

Market Feasibility Analysis

Cox Creek Apartments
200 Penland Street
Ellijay, Gilmer County, Georgia 30540

Prepared For

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SECTION A – EXECUTIVE SUMMARY

This report evaluates the market feasibility of the existing Cox Creek Apartments rental community to be renovated utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program in Ellijay, Georgia. Based on the findings contained in this report, we believe a market will continue to exist for the subject project following renovations, as long as the subject project is renovated and operated as proposed in this report.

1. Project Description:

The Cox Creek Apartments project was originally built in 1995 and has operated under the Rural Development 515 (RD 515) program since that time. The project contains 25 general-occupancy units, comprised of six (6) one-bedroom garden-style units and 19 two-bedroom townhome units. Currently, five (5) of the subject units receive Rental Assistance (RA) directly from Rural Development. The RA allows tenants to pay up to 30% of their adjusted gross incomes towards housing costs (collected rent and tenant-paid utilities). Management reports the project is currently 92.0% occupied (two vacant units) and does not maintain a waiting list.

The proposed Tax Credit renovations, which will be financed through a Tax Exempt Bond, will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the five (5) units of RA will be preserved and all units will target households with incomes up to 60% of Area Median Household Income (AMHI) under Tax Credit guidelines. All renovations are expected to be completed in 2014.

2. Site Description/Evaluation:

The subject project is located within an established area of Ellijay which consists primarily of wooded land and residential structures which are considered to be in average to good condition. Visibility and access of the subject project are each considered good, as the subject project provides clear site signage at the entrance and is easily accessible from Penland Street which borders the site to the west. Further, Penland Street also provides convenient access to and from Dalton Street (State Route 52) south of the subject project, which further enhances accessibility of the subject project, as this arterial roadway provides access throughout the Ellijay area. Further, the subject project is located within proximity of numerous basic community services and all public safety services. Overall, the subject project's convenient accessibility and proximity to most basic community and public safety services should contribute to the continued marketability of the subject project following renovations.

3. Market Area Definition:

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to continue to originate. The Ellijay Site PMA includes the immediate Ellijay and East Ellijay areas, as well as some outlying unincorporated portions of Gilmer County. The boundaries of the Site PMA generally include portions of the Chattahoochee National Forest to the north; U.S. Highway 76, Macedonia Road, and Rackley Road to the east; the zip code 30536 boundary, Bodie Road, Knight Road, State Route 382, and Oak Hill Drive to the south; and the zip code 30540 boundary, County Road 57, Rodgers Creek Road and Pleasant Hill Road to the west. A justification of these boundaries and a detailed map are included in Section D of this report.

4. Community Demographic Data:

Between 2013 and 2015 the Ellijay Site PMA is projected to experience both population and household growth. Specifically, the total population within the Site PMA is projected to increase by 251 (1.1%) while the total number of households will increase by 157 (1.8%) during this time period. Further, the primary age group (ages 25 to 64) at the subject project is estimated to comprise approximately 67.0% of all households within the Site PMA in 2013. It should also be noted that, the number of renter households within the Site PMA is projected to increase between 2013 and 2015. Overall, these demographic trends indicate an expanding base of potential demographic support for the subject project. Detailed demographic information is included in Section E of this report.

5. Economic Data:

According to local economic representatives, the Gilmer County economy is improving. However, this improvement is occurring at a rate slower than those experienced in most markets throughout the country according to local representatives. Data provided by the U.S. Department of Labor, Bureau of Labor Statistics further demonstrates this slow economic recovery experienced within Gilmer County since the impact of the national recession. Specifically, the employment base within Gilmer County has struggled to recover from the impact of the national recession, declining each year since 2007. However, it should be noted that while the employment base continues to struggle, the Gilmer County unemployment rate declined in 2012 as well as thus far in 2013. Nonetheless, the Gilmer County economy will likely continue to experience a slow economic recovery for the foreseeable future as the employment base and unemployment rate have both struggled to return to pre-recession levels. Based on the preceding analysis it is likely that demand for affordable housing within Gilmer County will remain high during this slow economic recovery. Detailed economic information is included in Section F of this report.

6. Project-Specific Affordability and Demand Analysis:

The Cox Creek Apartments property has project-based Rental Assistance (RA) available to five (5) of its 25 units. As such, tenants with little to no income are eligible to reside at this project. Following LIHTC renovations, these five (5) units of RA are expected to remain in-place. Based on our demand estimates detailed in Section G of this report, there will be 738 income-qualified renter households to support the 25 renovated units. As such, the capture rate would be 3.4% ($25 / 738 = 3.4\%$) if all units were vacated. However, the project is 92.0% occupied with only two vacant units and all current tenants are anticipated to remain following LIHTC renovations. Therefore, the renovated subject project will have an effective capture rate of 0.3% ($2 / 738 = 0.3\%$). A detailed capture rate analysis and alternative demand scenarios are provided in Section G of this report.

7. Comparable/Competitive Rental Analysis

Following renovations the subject project will offer one- and two-bedroom units targeting general-occupancy households earning up to 60% of Area Median Household Income (AMHI). We identified and surveyed two Low-Income Housing Tax Credit (LIHTC) projects within the Site PMA, aside from the subject project. However, one of these two LIHTC projects within the Site PMA, Brooks Hill Apartments (Map ID 2), is an age-restricted project which targets a distinctly different population (seniors age 62 and older) as compared to the subject project. Therefore, this LIHTC project has not been included in our comparable analysis. The one additional LIHTC project in the Site PMA, Ellijay East Apartments (Map ID 9) offers one- and two-bedroom units targeting general-occupancy households earning up to 50% and 60% of AMHI. Note that the Ellijay East Apartments (Map ID 9) also operates under the Rural Development Section 515 (RD 515) program. However, most of the units at this project do not operate with Rental Assistance (RA) thus requiring most residents of this project to pay between basic and market rents. As such, we have included this project in our comparable analysis as it will offer a good base of comparability and is considered competitive with the subject project.

Due to the limited supply of LIHTC product in the Site PMA we have also identified and surveyed three additional non-subsidized LIHTC projects located outside of the Site PMA but within the region in the towns of Blue Ridge and Jasper, Georgia. These three LIHTC projects offer one- through four-bedroom units targeting general-occupancy households earning up to 30%, 50% and/or 60% of AMHI. As such, these projects should also offer an accurate base of comparability for the subject project. However, it should be noted that as these three additional properties are located outside of the Site PMA, they will derive demographic support from a different geographic area as compared to the subject project. As such, these three additional LIHTC projects have been included for comparability purposes only and are not considered to be directly competitive with the subject project.

The four comparable LIHTC projects and the subject development are summarized in the following table:

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Cox Creek Apartments	1995/ 2014	25	92.0%	-	None	Families; 60% AMHI & RD 515
9	Ellijay East Apts.	1991 / 2012	45	100.0%	2.7 Miles	8 H.H.	Families; 50% & 60% AMHI & RD 515
904	Homestead Apts.	1999	57	100.0%	19.4 Miles	1 H.H.	Families; 50% & 60% AMHI
905	Mountainside Manor	2004	140*	99.3%	21.2 Miles	None	Families; 60% AMHI
907	Mineral Springs Apts.	2001	53*	92.5%	16.6 Miles	30% AMHI: 8 H.H.	Families; 30%, 50%, & 60% AMHI

OCC. – Occupancy

900 series Map IDs are located outside of the Site PMA

*Tax Credit units only

The four LIHTC projects have a combined occupancy rate of 98.3%. It should be noted that the one comparable LIHTC project located within the Site PMA, Ellijay East Apartments (Map ID 9) is 100.0% occupied and maintains a wait list of eight households for its next available units. This high occupancy rate and wait list maintained at the one comparable LIHTC project in the Site PMA indicates that there is pent-up demand within the market for affordable general-occupancy LIHTC product.

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)				Rent Special
		One-Br.	Two-Br.	Three-Br.	Four-Br.	
Site	Cox Creek Apartments	\$534/60% (6)	\$636/60% (19)	-	-	-
9	Ellijay East Apts.	\$523-\$578*/50% (9/0) \$523-\$578*/60% (8/0)	\$572-\$627*/50% (14/0) \$572-\$627*/60% (14/0)	-	-	None
904	Homestead Apts.	-	\$762/50% (7/0) \$762/60% (11/0)	\$844/50% (17/0) \$844/60% (22/0)	-	None
905	Mountainside Manor	\$643/60% (50/0)	\$831/60% (50/1)	\$904/60% (40/0)	-	None
907	Mineral Springs Apts.	-	\$623/50% (21/0)	\$446/30% (4/0) \$855/60% (20/4)	\$506/30% (3/0) \$962/60% (5/0)	None

*Denotes basic and market rents

900 Series Map IDs are located outside of the Site PMA

As proposed, the subject rents reported in the preceding table will not be the actual rents most tenants will be responsible for paying, as the subject project will maintain Rental Assistance on five (5) of its 24 units, which will limit tenants gross rent to 30% of their adjusted household income. Additionally, a Private Rental Assistance (PRA) subsidy will also be available to all current unassisted tenants, preventing a rent increase on these residents of the subject project.

Our comparative analysis in Section H reveals the unit designs (square footage and bathrooms) of the subject units are relatively competitive with those of the comparable LIHTC projects in the market and the region. In fact, the one-bedroom units at the subject project are the largest one-bedroom LIHTC units in the Site PMA in terms of square footage. Further, the proposed amenities package is considered to be somewhat limited as compared to those offered among most of the comparable LIHTC projects in the region. Regardless, the amenity package offered at the subject project is considered typical of older subsidized rental housing such as that offered at the subject project. Further, based on the limited number of vacant units currently reported, the subject project does not appear to lack any key amenities that have or will adversely impact its marketability. Based on the anticipated value that will be created by the continued presence of the RA subsidy, we expect the renovated subject project to be competitive as proposed.

8. Absorption/Stabilization Estimates

According to management, the subject project is currently 92.0% occupied with only two vacant units and while current residents will be relocated temporarily, they will not be permanently displaced. Therefore, only the two currently vacant units at the subject project will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 25 subject units will be vacated and that all units will have to be re-rented (assuming RA is preserved on five (5) of the 25 subject units as proposed). We also assume the absorption period at the site begins as soon as the first renovated units are available for occupancy.

It is our opinion that the 25 units at the subject site will reach a stabilized occupancy of 93.0% within approximately six months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of four units per month. Our absorption projections assume that no other projects targeting a similar income group will be developed during the projection period and that the renovations will be completed as outlined in this report. These absorption projections also assume that RA will be maintained on five (5) of the 25 subject units as proposed.

9. Overall Conclusion:

Based on the findings reported in our market study, it is our opinion that a market will continue to exist for the 25 units at the subject site, assuming it is renovated and operated as detailed in this report. Changes in the project's scope of renovations, rents, amenities or renovation completion date may alter these findings.

