipate the addition of the proposed one- and two-bedroom units at the subject project to have an adverse impact on occupancy rates at these two general-occupancy LIHTC projects in the market. Further, as mentioned in Section E of this report, senior renter households (age 55 and older) are projected to increase within the Site PMA between 2013 and 2015. This will likely create an increase in demand for senior-oriented rental housing within the market. Additionally, as indicated in the preceding table and throughout this section of the report, the one comparable age-restricted LIHTC project in the market is currently 100.0% occupied. Based on the preceding factors we do not anticipate the development of the proposed project will have an adverse impact on occupancy at the one comparable age-restricted LIHTC project in the market.

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 \$169,784. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a \$169,784 home is \$1,209, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$169,784
Mortgaged Value = 95% of Median Home Price	\$161,295
Interest Rate - Bankrate.com	6.0%
Term	30
Monthly Principal & Interest	\$967
Estimated Taxes and Insurance*	\$242
Estimated Monthly Mortgage Payment	\$1,209

*Estimated at 25% of principal and interest

In comparison, the proposed collected LIHTC rents for the subject property range from \$145 to \$455 per month, depending on unit size and AMHI level. Therefore, the cost of a monthly mortgage for a typical home in the area is approximately \$754 to \$1,064 greater than the cost of renting at the subject project, depending upon unit type and AMHI level. Therefore, it is not likely that potential residents of the subject project in the market would be able to afford the monthly payments required to own a home. In fact, as the subject project will target senior households, we expect some support from elderly homeowners downsizing from their homes and seeking a maintenance free housing alternative. Therefore, we do not anticipate any competitive impact on or from 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/GHFA guidelines that assume a 2015 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2015.

Considering the facts contained in the market study, as well as the preceding factors, 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 limited availability of non-subsidized age-restricted LIHTC units in the market, the required capture rate, achievable market rents, the demand for all affordable rental housing and the proposed competitiveness of the subject site. Our absorption projections also take into consideration that the developer and/or management successfully markets the project throughout the Site PMA which includes portions of both Towns County and Union County.

Based on our analysis, it is our opinion that the proposed 50 LIHTC units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately 10 to 12 months. This absorption period is based on a conservative average monthly absorption of approximately four to five units per month. We further believe the proposed one-bedroom units will lease-up at a higher monthly rate than the two-bedroom units.

These absorption projections assume a 2015 opening date. A later opening date may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built 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.

SECTION J – INTERVIEWS

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

- Laura Perricone, Owner and Director of K-B Health Technology-In Home Health Care, located in Hiawassee, Georgia stated that there is a need for additional affordable senior rental housing in the Towns County area. Ms. Perricone stated that in her line of business she sees first hand everyday how seniors in the area are struggling. Specifically, Ms. Perricone states that her business has had quite a few clients that have had to relocate out of the area due to the loss of their homes or the inability to pay their rent. Further, Ms. Perricone commented that the inability for many senior residents to pay their mortgage or rent is likely due to the fact than many also have to pay for home health care aide. As such, Ms. Perricone believes that senior residents would benefit from additional affordable, senior-oriented housing in the Towns County area.
- Debbie Reed, Property Manager of Big Sky Village, a Senior Restricted property located within the Site PMA, stated that there is a great need for additional senior housing in the Northern Mountain regions of Georgia. Mrs. Reed said that her property consistently maintains high occupancy rates and typically maintains a waiting list for available units at her property. Ms. Reed further stated that many seniors move to the area after retiring or selling their home and prefer affordable rental housing options as opposed to an assisted living facility.

SECTION K – CONCLUSIONS & RECOMMENDATIONS

Based on our research, the Young Harris affordable (non-subsidized Tax Credit, subsidized Tax Credit and government-subsidized) rental housing market is considered stable. Specifically, the overall occupancy rate of the affordable rental units surveyed in the market is 96.3% and none of the affordable projects in the market are currently offering concessions. It should also be noted that the one existing age-restricted non-subsidized Tax Credit project in the market, Big Sky Village (Map ID 4) is 100.0% occupied and maintains a waiting list for its next available units. Demographic trends indicate a stable and slowly growing senior population and household (age 55 and older) base between 2013 and 2015. Economic development representatives and employment data indicate the Towns County economy has stabilized since the impact of the national recession and is expected to experience a slow economic recovery over the foreseeable future.

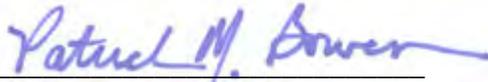
The proposed subject development involves the new construction of The Gardens, a 50-unit age-restricted (age 55 and older) apartment community offering one- and two-bedroom units to senior households earning up to 50% and 60% AMHI. It should also be noted that the subject development will offer some units which will be among the lowest priced LIHTC units in the market as well as the largest (square feet) one- and two-bedroom LIHTC units in the market. This will likely create a marketing advantage for the subject development.

Based on the findings reported in our market study, it is our opinion that a market exists for The Gardens apartment project within the Site PMA. This conclusion assumes the project is constructed as detailed in this report and is properly marketed throughout the Site PMA and surrounding areas by management of the subject development. Changes to the proposed project outside of what is reported in this market study may alter these findings. We have no recommendations or suggested modifications for the proposed project at this time.

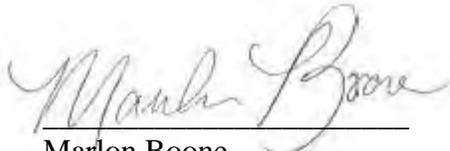
SECTION L - SIGNED STATEMENT

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 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 GA-DCA market study manual and GA-DCA Qualified Action Plan.

Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: June 11, 2013



Marlon Boone
Market Analyst
marlonb@bowennational.com
Date: June 11, 2013



Craig Rupert
Market Analyst
craigr@bowennational.com
Date: June 11, 2013

SECTION M – MARKET STUDY REPRESENTATION

The Georgia Department of Community Affairs (DCA) 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 DCA 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.

The Staff

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, for 15 years. 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.

Benjamin J. Braley, Market Analyst, has conducted market research for over six years in more than 550 markets throughout the United States. He is experienced in preparing feasibility studies for a variety of applications, including those that meet standards required by state agency and federal housing guidelines. Additionally, Mr. Braley has analyzed markets for single-family home developments, commercial office and retail space, student housing properties and senior housing (i.e. nursing homes, assisted living, continuing care retirement facilities, etc.). Mr. Braley is a member of the National Council of Housing Market Analysts (NCHMA) and graduated from Otterbein College with a bachelor's degree in Economics.

Jack Wiseman, Market Analyst, with Bowen National Research, has conducted extensive market research in over 200 markets throughout the United States. 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, educational facilities, marinas and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

Craig Rupert, Market Analyst with Bowen National Research, has conducted market research in both urban and rural markets throughout the United States. He provides thorough evaluation of site attributes, area competitors, market trends and economic characteristics. Specifically, he has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, Indian housing, senior rental housing facilities and student housing facilities. Mr. Rupert has a Bachelor of Science degree in Hospitality Management from Youngstown State University.

Heather Moore, Market Analyst, has been with Bowen National Research since the fall of 2010. She has evaluated the rental market in cities throughout the United States and is able to provide detailed site-specific analysis. Ms. Moore has a Bachelors of Arts in Marketing from Urbana University.

Greg Gray, Market Analyst, has more than twelve years of experience conducting site-specific analysis in markets throughout the country. He is especially trained in the evaluation of condominium and senior living developments. Mr. Gray has the ability to provide detailed site-specific analysis as well as evaluate market and economic trends and characteristics.

Christine Atkins, Market Analyst, has more than three years of experience in the property management industry and has managed a variety of rental housing types. With experience in conducting site-specific analysis, she has the ability to analyze market and economic trends and conditions. Ms. Atkins holds a Bachelor of Arts in Communication from the University of Cincinnati.

Lisa Wood, 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.

Chuck Ewing, Market Analyst, has been conducting site-specific analysis throughout the United States since 2009. He has experience in the evaluation of a variety of real estate developments that include affordable and market-rate apartments, senior living facilities, student housing, supportive and disabled veteran housing, farm worker housing and regional rental supply analysis. Mr. Ewing has a Bachelor of Arts degree in Economics from the Ohio State University.

Marlon Boone, 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. Boone graduated from The Ohio State University with a Bachelor of Science in City and Regional Planning, with a concentration in Housing, Development and Real Estate.

Amy Tyrrell is a Project Director for Bowen National Research and is based out of Washington, DC. She has 16 years experience in the real estate and construction industries, with 11 years specializing in the research field. She has researched, analyzed, and prepared reports on a variety of trends, industries, and property types, including industrial, office, medical office, multifamily apartments and condominiums, and senior housing. Prior to her focus on research, Ms. Tyrrell performed financial analysis for retail developments throughout the United States. She holds a Masters in Business Administration with concentrations in real estate and marketing from the University of Cincinnati and a Bachelor of Arts in economics with a minor in mathematics from Smith College.

Stephanie Viren is the Research Director 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 College.

Desireé Johnson is the Field Support Coordinator at Bowen National Research. Ms. Johnson is involved in the day-to-day management of the field support department, as well as preparing jobs for field and phone analysis. She has been involved in extensive market research in a variety of project types for more than five years. Ms. Johnson has the ability to research, find, analyze and manipulate data in a multitude of ways. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

June Davis, Office Manager of Bowen National Research, has 24 years experience in market feasibility research. Ms. Davis has overseen production on over 15,000 market studies for projects throughout the United States.

ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

YOUNG HARRIS, GEORGIA

The following section is a field survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and our own field inspection. The intent of this field survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site.

The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.

- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).
- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