Based on the preceding analysis and information provided throughout this report, we have no recommendations or suggested modifications for the subject project at this time.

SUMMARY TABLE

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

Development Name:	Cox Creek Apartments	Total # Units:	25
Location:	200 Penland Street, Ellijay, Georgia (Gilmer County)	# LIHTC Units:	25
PMA Boundary:	Portions of the Chattahoochee National Forest to the north; U.S. Highway 76, Macedonia Road, and Rackley Road to the east; the zip code 30536 boundary, Bodie Road, Knight Road, State Route 382, and Oak Hill Drive to the south; and the zip code 30540 boundary, County Road 57, Rodgers Creek Road and Pleasant Hill Road to the west.		
	Farthest Boundary Distance to Subject:	10.5 miles	

RENTAL HOUSING STOCK (found on page H-1)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	11	254	9	96.5%
Market-Rate Housing	6	122	6	95.1%
Assisted/Subsidized Housing not to include LIHTC	2	18	0	100.0%
LIHTC	3	114	3	97.4%
Stabilized Comps (in PMA only)	1	45	0	100.0%
Properties in Construction & Lease Up	-	-	-	-

Subject Development					Achievable Market Rents			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
6	One	1.0	650	\$459*	\$495	\$0.76	7.3%	\$795	\$1.02
19	Two	1.5	850	\$555	\$555	\$0.65	0.0%	\$1,005	\$1.07

*2013 maximum allowable LIHTC gross rent less the value of tenant-paid utilities

DEMOGRAPHIC DATA (found in Section E & G)

	2010		2013		2015	
Renter Households	2,142	25.2%	2,258	25.8%	2,282	25.6%
Income-Qualified Renter HHs (LIHTC)*	N/A	N/A	1,121	12.8%	1,106	12.4%
Income-Qualified Renter HHs (MR)	N/A	N/A	N/A	N/A	N/A	N/A

*As proposed with the retention of RA on 5 of 25 units

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

Type of Demand	RA Units	Non-RA Units	Overall as Proposed	Market-rate	Other__	LIHTC Only Scenario
Renter Household Growth	-15	-1	-15	-	-	-1
Existing Households (Overburd + Substand)	753	113	753	-	-	113
Homeowner conversion (Seniors)	-	-	-	-	-	-
Total Primary Market Demand	738	112	738	-	-	112
Less Comparable/Competitive Supply	0	0	0	-	-	0
Net Income-Qualified Renter HHs	738	112	738	-	-	112

CAPTURE RATES (found on page G-6)

Targeted Population	RA Units	Non-RA Units	Overall as Proposed	Market-rate	Other__	LIHTC Only Scenario
Capture Rate	0.0%*	17.9%	2.7%*	-	-	22.3%

* Under this scenario, all units with Rental Assistance are assumed to be leasable. As such, all RA units have been excluded from this analysis.

SECTION B - PROJECT DESCRIPTION

The Cox Creek Apartments project was originally built in 1995 and has operated under the Rural Development 515 (RD 515) program since that time. The project contains 25 general-occupancy units, comprised of six (6) one-bedroom garden-style units and 19 two-bedroom townhome units. Currently, five (5) of the subject units receive Rental Assistance (RA) directly from Rural Development. The RA allows tenants to pay up to 30% of their adjusted gross incomes towards housing costs (collected rent and tenant-paid utilities). Management reports the project is currently 92.0% occupied (two vacant units) and does not maintain a waiting list.

The proposed Tax Credit renovations, which will be financed through a Tax Exempt Bond, will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the five (5) units of RA will be preserved and all units will target households with incomes up to 60% of Area Median Household Income (AMHI) under Tax Credit guidelines. All renovations are expected to be completed in 2014. Additionally, a Private Rental Assistance (PRA) subsidy, which will be financed by the developer, will be available to all existing unassisted residents (PRA subsidy not to extend beyond existing residents). The PRA subsidy will prevent a rent increase on current residents, allowing existing residents to continue paying current rents. Additional project details follow:

- 1. PROJECT NAME:** Cox Creek Apartments

- 2. PROPERTY LOCATION:** 200 Penland Street
Ellijay, Georgia 30540
(Gilmer County)

- 3. PROJECT TYPE:** Current: Tax Credit & RD 515
Proposed: Tax Credit Bond & RD 515

- 4. UNIT CONFIGURATION AND RENTS:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Current Rents*	2013 LIHTC Rents				2013 Rent Limits		Market Rents (CRCU)	Proposed Achievable Net Rents
						AMHI	Gross	U.A.	Net	Max. Allow.	Fair Market		
6	One	1.0	Garden	650	\$415	60%	\$534	\$75	\$459	\$534	\$514	\$495	\$459
19	Two	1.5	TH	850	\$440	60%	\$636	\$81	\$555	\$640	\$672	\$555	\$555
25	Total												

Source: Boyd Management
 AMHI – Area Median Household Income (Gilmer County, GA; 2013)
 *Denotes current basic rents under the RD 515 program
 U.A. – Utility Allowance
 Max. Allow. – Maximum Allowable
 CRCU – Conventional Rents for Comparable Units
 TH – Townhouse



- 5. TARGET MARKET:** Low-Income Families
- 6. PROJECT DESIGN:** One- and two-story residential buildings with one-bedroom garden-style units and two-bedroom townhomes.
- 7. ORIGINAL YEAR BUILT:** 1995
- 8. ANTICIPATED RENOVATION COMPLETION DATE:** 2014

9. UNIT AMENITIES:

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

10. COMMUNITY AMENITIES:

- On-Site Management
- Laundry Facility
- Playground
- Additional Storage

11. RESIDENT SERVICES:

None

12. UTILITY RESPONSIBILITY:

Water, sewer and trash collection are included in the rent, while tenants are responsible for the following:

- General Electricity
- Electric Heating
- Electric Hot Water Heating
- Electric Cooking

13. RENTAL ASSISTANCE:

The subject property operates under the RD 515 program guidelines with Rental Assistance on five (5) of the 25 total units. The Rental Assistance requires tenants to pay up to 30% of their adjusted gross income towards housing costs. Rental Assistance on the five units will remain in place following LIHTC renovations.

14. PARKING:

The subject site offers a surface parking lot at no additional charge to its residents.

15. CURRENT OCCUPANCY AND TENANT PROFILE:

The 25-unit project is currently 92.0% occupied (two vacant units) and does not maintain a waiting list. Based on information provided by the developer, we anticipate that most, if not all, current tenants will continue to income-qualify following renovations. This assumes that the subject project will maintain Rental Assistance on the existing five RA units.

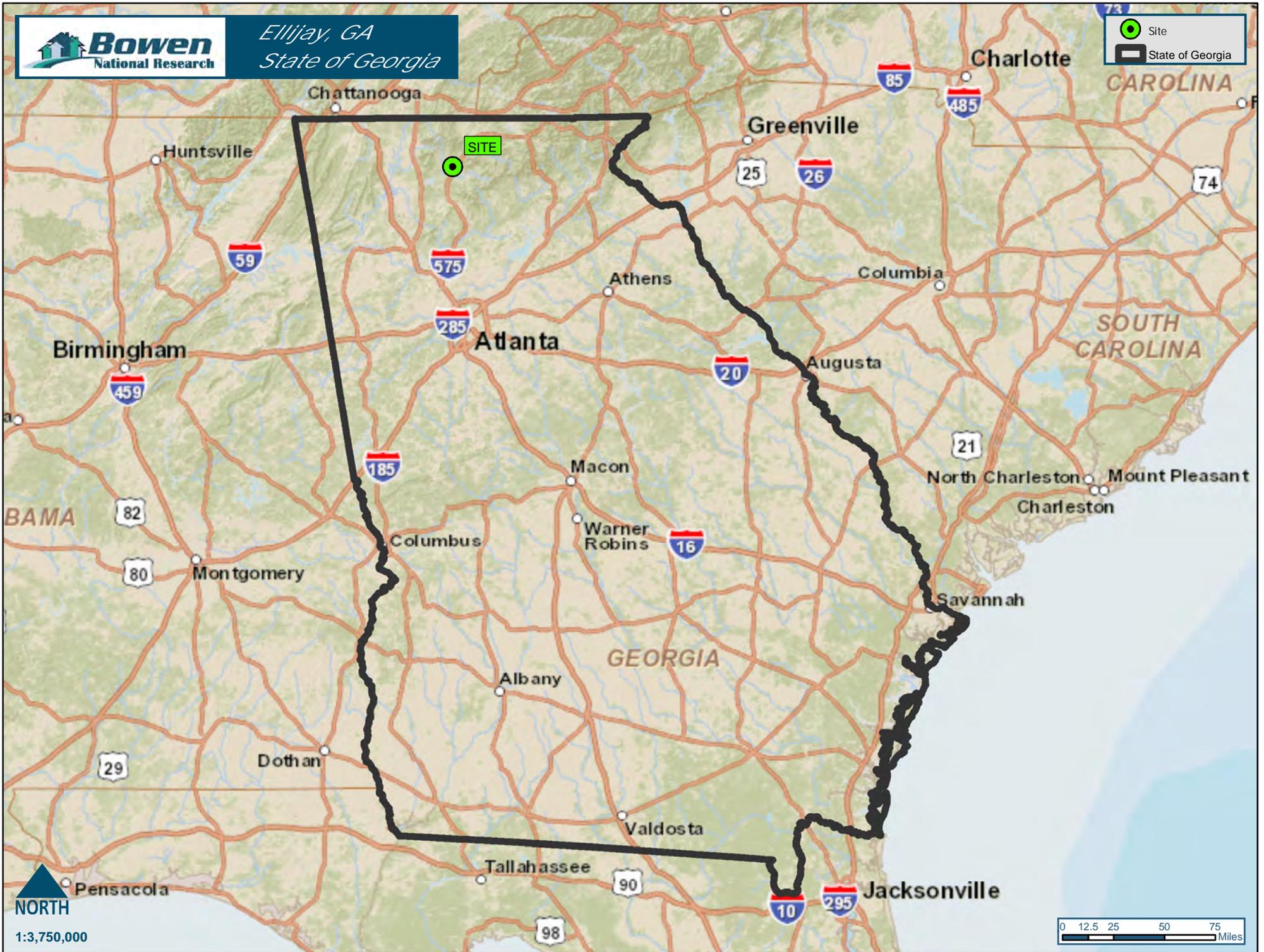
16. PLANNED RENOVATIONS:

Currently, the subject project is considered to be of relatively good overall quality, but shows signs of slight property aging. According to the developer, the subject property will undergo approximately \$27,000 in planned renovations per unit. The subject is expected to include, but will not be limited to, the following renovations:

- New floor coverings
- Painting of unit interiors
- Replacement of kitchen cabinets and countertops
- Replacement of existing kitchen appliances
- Replacement of plumbing fixtures
- Replacement of lighting fixtures
- Replace windows and window blinds
- Replacement of interior and exterior doorways
- Replacement of bathroom cabinets and countertop
- Installation of new HVAC
- Re-roofing of buildings
- Upgrade and improve exteriors of buildings
- Landscape improvements to the entrance with new signage (as needed)
- Upgrade sidewalks, dumpster surrounds and landscaping.