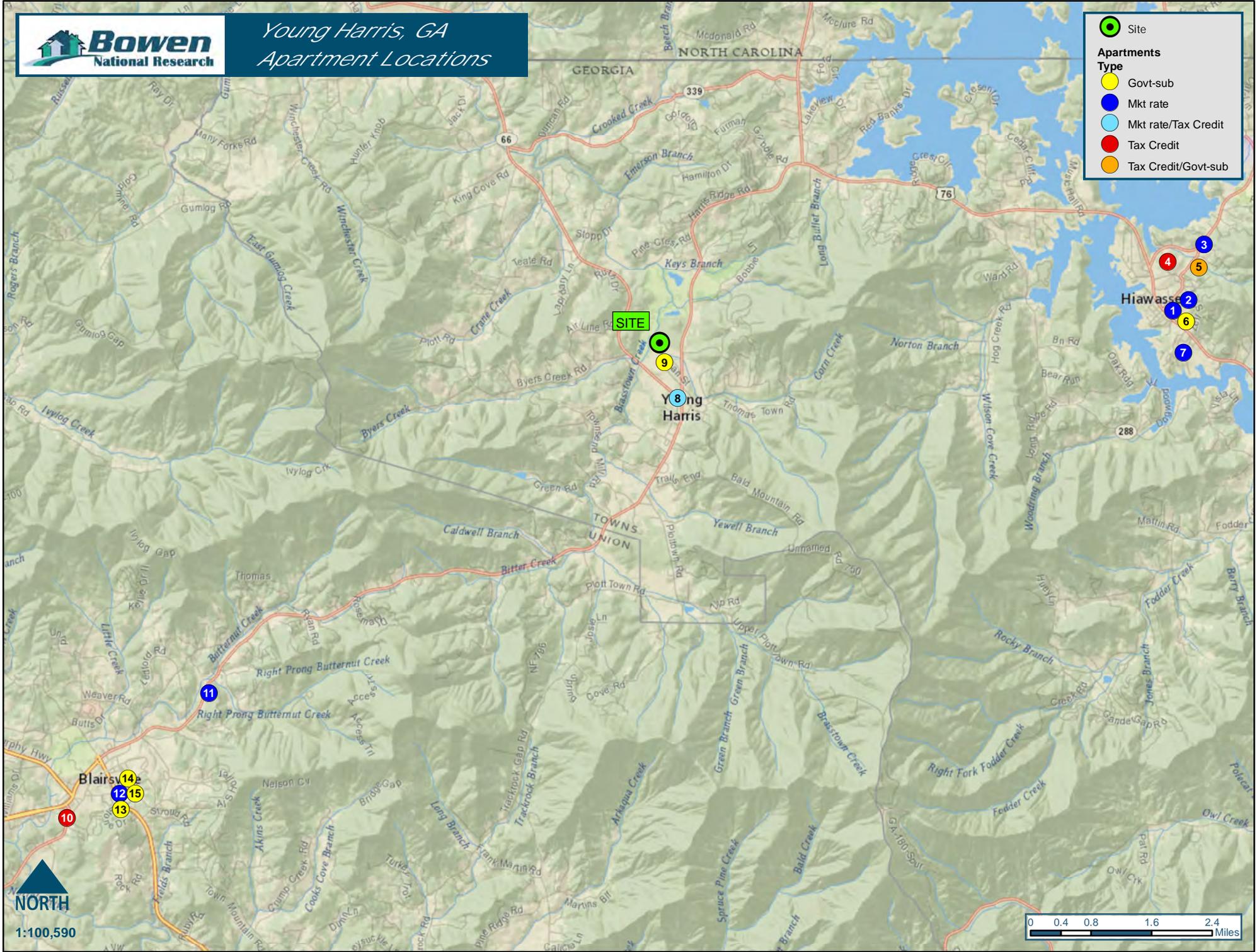


Young Harris, GA Apartment Locations

Site
● Site

Apartments Type

- Govt-sub
- Mkt rate
- Mkt rate/Tax Credit
- Tax Credit
- Tax Credit/Govt-sub



NORTH
1:100,590

0 0.4 0.8 1.6 2.4 Miles

MAP IDENTIFICATION LIST - YOUNG HARRIS, GEORGIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	2 River St.	MRR	B+	1989	2	1	50.0%	8.3
2	456 Lillian Dr.	MRR	B	1985	2	0	100.0%	8.4
3	7920 State Hwy. 175	MRR	B-	1985	2	1	50.0%	8.3
4	Big Sky Village	TAX	A	2009	48	0	100.0%	8.1
5	Cottage Hill Apts.	TGS	B+	1993	23	1	95.7%	8.3
6	Hiawassee Apts.	GSS	B	1983	14	1	92.9%	8.5
7	Oakmont Knoll	MRR	B+	1999	16	2	87.5%	8.7
8	Enotah Village Apts.	MRT	A	2007	60	6	90.0%	0.6
9	Young Harris Apts.	GSS	B	1983	14	0	100.0%	0.1
10	Nantahala Village Apts.	TAX	B+	1999	56	4	92.9%	9.5
11	Windy Hill Apts.	MRR	B-	2001	10	4	60.0%	7.3
12	Silver Maple Apts.	MRR	B	1976	8	0	100.0%	9.1
13	Jackson Heights	GSS	N	1984	20	0	100.0%	9.4
14	Tan Yard Branch Apts. I	GSS	B	1994	24	0	100.0%	9.0
15	Tan Yard Branch Apts. II	GSS	B-	1994	25	0	100.0%	9.3

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	6	40	8	80.0%	0
MRT	1	60	6	90.0%	0
TAX	2	104	4	96.2%	0
TGS	1	23	1	95.7%	0
GSS	5	97	1	99.0%	0

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

* - Drive Distance (Miles)

Survey Date: June 2013

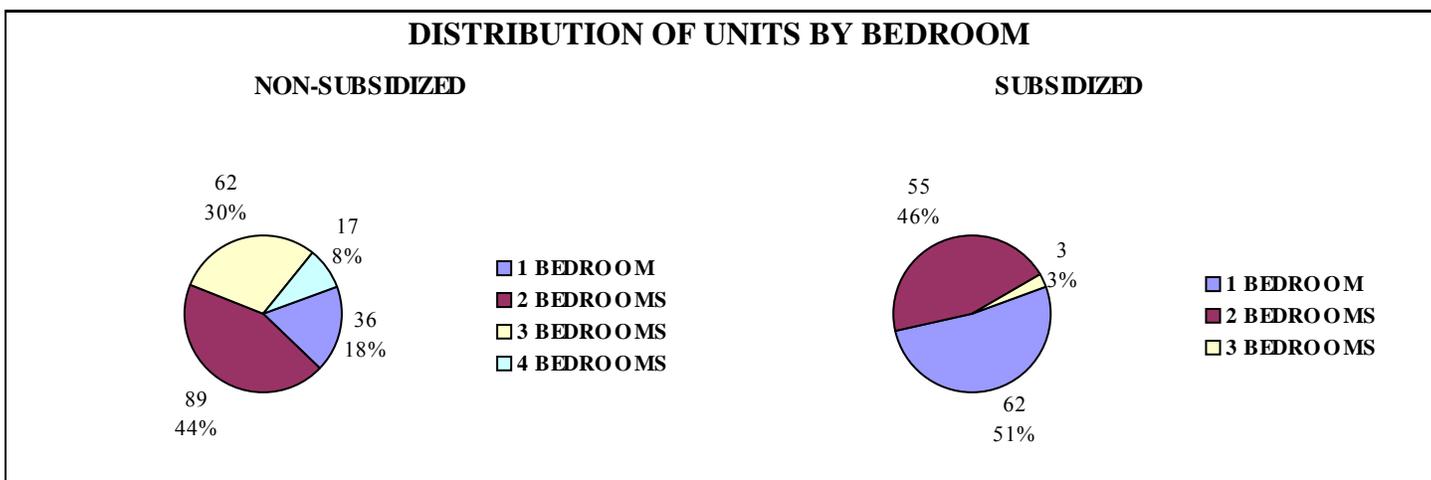
DISTRIBUTION OF UNITS - YOUNG HARRIS, GEORGIA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	12	22.6%	5	41.7%	\$543
2	1	8	15.1%	0	0.0%	\$652
2	2	23	43.4%	3	13.0%	\$817
2	3	2	3.8%	1	50.0%	\$652
3	2	6	11.3%	1	16.7%	\$847
4	2	2	3.8%	0	0.0%	\$959
TOTAL		53	100.0%	10	18.9%	

TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	24	15.9%	0	0.0%	\$501
2	1.5	17	11.3%	2	11.8%	\$541
2	2	39	25.8%	1	2.6%	\$572
3	2	56	37.1%	5	8.9%	\$648
4	2	15	9.9%	0	0.0%	\$736
TOTAL		151	100.0%	8	5.3%	

TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	19	82.6%	0	0.0%	N.A.
2	1	4	17.4%	1	25.0%	N.A.
TOTAL		23	100.0%	1	4.3%	

GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
1	1	43	44.3%	1	2.3%	N.A.
2	1	15	15.5%	0	0.0%	N.A.
2	1.5	36	37.1%	0	0.0%	N.A.
3	1.5	3	3.1%	0	0.0%	N.A.
TOTAL		97	100.0%	1	1.0%	
GRAND TOTAL		324	-	20	6.2%	



SURVEY OF PROPERTIES - YOUNG HARRIS, GEORGIA

1 2 River St.			
	Address 2 River St. Hiawassee, GA 30546	Phone (706) 896-8907 (Contact in person)	Total Units 2
	Year Built 1989 Comments Year built estimated	Contact Linda	Vacancies 1 Occupied 50.0% Floors 2 Quality Rating B+
Waiting List None			
2 456 Lillian Dr.			
	Address 456 Lillian Dr. Hiawassee, GA 30546	Phone (706) 781-5433 (Contact in person)	Total Units 2
	Year Built 1985 Comments Duplex	Contact Jenny	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B
Waiting List None			
3 7920 State Hwy. 175			
	Address 7920 State Hwy. 175 Hiawassee, GA 30546	Phone (706) 896-2181 (Contact in person)	Total Units 2
	Year Built 1985 Comments Year built & square footage estimated	Contact Ms. Hegler	Vacancies 1 Occupied 50.0% Floors 1 Quality Rating B-
Waiting List None			
4 Big Sky Village			
	Address 301 Sky View Dr. Hiawassee, GA 30546	Phone (706) 896-6708 (Contact in person)	Total Units 48
	Year Built 2009 Comments 50% & 60% AMHI; Accepts HCV (0 currently)	Contact Debbie	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating A Senior Restricted (55+) Waiting List 3 households
5 Cottage Hill Apts.			
	Address 540 Cottage Hill Dr. Hiawassee, GA 30546	Phone (706) 896-5196 (Contact in person)	Total Units 23
	Year Built 1993 Comments 60% AMHI; RD 515, has RA (23 units); One 1-br manager unit not included in total	Contact Modean	Vacancies 1 Occupied 95.7% Floors 1 Quality Rating B+ Senior Restricted (62+) Waiting List None

Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: June 2013

SURVEY OF PROPERTIES - YOUNG HARRIS, GEORGIA

6 Hiawassee Apts.			
	Address 269 Zell St. Hiawassee, GA 30546	Phone (706) 896-2934 (Contact in person)	Total Units 14
	Year Built 1983 Comments RD 515, has RA (6 units); HCV (1 unit)	Contact Shelly	Vacancies 1 Occupied 92.9% Floors 1,2 Quality Rating B
			Waiting List 2-br: 2 households
7 Oakmont Knoll			
	Address 381 Hidden Dr. Hiawassee, GA 30546	Phone (706) 897-0143 (Contact in person)	Total Units 16
	Year Built 1999 Comments Does not accept HCV; Rent range due to floor levels	Contact Brian	Vacancies 2 Occupied 87.5% Floors 1,2 Quality Rating B+
			Waiting List None
8 Enotah Village Apts.			
	Address 875 Murphy St. Hwy 66 Young Harris, GA 30582	Phone (706) 781-1834 (Contact in person)	Total Units 60
	Year Built 2007 Comments Market-rate (13 units); 30% & 50% AMHI (47 units); Accepts HCV (0 currently); HOME Funds; Vacancies due to tenants buying homes; Unit mix estimated.	Contact Crystal	Vacancies 6 Occupied 90.0% Floors 3 Quality Rating A
			Waiting List 30% AMHI: 4 HH
9 Young Harris Apts.			
	Address 5310 Meadow Ln. Young Harris, GA 30582	Phone (706) 896-2934 (Contact in person)	Total Units 14
	Year Built 1983 Comments RD 515, has RA (6 units); Accepts HCV (0 currently)	Contact Shelly	Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B
			Waiting List None
10 Nantahala Village Apts.			
	Address 501 Nantahala Ln. Blairsville, GA 30512	Phone (706) 781-1834 (Contact in person)	Total Units 56
	Year Built 1999 Comments 50%, 55% & 60% AMHI; HCV (5 units); Unit mix estimated	Contact Crystal	Vacancies 4 Occupied 92.9% Floors 3 Quality Rating B+
			Waiting List None

Project Type

	Market-rate
	Market-rate/Tax Credit
	Market-rate/Government-subsidized
	Market-rate/Tax Credit/Government-subsidized
	Tax Credit
	Tax Credit/Government-subsidized
	Government-subsidized

Survey Date: June 2013

SURVEY OF PROPERTIES - YOUNG HARRIS, GEORGIA

11 Windy Hill Apts.			
	Address 1085 Nicolas Ln. Blairsville, GA 30512	Phone (706) 781-5289 (Contact in person)	Total Units 10
	Year Built 2001	Contact Larry	Vacancies 4
	Comments Does not accept HCV; Vacancies due to economy; Square footage estimated		Occupied 60.0%
			Floors 2
			Quality Rating B-
			Waiting List
			None
12 Silver Maple Apts.			
	Address 239 Cleveland St. Blairsville, GA 30512	Phone (706) 745-1024 (Contact in person)	Total Units 8
	Year Built 1976	Contact Janna	Vacancies 0
	Comments Does not accept HCV; Rent range based on amenities; Square footage estimated		Occupied 100.0%
			Floors 2
			Quality Rating B
			Waiting List
			None
13 Jackson Heights			
	Address 150 Jackson Heights Blairsville, GA 30512	Phone (706) 745-4517 (Contact in person)	Total Units 20
	Year Built 1984	Contact Beverly	Vacancies 0
	Comments RD 515, has RA (all units); Square footage estimated		Occupied 100.0%
			Floors 1, 2
			Quality Rating N
			Waiting List
			None
14 Tan Yard Branch Apts. I			
	Address 14 Tanyard St. Blairsville, GA 30512	Phone (706) 745-9115 (Contact in person)	Total Units 24
	Year Built 1994	Contact Debbie	Vacancies 0
	Comments RD 515, has RA (11 units); Select units have ceiling fans		Occupied 100.0%
			Floors 1, 2
			Quality Rating B
			Waiting List
			3 households
15 Tan Yard Branch Apts. II			
	Address 14 Tanyard St. Blairsville, GA 30512	Phone (706) 745-9115 (Contact in person)	Total Units 25
	Year Built 1994	Contact Name not given	Vacancies 0
	Comments RD 515, has RA (23 units); HCV (1 unit); Select units have ceiling fans		Occupied 100.0%
			Floors 1
			Quality Rating B-
			Senior Restricted (62+)
			Waiting List
			1 household

Project Type

■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: June 2013

COLLECTED RENTS - YOUNG HARRIS, GEORGIA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1		\$340							
2			\$550						
3		\$525							
4		\$350	\$380						
7			\$625 to \$675						
8			\$201 to \$569	\$212 to \$609	\$208 to \$655				
10			\$349 to \$405	\$385 to \$515	\$400 to \$547				
11		\$425					\$500		
12			\$500 to \$550						