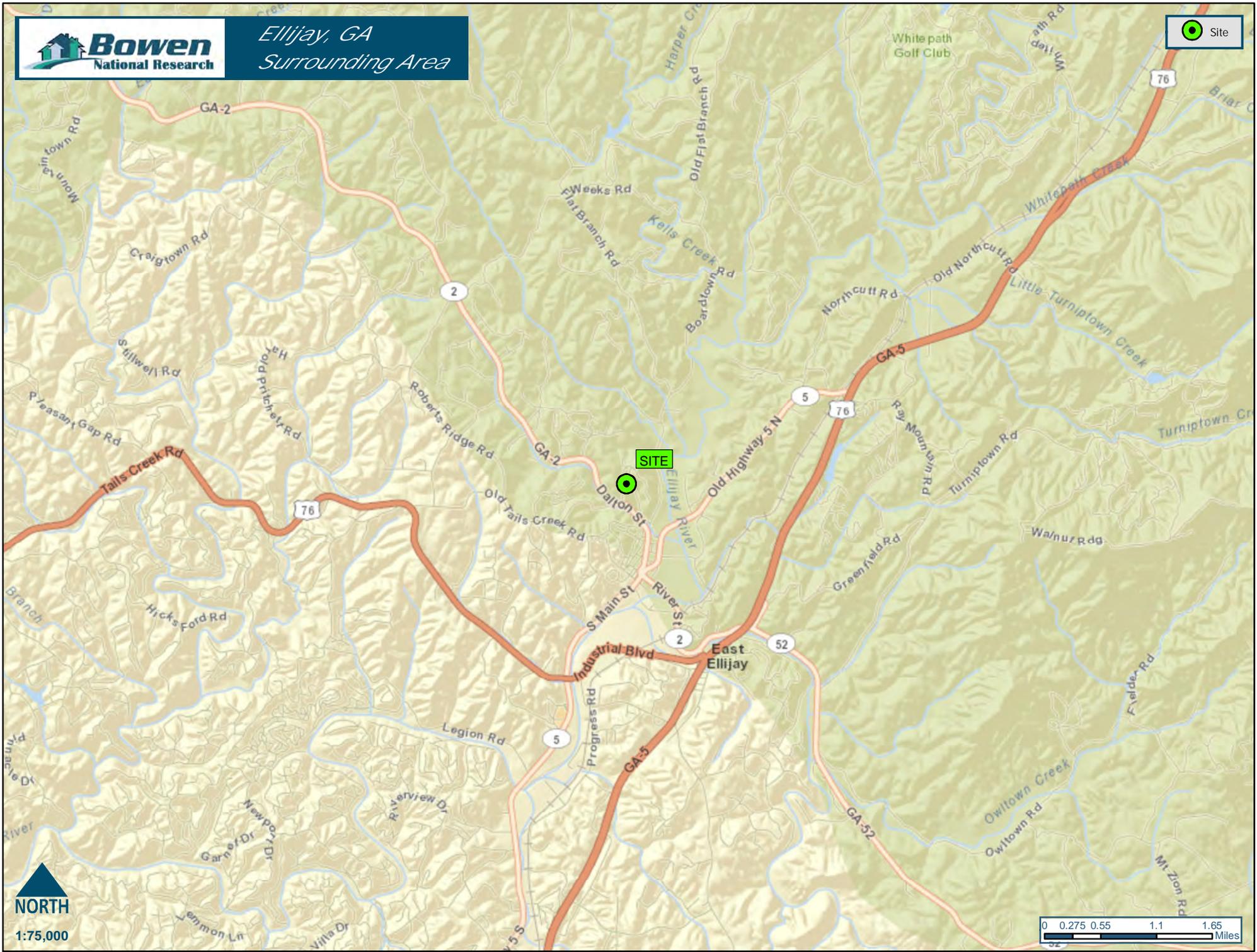
17. STATISTICAL AREA: Gilmer County, Georgia (2013)

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





Ellijay, GA
Surrounding Area



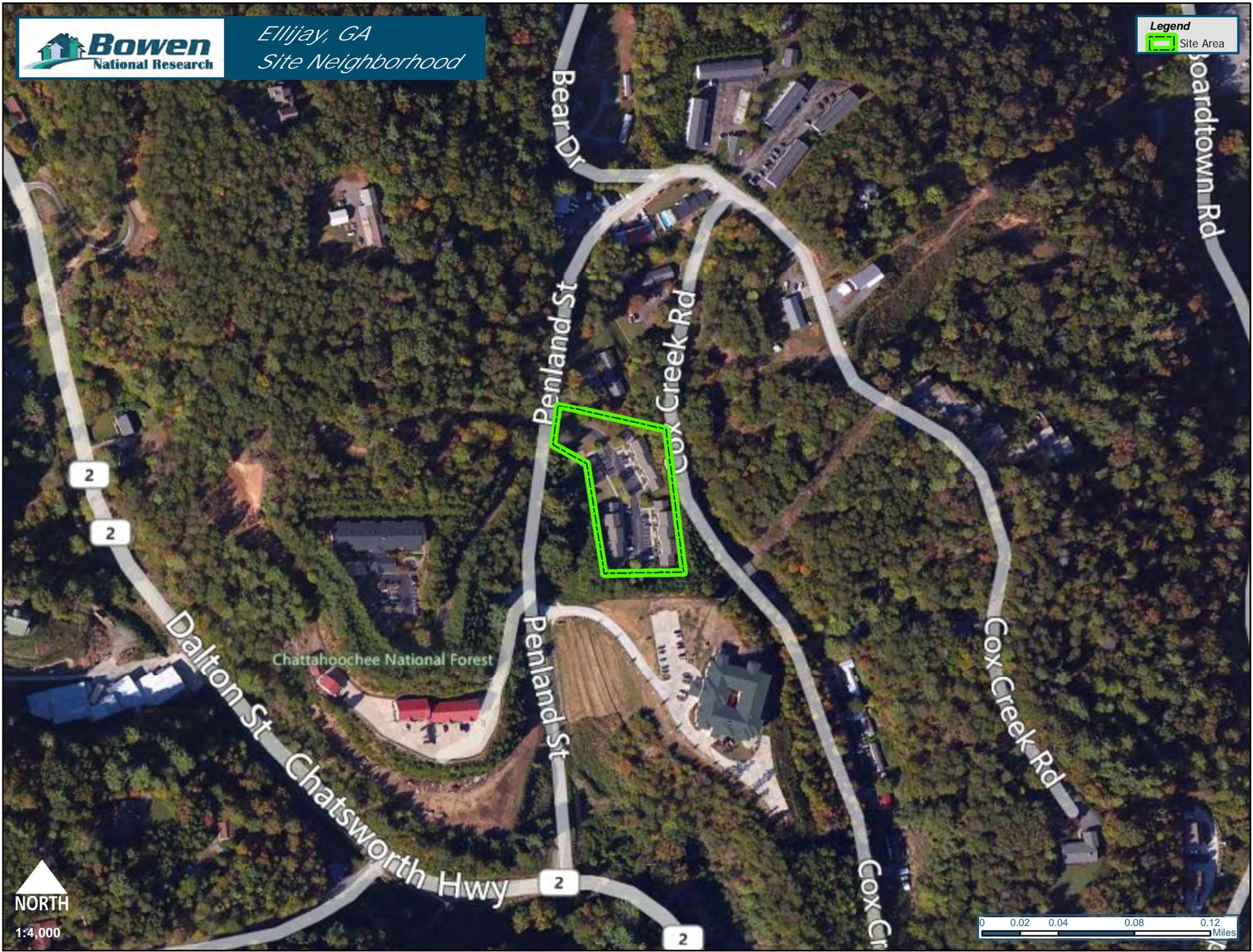
NORTH
1:75,000

0 0.275 0.55 1.1 1.65 Miles

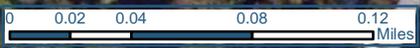


Ellijay, GA
Site Neighborhood

Legend
Site Area



NORTH
1:4,000



SECTION C – SITE DESCRIPTION AND EVALUATION

1. LOCATION

The subject site is the existing Cox Creek Apartments community, located at 200 Penland Street in Ellijay, Georgia. Located within Gilmer County, Ellijay is approximately 69.0 miles southeast of Chattanooga, Tennessee and approximately 79.0 miles north of Atlanta, Georgia. Greg Gray, an employee of Bowen National Research, inspected the site and area apartments during the week of September 9, 2013.

2. SURROUNDING LAND USES

The subject site is within an established area of Ellijay, Georgia. Surrounding land uses generally include single-family homes, multifamily properties, small local businesses and wooded land. Adjacent land uses are detailed as follows:

North -	A small public housing rental community and a Cooper Tire facility are located directly north of the site, followed by the Hilltop Townhomes and Apartments, a general-occupancy market-rate project that is considered to be in relatively good condition. Undeveloped wooded land extends beyond.
East -	Directly east of the site is a tree line which extends to Cox Creek Road. Additional undeveloped wooded land extends beyond.
South -	Cameron Hall of Ellijay Living Center, a senior living facility, is located directly south of the site. Continuing south of the site is undeveloped wooded land and single-family homes that are generally considered to be in average condition, followed by Dalton Street (State Route 52).
West -	Lightly traveled Penland Street, borders the site to the west. Undeveloped wooded land, single-family homes and the Brooks Hill Apartments, an age-restricted subsidized Tax Credit project in good condition, are located farther west of the subject project across Penland Street.

The subject site is located within an established area of Ellijay and is primarily surrounded by wooded land and residential structures that are considered to be in average to good condition. Overall, the subject property fits well with the surrounding land uses and which should contribute to the continued marketability of the subject project following renovations.

3. VISIBILITY AND ACCESS

The subject project is primarily surrounded by wooded land which somewhat obstructs visibility of the subject project. However, proper site signage is located at the entrance of the subject project and is clearly visible to motorists traveling along Penland Street. As such, overall visibility of the subject project is considered good. Access to the subject project is derived from Penland Street, a lightly traveled roadway which borders the site to the west. Considering the light vehicular and pedestrian traffic patterns along Penland Street, visitors and residents of the subject project should not experience any major traffic delays upon ingress and egress of the subject project. Penland Street also provides convenient access to and from Dalton Street (State Route 52) south of the subject project. This arterial roadway provides north/south access throughout the Ellijay area. Based on the preceding analysis, visibility and access of the subject project are both considered good.