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: June 2013

PRICE PER SQUARE FOOT - YOUNG HARRIS, GEORGIA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
1	2 River St.	1	900	\$511	\$0.57
3	7920 State Hwy. 175	1	650	\$505	\$0.78
11	Windy Hill Apts.	1	700	\$543	\$0.78
4	Big Sky Village	1	762	\$501	\$0.66
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
2	456 Lillian Dr.	2	1188	\$742	\$0.62
7	Oakmont Knoll	2	1200	\$817 to \$867	\$0.68 to \$0.72
11	Windy Hill Apts.	3	900	\$652	\$0.72
12	Silver Maple Apts.	1	800	\$652 to \$702	\$0.82 to \$0.88
8	Enotah Village Apts.	2	1143	\$393 to \$761	\$0.34 to \$0.67
4	Big Sky Village	2	1078	\$572	\$0.53
10	Nantahala Village Apts.	1.5	878	\$541 to \$597	\$0.62 to \$0.68
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
8	Enotah Village Apts.	2	1412	\$450 to \$847	\$0.32 to \$0.60
10	Nantahala Village Apts.	2	1104	\$623 to \$753	\$0.56 to \$0.68
FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
8	Enotah Village Apts.	2	1615	\$512 to \$959	\$0.32 to \$0.59
10	Nantahala Village Apts.	2	1372	\$704 to \$851	\$0.51 to \$0.62

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: June 2013

AVERAGE GROSS RENT PER SQUARE FOOT - YOUNG HARRIS,
GEORGIA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.74	\$0.73	\$0.60
TOWNHOUSE	\$0.00	\$0.72	\$0.00

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.66	\$0.55	\$0.53
TOWNHOUSE	\$0.00	\$0.00	\$0.00

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.69	\$0.61	\$0.53
TOWNHOUSE	\$0.00	\$0.72	\$0.00

TAX CREDIT UNITS - YOUNG HARRIS, GEORGIA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 4	Big Sky Village	15	762	1	60%	\$350
◆ 4	Big Sky Village	9	762	1	50%	\$350
◆ 5	Cottage Hill Apts.	19	600	1	60%	\$450 - \$600
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
8	Enotah Village Apts.	2	1143	2	30%	\$201
10	Nantahala Village Apts.	9	878	1.5	50%	\$349
8	Enotah Village Apts.	13	1143	2	50%	\$370
◆ 4	Big Sky Village	16	1078	2	60%	\$380
◆ 4	Big Sky Village	8	1078	2	50%	\$380
10	Nantahala Village Apts.	8	878	1.5	55%	\$405
◆ 5	Cottage Hill Apts.	4	900	1	60%	\$465 - \$635
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
8	Enotah Village Apts.	6	1412	2	30%	\$212
10	Nantahala Village Apts.	18	1104	2	50%	\$385
8	Enotah Village Apts.	20	1412	2	50%	\$410
10	Nantahala Village Apts.	12	1104	2	60%	\$515
FOUR-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
8	Enotah Village Apts.	2	1615	2	30%	\$208
10	Nantahala Village Apts.	4	1372	2	50%	\$400
8	Enotah Village Apts.	4	1615	2	50%	\$432
10	Nantahala Village Apts.	5	1372	2	60%	\$547

◆ - Senior Restricted

QUALITY RATING - YOUNG HARRIS, GEORGIA

MARKET-RATE PROJECTS AND UNITS

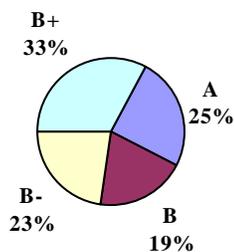
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	1	13	15.4%			\$761	\$847	\$959
B+	2	18	16.7%		\$511	\$817		
B	2	10	0.0%			\$702		
B-	2	12	41.7%		\$543	\$652		

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

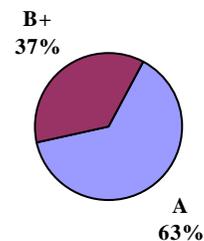
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	2	95	4.2%		\$501	\$572	\$648	\$736
B+	1	56	7.1%			\$541	\$623	\$851

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



YEAR BUILT - YOUNG HARRIS, GEORGIA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	1	8	0	0.0%	8	3.9%
1980 to 1989	3	6	2	33.3%	14	2.9%
1990 to 1999	2	72	6	8.3%	86	35.3%
2000 to 2005	1	10	4	40.0%	96	4.9%
2006	0	0	0	0.0%	96	0.0%
2007	1	60	6	10.0%	156	29.4%
2008	0	0	0	0.0%	156	0.0%
2009	1	48	0	0.0%	204	23.5%
2010	0	0	0	0.0%	204	0.0%
2011	0	0	0	0.0%	204	0.0%
2012	0	0	0	0.0%	204	0.0%
2013**	0	0	0	0.0%	204	0.0%
TOTAL	9	204	18	8.8%	204	100.0 %

* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects.

** As of June 2013

Survey Date: June 2013

APPLIANCES AND UNIT AMENITIES - YOUNG HARRIS, GEORGIA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	9	100.0%	204
REFRIGERATOR	9	100.0%	204
ICEMAKER	3	33.3%	164
DISHWASHER	6	66.7%	192
DISPOSAL	3	33.3%	164
MICROWAVE	1	11.1%	48
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	8	88.9%	202
AC - WINDOW	1	11.1%	2
FLOOR COVERING	9	100.0%	204
WASHER/DRYER	5	55.6%	124
WASHER/DRYER HOOK-UP	9	100.0%	204
PATIO/DECK/BALCONY	6	66.7%	140
CEILING FAN	8	88.9%	202
FIREPLACE	1	11.1%	2
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	8	88.9%	202
FURNISHED UNITS	1	11.1%	2
E-CALL BUTTON	0	0.0%	

* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.

PROJECT AMENITIES - YOUNG HARRIS, GEORGIA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	4	44.4%	172
LAUNDRY	1	11.1%	60
CLUB HOUSE	1	11.1%	56
MEETING ROOM	2	22.2%	108
FITNESS CENTER	2	22.2%	108
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	3	33.3%	164
COMPUTER LAB	3	33.3%	164
SPORTS COURT	2	22.2%	104
STORAGE	1	11.1%	48
LAKE	0	0.0%	
ELEVATOR	1	11.1%	48
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	0	0.0%	
PICNIC AREA	4	44.4%	166
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	1	11.1%	56

DISTRIBUTION OF UTILITIES - YOUNG HARRIS, GEORGIA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
LANDLORD			
GAS	1	2	0.6%
TENANT			
ELECTRIC	14	322	99.4%
			100.0%
COOKING FUEL			
LANDLORD			
ELECTRIC	1	2	0.6%
TENANT			
ELECTRIC	14	322	99.4%
			100.0%
HOT WATER			
LANDLORD			
GAS	1	2	0.6%
TENANT			
ELECTRIC	14	322	99.4%
			100.0%
ELECTRIC			
LANDLORD	1	2	0.6%
TENANT	14	322	99.4%
			100.0%
WATER			
LANDLORD	9	140	43.2%
TENANT	6	184	56.8%
			100.0%
SEWER			
LANDLORD	9	140	43.2%
TENANT	6	184	56.8%
TRASH PICK-UP			
LANDLORD	13	320	98.8%
TENANT	2	4	1.2%
			100.0%

UTILITY ALLOWANCE - YOUNG HARRIS, GEORGIA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$24	\$26		\$9	\$16	\$19	\$6	\$6	\$34	\$10	\$15	\$20	\$20
1	GARDEN	\$34	\$36		\$10	\$22	\$26	\$9	\$9	\$47	\$13	\$20	\$20	\$20
1	TOWNHOUSE	\$34	\$36		\$10	\$22	\$26	\$9	\$9	\$47	\$13	\$20	\$20	\$20
2	GARDEN	\$43	\$46		\$13	\$28	\$34	\$10	\$11	\$61	\$16	\$24	\$20	\$20
2	TOWNHOUSE	\$43	\$46		\$13	\$28	\$34	\$10	\$11	\$61	\$16	\$24	\$20	\$20
3	GARDEN	\$53	\$56		\$18	\$34	\$41	\$13	\$13	\$74	\$22	\$32	\$20	\$20
3	TOWNHOUSE	\$53	\$56		\$18	\$34	\$41	\$13	\$13	\$74	\$22	\$32	\$20	\$20
4	GARDEN	\$68	\$72		\$22	\$43	\$53	\$16	\$17	\$95	\$28	\$39	\$20	\$20
4	TOWNHOUSE	\$68	\$72		\$22	\$43	\$53	\$16	\$17	\$95	\$28	\$39	\$20	\$20

GA-Northern Region (9/2012)

Survey Date: June 2013

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ADDENDUM B

COMPARABLE PROPERTY PROFILES

7 Oakmont Knoll

8.7 miles to site



Address	381 Hidden Dr. Hiawassee, GA 30546		
Phone	(706) 897-0143	Contact	Brian
Total Units	16	Vacancies	2
		Percent Occupied	87.5%
Project Type	Market-Rate		
Year Open	1999	Floors	1,2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	B+	Neighborhood Rating	A
Remarks	Does not accept HCV; Rent range due to floor levels		

Features and Utilities

Utilities Landlord pays Trash
Unit Amenities Refrigerator, Range, Dishwasher, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
2	2	G	16	2	1200	\$0.52 - \$0.56	\$625 to \$675

11 Windy Hill Apts.

7.3 miles to site



Address	1085 Nicolas Ln. Blairsville, GA 30512		
Phone	(706) 781-5289	Contact	Larry
Total Units	10	Vacancies	4
		Percent Occupied	60.0%
Project Type	Market-Rate		
Year Open	2001	Floors	2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	B-	Neighborhood Rating	B
Remarks	Does not accept HCV; Vacancies due to economy; Square footage estimated		

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	8	3	700	\$0.61	\$425
2	3	T	2	1	900	\$0.56	\$500

12 Silver Maple Apts.

9.1 miles to site



Address	239 Cleveland St. Blairsville, GA 30512		
Phone	(706) 745-1024	Contact	Janna
Total Units	8	Vacancies	0
		Percent Occupied	100.0%
Project Type	Market-Rate		
Year Open	1976	Floors	2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	B	Neighborhood Rating	B
Remarks	Does not accept HCV; Rent range based on amenities; Square footage estimated		

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management

Unit Configuration

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
2	1	G	8	0	800	\$0.63 - \$0.69	\$500 to \$550

903 Highland Apts.

47.2 miles to site



Address	131 Penland St. Ellijay, GA 30540		
Phone	(706) 632-3737	Contact	Tina
Total Units	18	Vacancies	0
		Percent Occupied	100.0%
Project Type	Market-Rate		
Year Open	2007	Floors	2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	B+	Neighborhood Rating	B
Remarks	Does not accept HCV; Square footage estimated		

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Icemaker, Range, Microwave, Central AC, Vinyl Flooring, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	Laundry Facility

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
2	2	G	18	0	875	\$0.66	\$575

8 Enotah Village Apts.

0.6 miles to site



Address	875 Murphy St. Hwy 66 Young Harris, GA 30582		
Phone	(706) 781-1834	Contact	Crystal
Total Units	60	Vacancies	6
		Percent Occupied	90.0%
Project Type	Market-Rate & Tax Credit		
Year Open	2007	Floors	3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	30% AMHI: 4 HH		
Quality Rating	A	Neighborhood Rating	B
Remarks	Market-rate (13 units); 30% & 50% AMHI (47 units); Accepts HCV (0 currently); HOME Funds; Vacancies due to tenants buying homes; Unit mix estimated.		

Features and Utilities

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Computer Lab, Picnic Area

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
2	2	G	5	1	1143	\$0.50	\$569	
2	2	G	13	1	1143	\$0.32	\$370	50%
2	2	G	2	0	1143	\$0.18	\$201	30%
3	2	G	6	1	1412	\$0.43	\$609	
3	2	G	20	3	1412	\$0.29	\$410	50%
3	2	G	6	0	1412	\$0.15	\$212	30%
4	2	G	2	0	1615	\$0.41	\$655	
4	2	G	4	0	1615	\$0.27	\$432	50%
4	2	G	2	0	1615	\$0.13	\$208	30%

4 Big Sky Village

8.1 miles to site



Address	301 Sky View Dr. Hiawassee, GA 30546		
Phone	(706) 896-6708	Contact	Debbie
Total Units	48	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2009	Floors	2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	3 households		
Quality Rating	A	Neighborhood Rating	B
Remarks	50% & 60% AMHI; Accepts HCV (0 currently)		

Features and Utilities

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Meeting Room, Fitness Center, Playground, Sports Court, Storage, Elevator, Computer Lab, Picnic Area

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	15	0	762	\$0.46	\$350	60%
1	1	G	9	0	762	\$0.46	\$350	50%
2	2	G	16	0	1078	\$0.35	\$380	60%
2	2	G	8	0	1078	\$0.35	\$380	50%