4. SITE PHOTOGRAPHS

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

SITE PHOTOGRAPHS



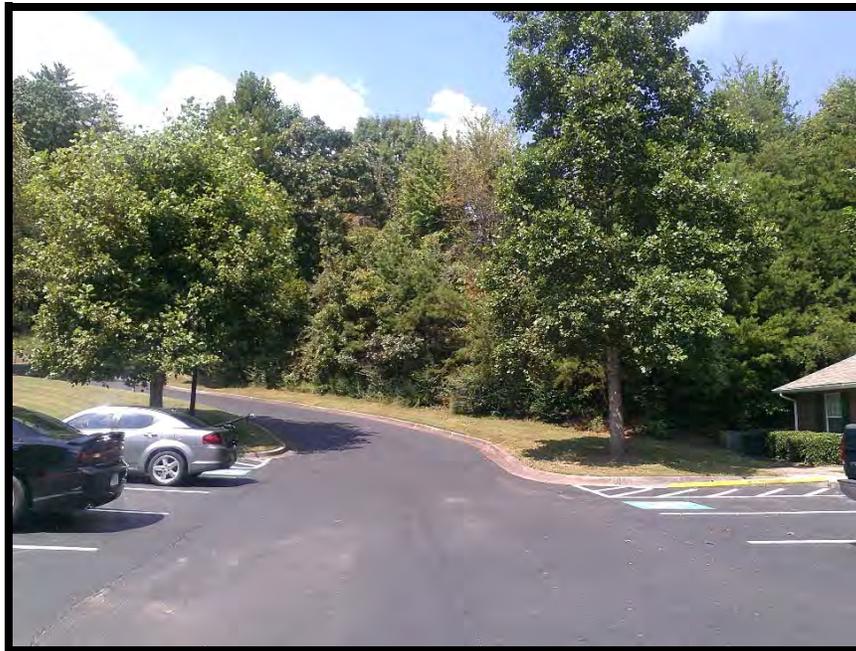
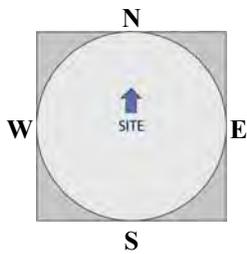
Site Sign



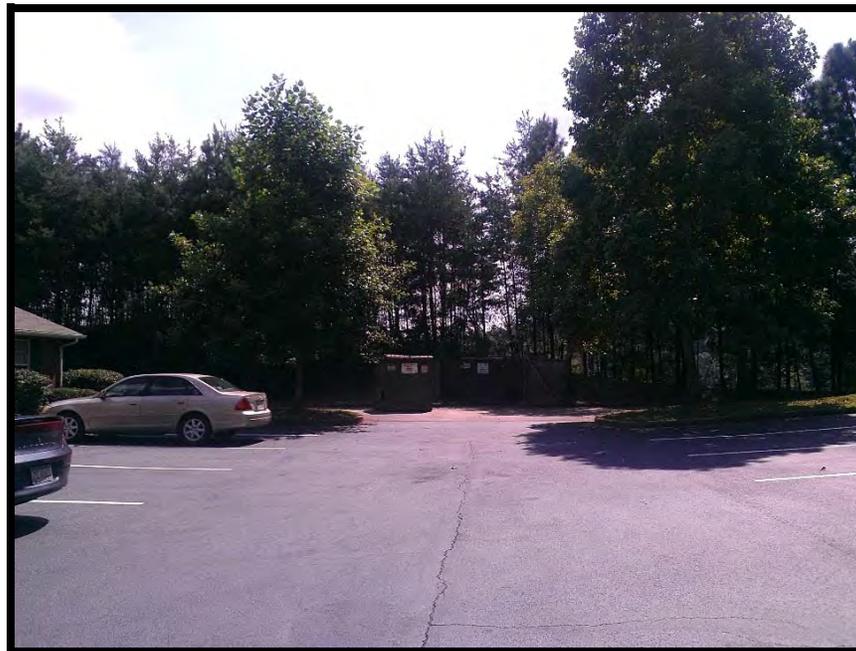
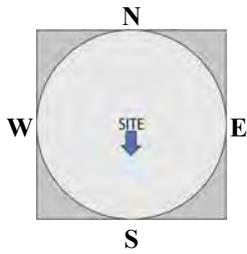
Typical Building



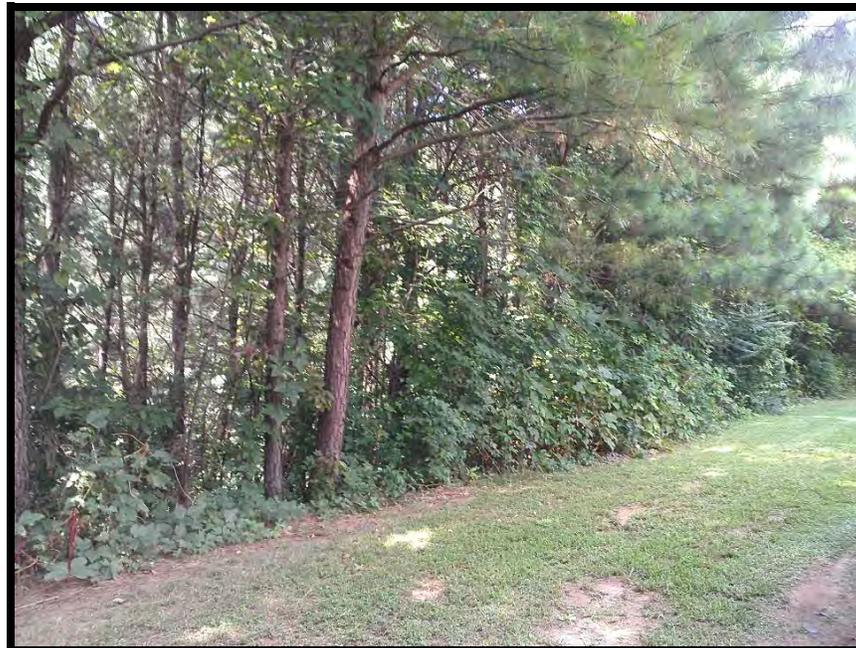
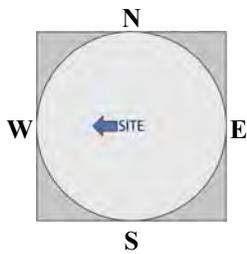
Typical Site Building