10 Nantahala Village Apts.

9.5 miles to site



Address	501 Nantahala Ln. Blairsville, GA 30512		
Phone	(706) 781-1834	Contact	Crystal
Total Units	56	Vacancies	4
		Percent Occupied	92.9%
Project Type	Tax Credit		
Year Open	1999	Floors	3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	B+	Neighborhood Rating	B
Remarks	50%, 55% & 60% AMHI; HCV (5 units); Unit mix estimated		

Features and Utilities

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Storage
Project Amenities	On-site Management, Club House, Playground, Sports Court, Computer Lab, Picnic Area, Social Services

Unit Configuration

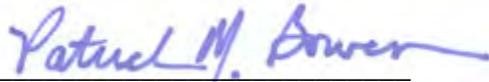
BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	1.5	G	8	1	878	\$0.46	\$405	55%
2	1.5	G	9	1	878	\$0.40	\$349	50%
3	2	G	12	1	1104	\$0.47	\$515	60%
3	2	G	18	1	1104	\$0.35	\$385	50%
4	2	G	5	0	1372	\$0.40	\$547	60%
4	2	G	4	0	1372	\$0.29	\$400	50%

ADDENDUM C – 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.

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Date: June 11, 2013

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/MarketStudiesNCAHMA/AboutNCAHMA/tabid/234/Default.aspx>

ADDENDUM-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 (Exhibit S-2)	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	B
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	H
27.	Households by tenure	H
COMPETITIVE ENVIRONMENT		
28.	Comparable property profiles	H
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 & Addendum A
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
45.	Derivation of Achievable Market Rent and Market Advantage	H & Addendum E
46.	Derivation of Achievable Restricted Rent	N/A
47.	Precise statement of key conclusions	K
48.	Market strengths and weaknesses impacting project	K
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	H
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	C
56.	Certifications	Addendum B
57.	Statement of qualifications	N
58.	Sources of data not otherwise identified	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 Young Harris, Georgia by ABC Developer, Inc.

This market feasibility analysis complies with the requirements established by the Georgia Department of Community Affairs/Georgia Housing and Finance Authority (GDCA/GHFA) 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 and projections that determine what the characteristics of the market will be when the subject project opens and 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
- 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
- HISTA Data (household income by household size, tenure and age of head of household) by Ribbon Demographics

ADDENDUM E - ACHIEVABLE MARKET RENT ANALYSIS

A. INTRODUCTION

We identified four market-rate properties within the Site PMA that we consider most comparable to the proposed subject development. Additionally, due to the limited supply of comparable market-rate product within the Site PMA, we also identified and surveyed one additional market-rate property located within the region in the nearby town of Ellijay, Georgia. Note that although this comparable market-rate project is located outside of the Young Harris Site PMA, it is located within an area with similar socioeconomic characteristics as the Young Harris market. As such, adjustments for differences in market have not been warranted for this project. These five selected properties are used to derive market rent for a project with characteristics similar to the proposed subject development. 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, mid-rise, 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, 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.

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	The Gardens	2015	50	-	18 (-)	32 (-)	-	-
7	Oakmont Knoll	1999	16	87.5%	-	16 (87.5%)	-	-
8	Enotah Village Apts.	2007	13*	84.6%	-	5 (80.0%)	6 (83.3%)	2 (100.0%)
11	Windy Hill Apts.	2001	10	60.0%	8 (62.5%)	2 (50.0%)	-	-
12	Silver Maple Apts.	1976	8	100.0%	-	8 (100.0%)	-	-
903	Highland Apts.	2007	18	100.0%	-	18 (100.0%)	-	-

Occ. - Occupancy

*Market-rate units only

Map ID 903 is located outside of the Site PMA

The five selected market-rate projects have a combined total of 65 units with an overall occupancy rate of 87.7%. It should be noted that the low occupancy rate of 60.0% reported at the Windy Hill Apartments (Map ID 11) is attributed to only four vacant units at this small ten unit project, causing an abnormally low occupancy rate. Similarly, the lower occupancy rates reported at Oakmont Knoll (Map ID 7) and Enotah Village Apartments (Map ID 8) is attributed to only two vacant market-rate units at each of these comparable projects.

The Rent Comparability Grids on the following pages show the collected rents for each of the selected properties and illustrate adjustments made (as needed) for various features and locations or neighborhood characteristics, as well as for quality differences that exist between 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	
The Gardens		Highland Apts.		Enotah Village Apts.		Windy Hill Apts.		Silver Maple Apts.			
Main St & US Highway 76		131 Penland St.		875 Murphy St. Hwy 66		1085 Nicolas Ln.		239 Cleveland St.			
Young Harris, GA		Ellijay, GA		Young Harris, GA		Blairsville, GA		Blairsville, GA			
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$575		\$569		\$425		\$525			
2	Date Surveyed	Jun-13		Jun-13		Jun-13		Apr-13			
3	Rent Concessions	None		None		None		None			
4	Occupancy for Unit Type	100%		80%		63%		100%			
5	Effective Rent & Rent/ sq. ft	\$575	0.66	\$569	0.50	\$425	0.61	\$525	0.66		
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/2		WU/2	\$5	WU/3	\$5	WU/2	\$5	WU/2	\$5
7	Yr. Built/Yr. Renovated	2015		2007	\$8	2007	\$8	2001	\$14	1976	\$39
8	Condition /Street Appeal	E		G	\$15	E		G	\$15	G	\$15
9	Neighborhood	G		G		G		G		G	
10	Same Market?			No		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1	(\$50)	2	(\$50)	1		2	(\$50)		
12	# Baths	1	(\$30)	2	(\$30)	1		1			
13	Unit Interior Sq. Ft.	844	(\$5)	875	(\$5)	1143	(\$44)	700	\$21	800	\$7
14	Balcony/ Patio	Y		Y		N	\$5	Y		Y	
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	N/Y		Y/N	\$5	N/Y		N/N	\$10	N/N	\$10
18	Washer/Dryer	HU/L		L	\$10	HU/L		HU	\$5	HU	\$5
19	Floor Coverings	C		V		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/Security System	N/N		N/N		N/N		N/N		N/N	
22	Garbage Disposal	N		N		Y	(\$5)	N		N	
23	Ceiling Fans	Y		Y		Y		Y		Y	
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		N	\$5	Y		N	\$5	Y	
26	Security Gate	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	Y/Y		N/N	\$10	N/Y	\$5	N/N	\$10	N/N	\$10
28	Pool/ Recreation Areas	F		N	\$5	F		N	\$5	N	\$5
29	Computer Center	N		N		Y	(\$3)	N		N	
30	Picnic Area	Y		N	\$3	Y		N	\$3	N	\$3
31	Library	N		N		N		N		N	
32	Social Services	Y		N	\$3	N	\$3	N	\$3	N	\$3
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	(\$33)	Y/Y	(\$33)	N/N		Y/Y	(\$33)	Y/Y	(\$33)
39	Trash /Recycling	Y/N		Y/N		Y/N		Y/N		Y/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	10	3	5	5	10		10	1		
41	Sum Adjustments B to D	\$69	(\$85)	\$26	(\$132)	\$86		\$102	(\$50)		
42	Sum Utility Adjustments		(\$33)				(\$33)		(\$33)		
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$49)	\$187	(\$106)	\$158	\$53	\$119	\$19	\$185		
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$526		\$463		\$478		\$544			
45	Adj Rent/Last rent		92%		81%		113%		104%		
46	Estimated Market Rent	\$495	\$0.59	← Estimated Market Rent/ Sq. Ft							

Rent Comparability Grid

Unit Type →

TWO BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
The Gardens		Oakmont Knoll		Enotah Village Apts.		Highland Apts.		Silver Maple Apts.			
Main St & US Highway 76		381 Hidden Dr.		875 Murphy St. Hwy 66		131 Penland St.		239 Cleveland St.			
Young Harris, GA		Hiawassee, GA		Young Harris, GA		Ellijay, GA		Blairsville, GA			
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$650		\$569		\$575		\$525			
2	Date Surveyed	Jun-13		Jun-13		Jun-13		Apr-13			
3	Rent Concessions	None		None		None		None			
4	Occupancy for Unit Type	88%		80%		100%		100%			
5	Effective Rent & Rent/ sq. ft	\$650	0.54	\$569	0.50	\$575	0.66	\$525	0.66		
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/2		WU/1,2	\$5	WU/3	\$5	WU/2	\$5	WU/2	\$5
7	Yr. Built/Yr. Renovated	2015		1999	\$16	2007	\$8	2007	\$8	1976	\$39
8	Condition /Street Appeal	E		G	\$15	E		G	\$15	G	\$15
9	Neighborhood	G		E	(\$10)	G		G		G	
10	Same Market?			Yes		Yes		No		Yes	
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		1	\$30		
13	Unit Interior Sq. Ft.	1189	(\$2)	1200		1143	\$7	875	\$45	800	\$56
14	Balcony/ Patio	Y		Y		N	\$5	Y		Y	
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	N/Y		N/Y		N/Y		Y/N	\$5	N/N	\$10
18	Washer/Dryer	HU/L	(\$25)	W/D		HU/L		L	\$10	HU	\$5
19	Floor Coverings	C		C		C		V		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/Security System	N/N		N/N		N/N		N/N		N/N	
22	Garbage Disposal	N		N		Y	(\$5)	N		N	
23	Ceiling Fans	Y		Y		Y		Y		Y	
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		N	\$5	Y		N	\$5	Y	
26	Security Gate	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	Y/Y		N/N	\$10	N/Y	\$5	N/N	\$10	N/N	\$10
28	Pool/ Recreation Areas	F		N	\$5	F		N	\$5	N	\$5
29	Computer Center	N		N		Y	(\$3)	N		N	
30	Picnic Area	Y		N	\$3	Y		N	\$3	N	\$3
31	Library	N		N		N		N		N	
32	Social Services	Y		N	\$3	N	\$3	N	\$3	N	\$3
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		N/N		N/N		Y/Y	(\$40)	Y/Y	(\$40)
39	Trash /Recycling	Y/N		Y/N		Y/N		Y/N		Y/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	8	3	6	2	11		11			
41	Sum Adjustments B to D	\$62	(\$37)	\$33	(\$8)	\$114		\$181			
42	Sum Utility Adjustments						(\$40)		(\$40)		
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$25	\$99	\$25	\$41	\$74	\$154	\$141	\$221		
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$675		\$594		\$649		\$666			
45	Adj Rent/Last rent		104%		104%		113%		127%		
46	Estimated Market Rent	\$645		\$0.54		← Estimated Market Rent/ Sq. Ft					

Once all adjustments to collected rents were made, the adjusted rents for each comparable were considered 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 achievable market rents for units similar to the subject development are \$495 for a one-bedroom unit and \$645 for a two-bedroom unit.

The following table compares the proposed collected rents at the subject site with achievable market rent for selected units.

Bedroom Type	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	\$145 (50%)	\$495	70.7%
	\$350 (60%)		29.3%
Two-Bedroom	\$410 (50%)	\$645	36.4%
	\$455 (60%)		29.5%

The proposed collected Tax Credit rents for the subject development represent market rent advantages between 29.3% and 70.7%, depending upon unit type and AMHI level. Typically, Tax Credit rents should represent market rent advantages of at least 10.0% in order to be considered a value in most markets. Therefore, it is likely that all of the proposed units at the subject project will be viewed as a significant value within the Site PMA.

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.

6. The subject development will provide elevator access to the target senior population. Conversely, all of the comparable market-rate projects are of walk-up design which is typically less desirable to senior residents. As such, we have applied a \$5 adjustment to reflect the inclusion of an elevator at the subject development.

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1976 and 2007. As such, 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 upon completion. We have made adjustments for those properties that we consider to have an inferior quality as compared to the subject development.
9. One of the comparable market-rate projects is considered to be in a more desirable neighborhood as compared to the subject development. As such, we have applied a negative adjustment to this property to reflect the more desirable location of this project as compared to the subject development.
10. As previously stated, one of the comparable market-rate projects is located outside of the Site PMA but within the region in the nearby town of Ellijay. However, although this project is located outside of the Site PMA, adjustments for difference in markets was not warranted as it is considered to be in a similar market as compared to the Young Harris market in terms of rents charged, median household income, population and community services offered.
11. All of the selected properties have two-bedroom units. For those projects lacking one-bedroom units, we have used the two-bedroom units and made adjustments to reflect the difference in the number of bedrooms offered.
12. The number of bathrooms offered among the selected properties varies. As such, we have made adjustments to reflect the difference in the number of bathrooms offered at the site compared to those offered among the comparable market-rate properties.
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 amenities package which is generally considered to be superior to those offered among the comparable market-rate properties. We have, however, made 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 also generally considered to be superior to those offered among the selected properties. We have made monetary adjustments to reflect the difference between the proposed subject project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences in utility responsibility as needed at the selected properties. The utility adjustments were based on the local housing authority's utility cost estimates.