North view from site



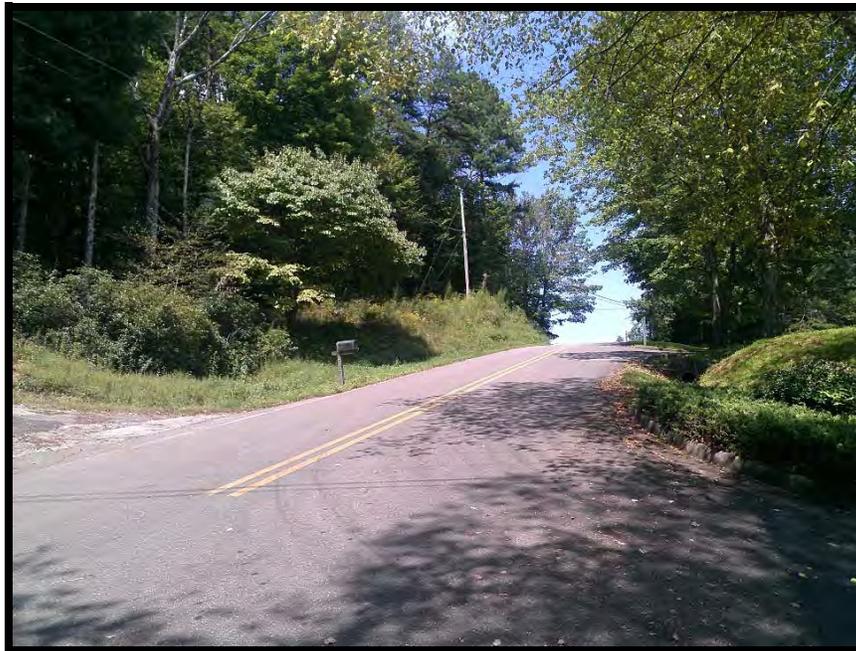
South view from site



West view from site



Streetscape



North view on Penland Street



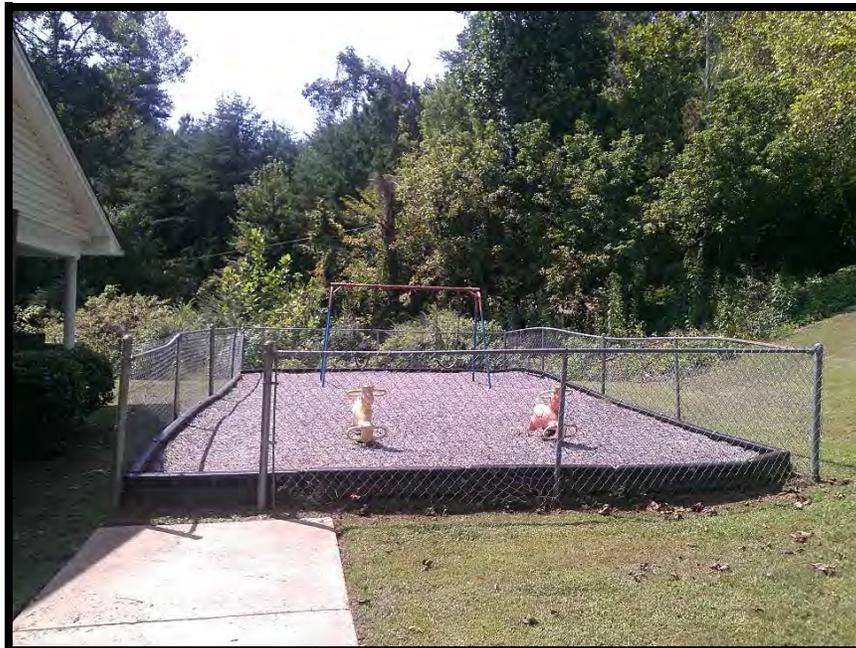
South view on Penland Street



Rental Office Building



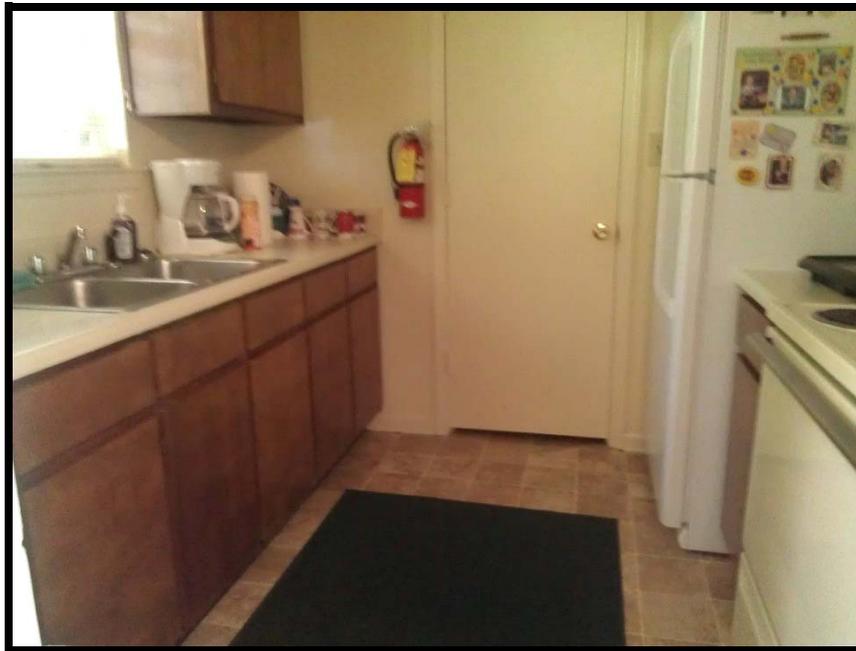
Laundry Facility



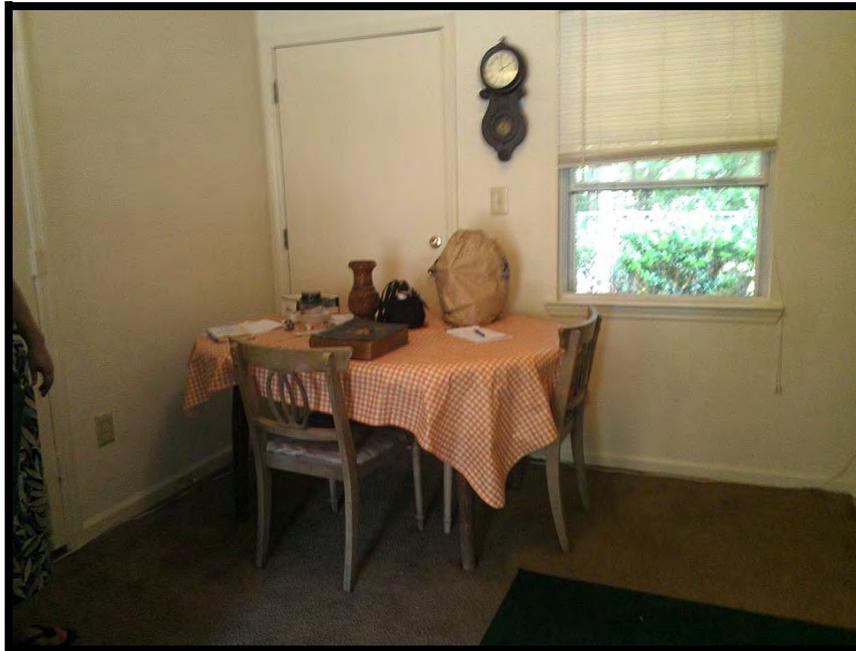
Site Playground



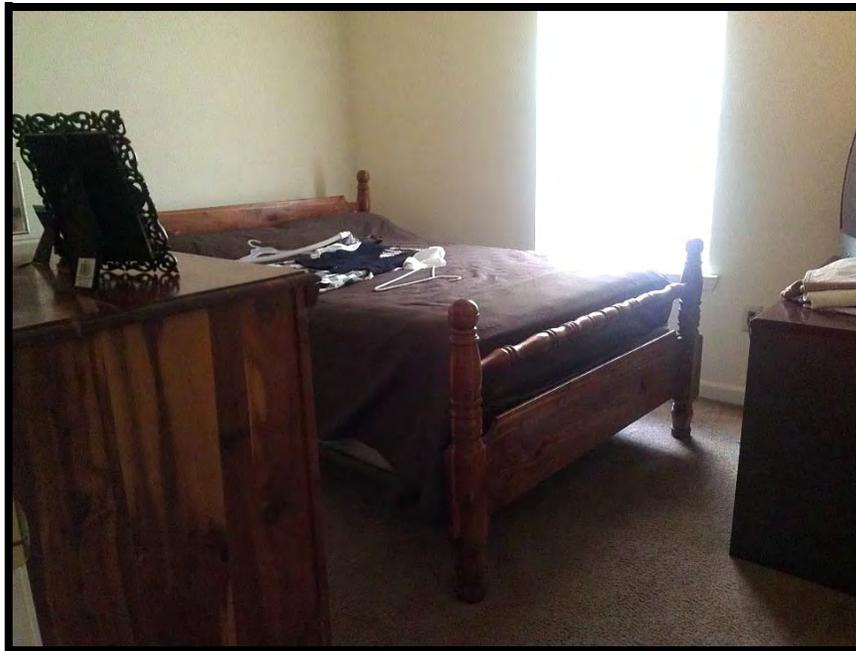
Typical living room in one-bedroom unit



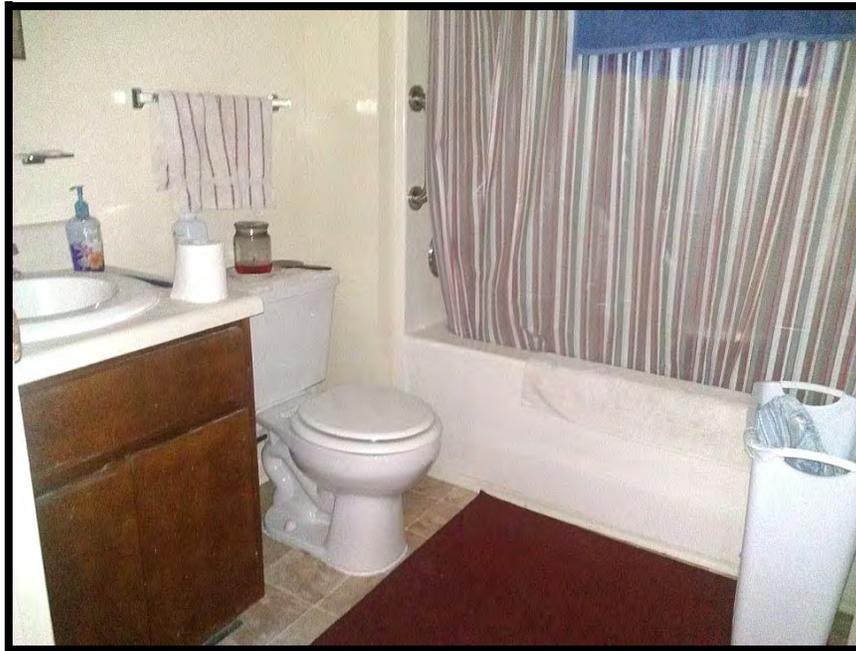
Typical kitchen in one-bedroom unit



Typical dining area in one-bedroom unit



Typical bedroom in one-bedroom unit



Typical bathroom in one-bedroom unit



Typical living room in two-bedroom unit



Typical kitchen in two-bedroom unit



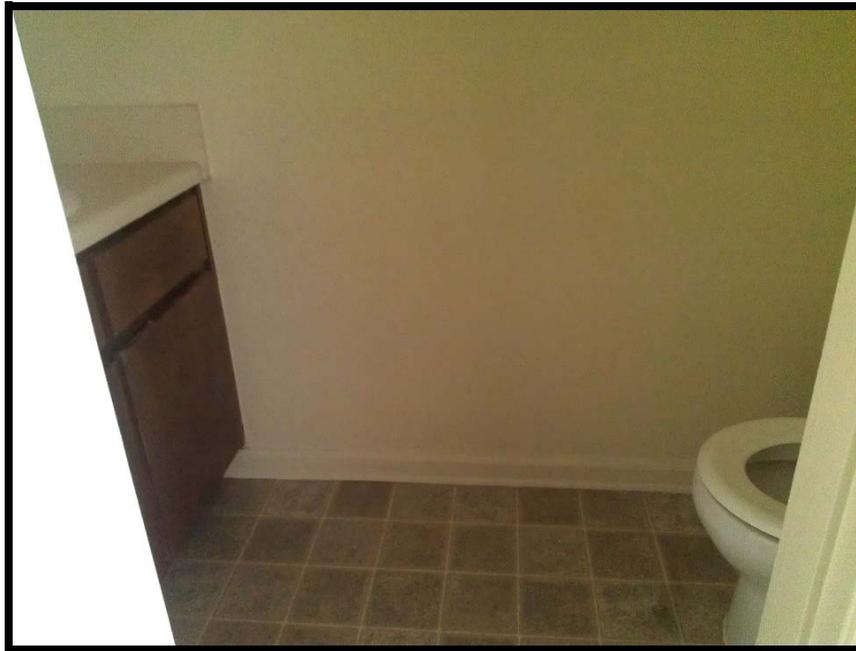
Typical bedroom in two-bedroom unit



Typical bedroom in two-bedroom unit



Typical bathroom in two-bedroom unit



Typical half bath in two-bedroom unit

5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

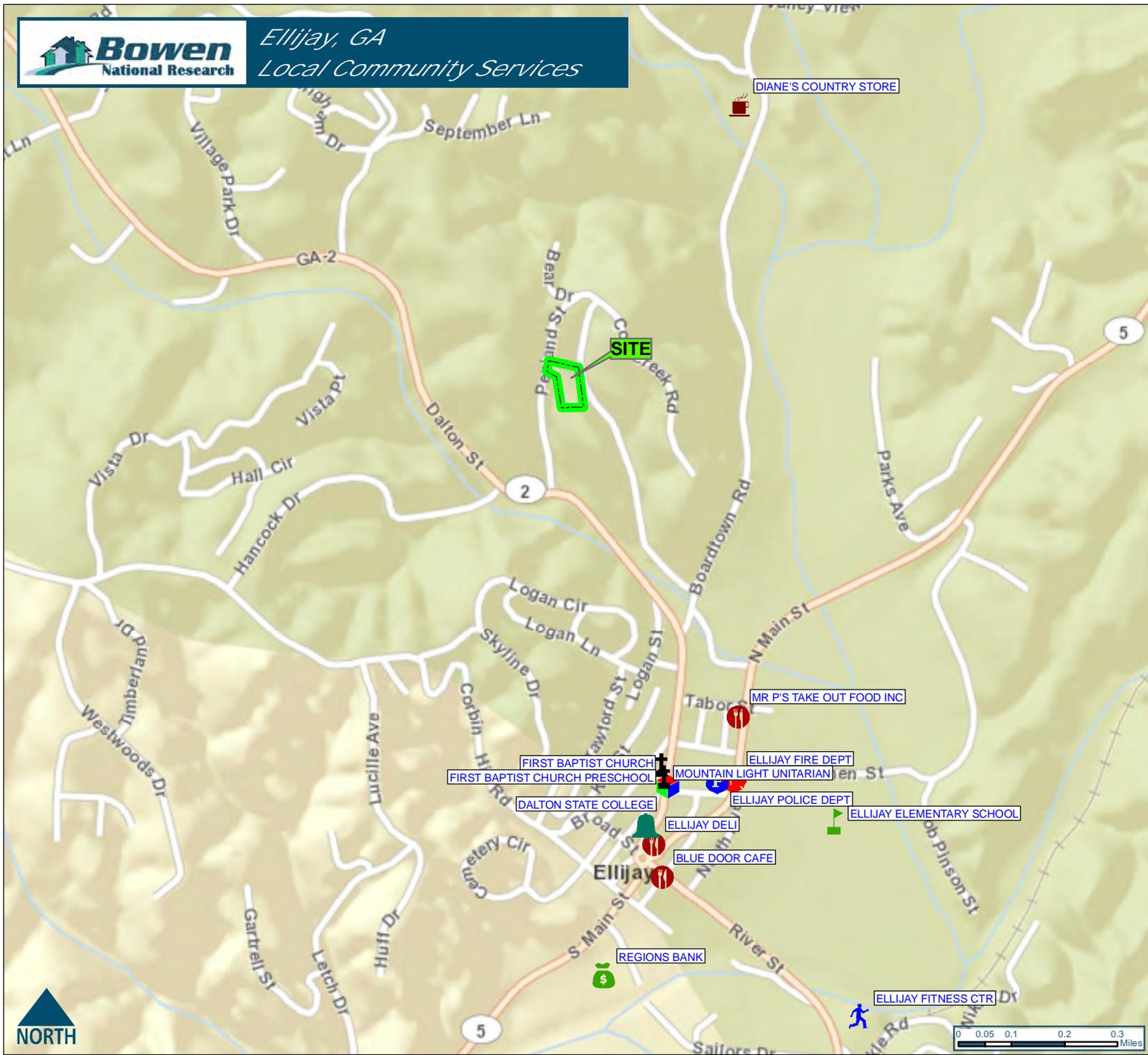
Community Services	Name	Driving Distance From Site (Miles)
Major Highway	State Highway 52	0.2 South
Public Bus Stop	N/A	N/A
Major Employers/ Employment Centers	North Georgia Medical Center	2.3 South
	Food Lion	2.0 Southeast
	Pilgrim's Pride Corporation	2.2 South
Convenience Store	Diane's Country Store	1.4 Northeast
	Park Plaza Shoppette	1.9 South
Grocery	Food Lion	2.0 Southeast
	Piggly Wiggly	2.6 South
Discount Department Store	Dollar General	2.5 Northwest
	Family Dollar Store	2.6 South
	Dollar Tree	4.1 South
	Walmart Supercenter	4.2 South
Schools:		
Elementary	Ellijay Primary School K-1	1.2 East
	Ellijay Elementary 2-4	0.6 Southeast
Middle/Junior	Gilmer Middle School 5 & 6	2.0 South
	Clear Creek Middle High 7 & 8	7.6 South
Senior High	Gilmer High School 9-12	2.4 South
Hospital	North Georgia Medical Center	2.3 South
Police	Ellijay Police Department	0.8 Southeast
Fire	Ellijay Fire Department	0.8 Southeast
Post Office	U.S. Post Office	2.3 South
Bank	Regions Bank	1.0 South
	Community & Southern Bank	2.1 South
Recreational Facilities	Eagle's Mountain Recreation Center	9.8 Southwest
Gas Station	CITGO Foodmart	1.5 South
	In & Out Markets	1.9 South
Pharmacy	Rite Aid	2.0 Southeast
	Huff Pharmacy	2.1 South
	Riverside Drugs	2.8 South
Restaurant	Mr. P's Take Out Food	0.7 Southeast
	Ellijay Deli	0.9 South
	Blue Door Cafe	0.9 South
Day Care	First Baptist Church Preschool	0.7 South
	Gilmer County Day Care Center	2.6 South

The subject site is located within proximity to the downtown region of Ellijay that provides most of the local community services. Notably, there are multiple dining options located within 1.0 mile of the subject site, these include, but are not limited to Mr. P's Take Out Food, Ellijay Deli and Blue Door Cafe. Food Lion is the local grocery store and is located 2.0 miles southeast of the subject project, while multiple discount department stores are located within 3.0 miles of the subject project. It should also be noted that a Wal-Mart Supercenter is located just 4.2 miles from the subject project.

The subject project is provided public safety services by the Ellijay Police and Fire Departments, both of which are located within 0.8 miles of the subject project. The North Georgia Medical Center is the area's nearest full-service hospital and is conveniently located 2.3 miles south of the subject project. Further, the subject project is served by the Gilmer County School district, as all applicable attendance schools are located within 7.6 miles of the subject project.

Overall, the subject project's proximity to most basic community and public safety services, as well as all applicable attendance schools should contribute to the project's continued marketability following renovations.

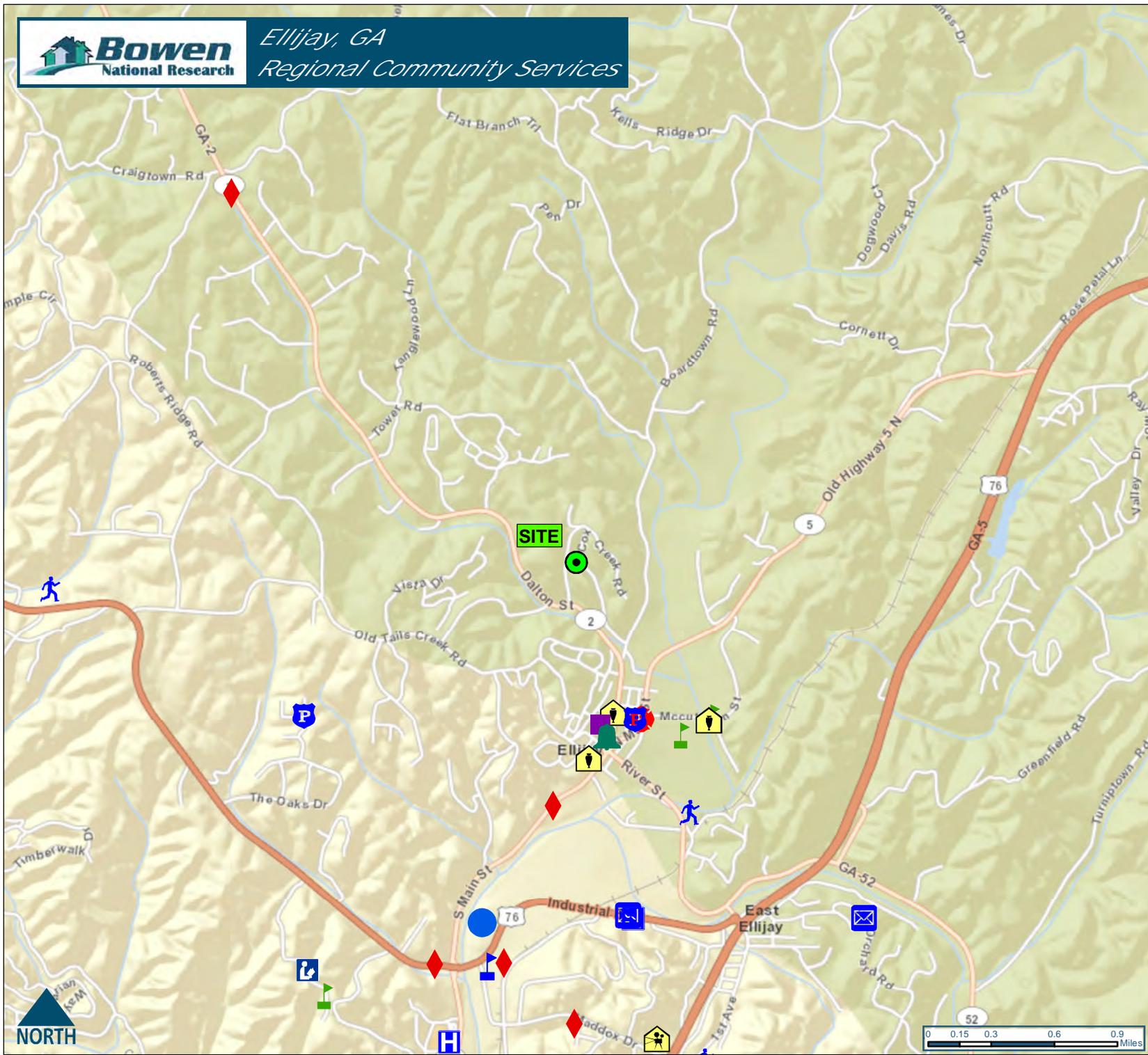
Maps illustrating the location of community services are on the following pages.



Legend

-  Site Area
-  bank
-  child care
-  church
-  convenience store
-  elementary school
-  fire
-  fitness center
-  police
-  restaurant
-  university





Legend

-  Site
-  cinema
-  elementary school
-  fire
-  fitness center
-  high school
-  hospital
-  library
-  middle school
-  museum
-  police
-  post office
-  senior services
-  shopping
-  university
-  employers_1000_5000

6. CRIME ISSUES

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

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

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

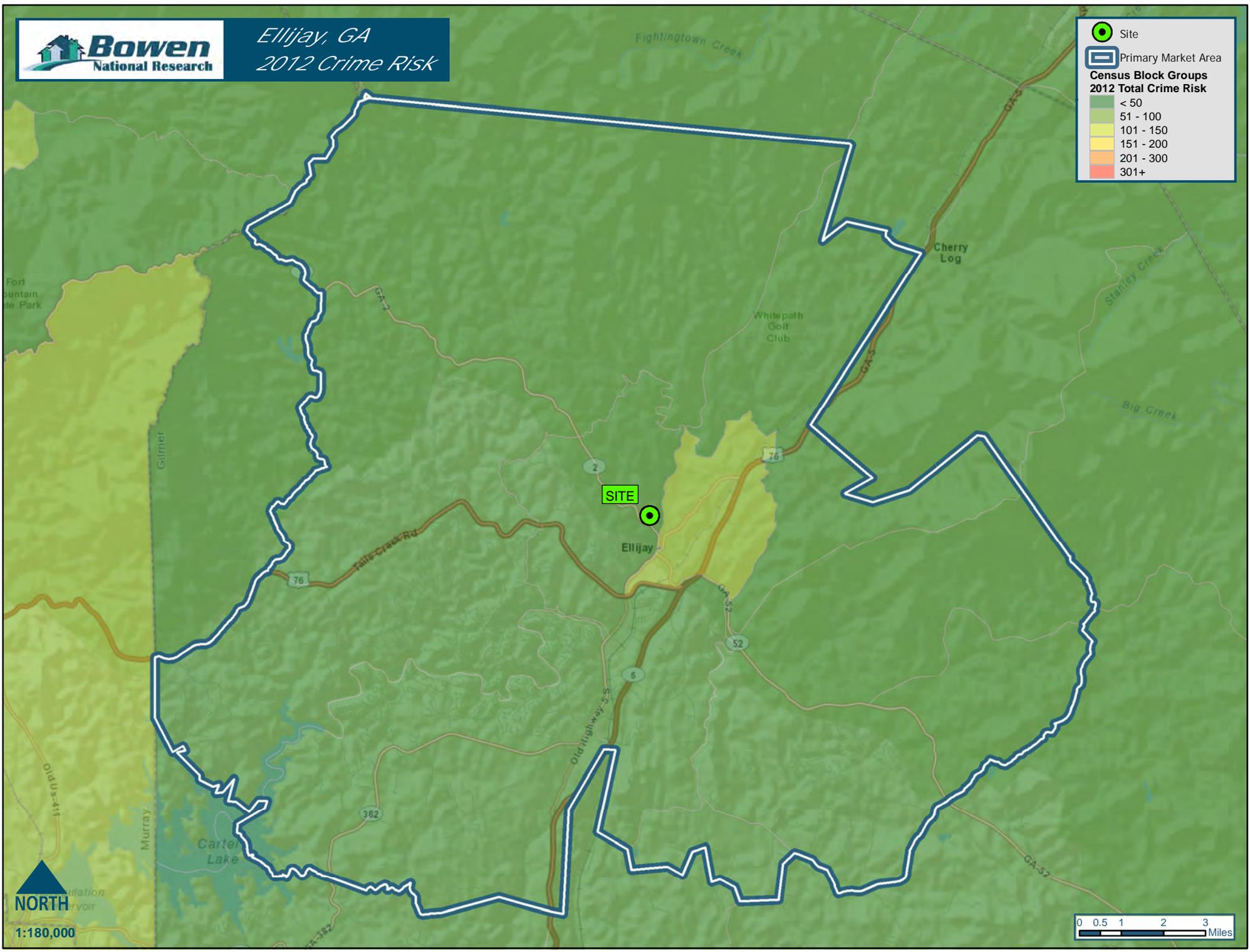
Total crime risk (24) for the Site PMA is well below the national average with an overall personal crime index of 16 and a property crime index of 30. Total crime risk (26) for Gilmer County is also well below the national average with indexes for personal and property crime of 18 and 33, respectively.

	Crime Risk Index	
	Site PMA	Gilmer County
Total Crime	24	26
Personal Crime	16	18
Murder	42	36
Rape	8	11
Robbery	8	7
Assault	12	20
Property Crime	30	33
Burglary	54	55
Larceny	17	23
Motor Vehicle Theft	21	22

Source: Applied Geographic Solutions

As the preceding table illustrates, the crime index reported for the Site PMA is similar to that reported for Gilmer County. Notably, each of these reported crime rates are considered very low, as they are each substantially lower than the national average (100). These low crime rates have likely created a low perception of crime within the Site PMA which should contribute to the continued marketability of the subject project following renovations, as most area residents likely perceive the immediate site neighborhood to be a safe living environment. 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+



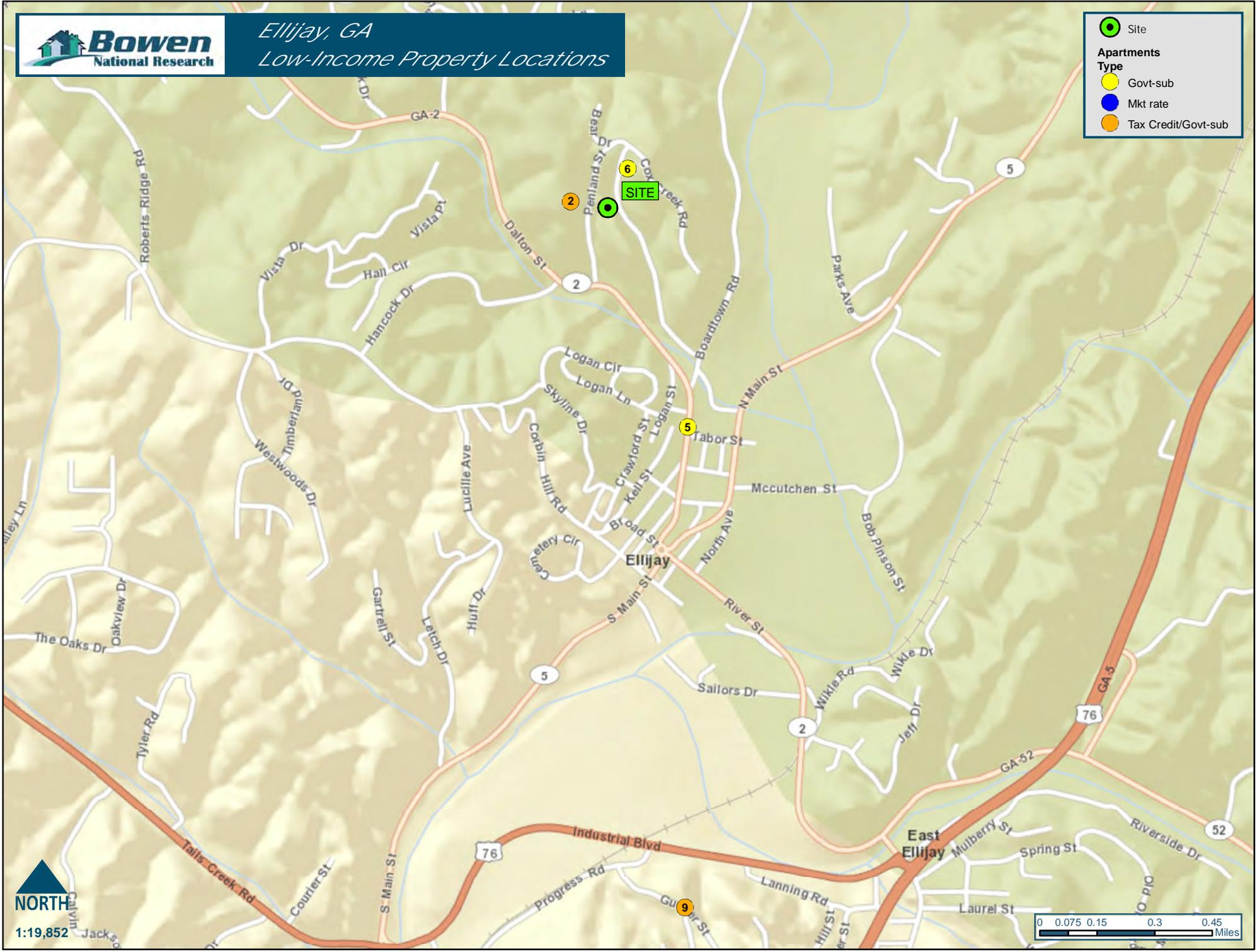
7. OVERALL SITE EVALUATION

The subject project is located within an established area of Ellijay which consists primarily of wooded land and residential structures which are considered to be in average to good condition. Visibility and access of the subject project are each considered good, as the subject project provides clear site signage at the entrance and is easily accessible from Penland Street which borders the site to the west. Further, Penland Street also provides convenient access to and from Dalton Street (State Route 52) south of the subject project, which further enhances accessibility of the subject project, as this arterial roadway provides access throughout the Ellijay area. Further, the subject project is located within proximity of numerous basic community services and all public safety services. Overall, the subject project's convenient accessibility and proximity to most basic community and public safety services should contribute to the continued marketability of the subject project following renovations.

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.

 Site
Apartments Type
 Govt-sub
 Mkt rate
 Tax Credit/Govt-sub



SECTION D – PRIMARY MARKET AREA DELINEATION

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to continue to originate. The Ellijay Site PMA was determined through interviews with management at the subject site, area leasing and real estate agents, government officials, economic development representatives and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The Ellijay Site PMA includes the immediate Ellijay and East Ellijay areas, as well as some outlying unincorporated portions of Gilmer County. The boundaries of the Site PMA generally include portions of the Chattahoochee National Forest to the north; U.S. Highway 76, Macedonia Road, and Rackley Road to the east; the zip code 30536 boundary, Bodie Road, Knight Road, State Route 382, and Oak Hill Drive to the south; and the zip code 30540 boundary, County Road 57, Rodgers Creek Road and Pleasant Hill Road to the west.

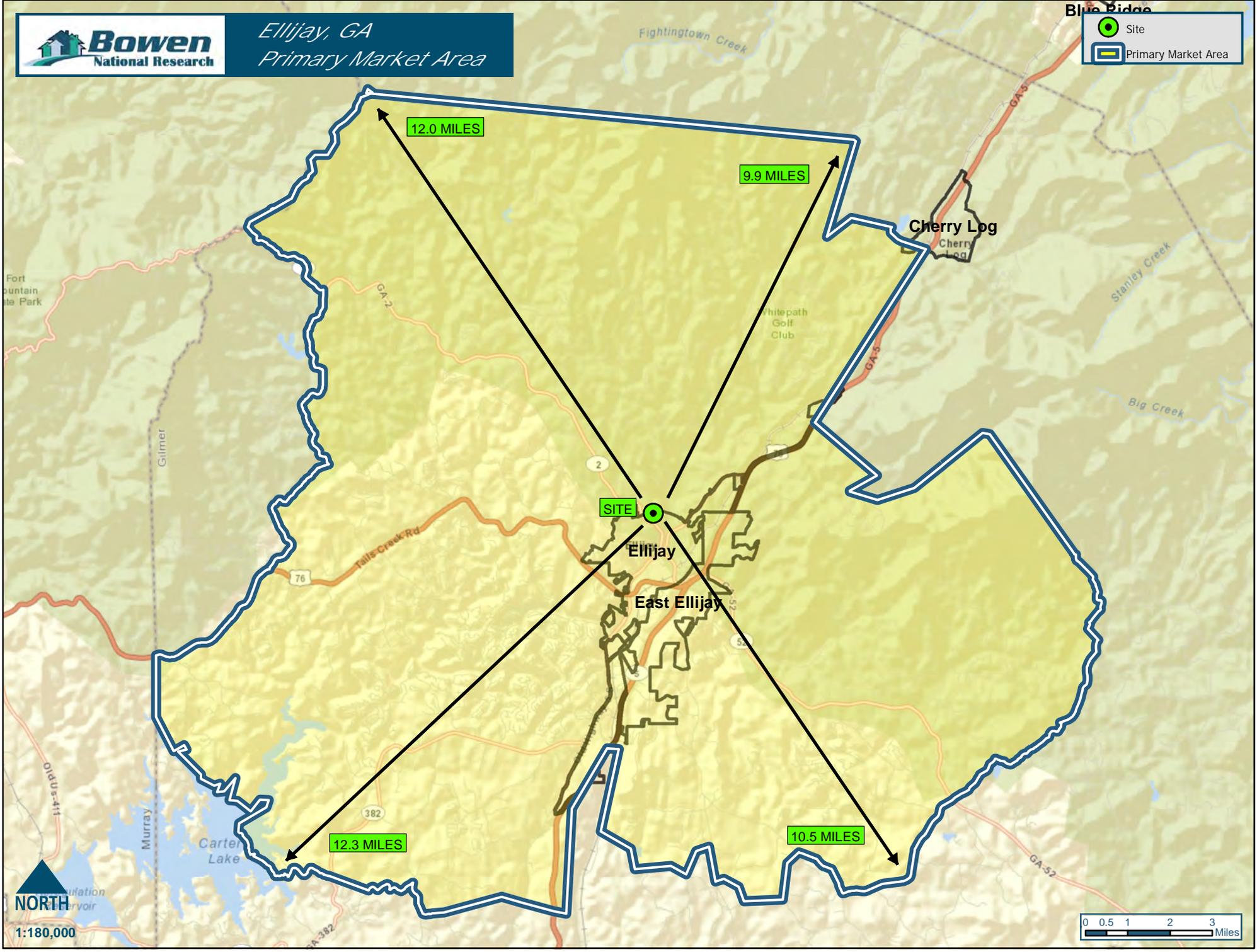
Marie Strickland, manager of the subject site, stated that the majority of her tenants are locally from the Ellijay and East Ellijay areas, while others have originated from some of the outlying areas within Gilmer County. Ms. Strickland was not able to provide a list of her current tenant's previous zip codes; however she did estimate that approximately 85% to 90% of her tenants originate from these aforementioned areas, thus confirming the Site PMA. The remaining residents have relocated from areas outside of Gilmer County, including some residents which relocated from out of state.

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



Ellijay, GA
Primary Market Area

● Site
▭ Primary Market Area



NORTH
1:180,000



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	17,795	21,418	22,188	22,439
Population Change	-	3,623	770	251
Percent Change	-	20.4%	3.6%	1.1%

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

The Ellijay Site PMA population base increased by 3,623 between 2000 and 2010. This represents a 20.4% increase from the 2000 population, or an annual rate of 1.9%. Between 2010 and 2013, the population increased by 770, or 3.6%. It is projected that the population will increase by 251, or 1.1%, between 2013 and 2015. This projected population increase will likely result in increased housing demand within the Site PMA.

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	5,308	24.8%	5,339	24.1%	5,343	23.8%	4	0.1%
20 to 24	1,044	4.9%	1,073	4.8%	1,044	4.7%	-29	-2.7%
25 to 34	2,326	10.9%	2,429	10.9%	2,448	10.9%	19	0.8%
35 to 44	2,652	12.4%	2,636	11.9%	2,625	11.7%	-12	-0.4%
45 to 54	3,106	14.5%	3,049	13.7%	2,970	13.2%	-78	-2.6%
55 to 64	3,197	14.9%	3,469	15.6%	3,552	15.8%	82	2.4%
65 to 74	2,413	11.3%	2,755	12.4%	2,982	13.3%	227	8.2%
75 & Over	1,373	6.4%	1,438	6.5%	1,475	6.6%	37	2.6%
Total	21,418	100.0%	22,188	100.0%	22,439	100.0%	251	1.1%

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

As the preceding table illustrates, over 52% of the population is expected to be between 25 and 64 years old in 2013. This age group is the primary group of potential renters for the subject site and will likely represent a significant number of the tenants. It is also of note that the 25 to 34 and 55 to 64 age cohorts within this primary age group are each projected to experience population growth between 2013 and 2015.

2. HOUSEHOLD TRENDS

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

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2015 (Projected)
Households	6,838	8,486	8,760	8,917
Household Change	-	1,648	274	157
Percent Change	-	24.1%	3.2%	1.8%
Household Size	2.60	2.52	2.50	2.49

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

Within the Ellijay Site PMA, households increased by 1,648 (24.1%) between 2000 and 2010. Between 2010 and 2013, households increased by 274 or 3.2%. By 2015, there will be 8,917 households, an increase of 157 households, or 1.8% from 2013 levels. This is an increase of approximately 79 households annually over the next two years. Similar to population trends, this projected household growth will also likely result in increased housing demand within the Site PMA.

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	242	2.9%	233	2.7%	225	2.5%	-7	-3.2%
25 to 34	951	11.3%	984	11.2%	993	11.1%	9	0.9%
35 to 44	1,322	15.7%	1,299	14.8%	1,293	14.5%	-7	-0.5%
45 to 54	1,674	19.9%	1,622	18.5%	1,579	17.7%	-43	-2.7%
55 to 64	1,817	21.6%	1,971	22.5%	2,016	22.6%	45	2.3%
65 to 74	1,486	17.7%	1,697	19.4%	1,834	20.6%	137	8.1%
75 to 84	717	8.5%	779	8.9%	767	8.6%	-11	-1.4%
85 & Over	193	2.3%	175	2.0%	210	2.4%	35	19.8%
Total	8,402	100.0%	8,760	100.0%	8,917	100.0%	157	1.8%

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

As previously stated, the primary age group at the subject project is those between the ages of 25 and 64. Notably, this primary age group is estimated to comprise approximately 67.0% of all households within the Site PMA in 2013.

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 62)	3,854	45.4%	3,750	42.8%	3,738	41.9%
Owner-Occupied (Age 62+)	2,490	29.3%	2,751	31.4%	2,898	32.5%
Renter-Occupied (<Age 62)	1,666	19.6%	1,820	20.8%	1,816	20.4%
Renter-Occupied (Age 62+)	476	5.6%	439	5.0%	466	5.2%
Total	8,486	100.0%	8,760	100.0%	8,917	100.0%

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

It is estimated that 20.8% of all occupied housing units within the Site PMA will be occupied by renters under the age of 62 in 2013.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	6,344	74.8%	6,502	74.2%	6,636	74.4%
Renter-Occupied	2,142	25.2%	2,258	25.8%	2,282	25.6%
Total	8,486	100.0%	8,760	100.0%	8,917	100.0%

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

In 2013, homeowners occupied 74.2% of all occupied housing units, while the remaining 25.8% were occupied by renters. The share of renters is moderate and represents a good base of potential renters in the market for the subject development. Also note that both the number and share of renter households are projected increase between 2013 and 2015.

The household sizes by tenure within the Site PMA, based on the 2013 estimates and 2015 projections, were distributed as follows:

Persons Per Renter Household	2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Households	Percent	Households	Percent	Households	Percent
1 Person	717	31.8%	730	32.0%	13	1.8%
2 Persons	554	24.5%	559	24.5%	5	0.9%
3 Persons	364	16.1%	368	16.1%	4	1.1%
4 Persons	296	13.1%	297	13.0%	1	0.4%
5 Persons+	327	14.5%	327	14.3%	0	0.1%
Total	2,258	100.0%	2,282	100.0%	23	1.0%

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

Persons Per Owner Household	2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Households	Percent	Households	Percent	Households	Percent
1 Person	1,506	23.2%	1,549	23.3%	42	2.8%
2 Persons	2,871	44.2%	2,926	44.1%	55	1.9%
3 Persons	919	14.1%	938	14.1%	19	2.1%
4 Persons	721	11.1%	733	11.0%	12	1.7%
5 Persons+	484	7.4%	489	7.4%	6	1.2%
Total	6,502	100.0%	6,636	100.0%	134	2.1%

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

Following renovations the subject project will continue to target up to three-person households. Notably, one- through three-person households are estimated to comprise more than 72.0% of all renter households within the Site PMA in 2013. As such, the subject project will be able to accommodate most renter households in the Site PMA, based on size.

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

Household Income	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	851	10.0%	868	9.9%	860	9.6%
\$10,000 to \$19,999	1,283	15.1%	1,354	15.5%	1,334	15.0%
\$20,000 to \$29,999	1,218	14.3%	1,373	15.7%	1,376	15.4%
\$30,000 to \$39,999	1,195	14.1%	1,114	12.7%	1,119	12.5%
\$40,000 to \$49,999	897	10.6%	920	10.5%	915	10.3%
\$50,000 to \$59,999	738	8.7%	728	8.3%	757	8.5%
\$60,000 to \$74,999	720	8.5%	762	8.7%	793	8.9%
\$75,000 to \$99,999	757	8.9%	806	9.2%	831	9.3%
\$100,000 to \$124,999	387	4.6%	294	3.4%	350	3.9%
\$125,000 to \$149,999	168	2.0%	195	2.2%	203	2.3%
\$150,000 to \$199,999	118	1.4%	136	1.6%	157	1.8%
\$200,000 & Over	155	1.8%	208	2.4%	223	2.5%
Total	8,486	100.0%	8,760	100.0%	8,917	100.0%
Median Income	\$37,462		\$37,046		\$37,944	

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

In 2010, the median household income was \$37,462. This declined by 1.1% to \$37,046 in 2013. By 2015, it is projected that the median household income will be \$37,944, an increase of 2.4% from 2013.

The following tables illustrate renter household income by household size for 2010, 2013 and 2015 for the Ellijay Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	212	138	55	26	6	437
\$10,000 to \$19,999	204	93	44	18	69	427
\$20,000 to \$29,999	78	90	60	68	59	354
\$30,000 to \$39,999	81	78	73	65	5	302
\$40,000 to \$49,999	16	36	38	25	29	144
\$50,000 to \$59,999	11	27	9	18	21	85
\$60,000 to \$74,999	64	37	22	33	4	162
\$75,000 to \$99,999	3	4	8	20	72	106
\$100,000 to \$124,999	1	1	22	2	1	26
\$125,000 to \$149,999	1	12	1	0	53	67
\$150,000 to \$199,999	1	2	4	3	1	11
\$200,000 & Over	6	4	4	3	4	21
Total	677	522	339	281	323	2,142

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	246	137	64	31	9	487
\$10,000 to \$19,999	193	74	43	20	69	399
\$20,000 to \$29,999	91	110	68	74	75	418
\$30,000 to \$39,999	78	70	70	57	7	282
\$40,000 to \$49,999	20	42	37	26	31	157
\$50,000 to \$59,999	7	27	10	18	13	75
\$60,000 to \$74,999	57	64	35	31	4	191
\$75,000 to \$99,999	9	4	6	28	51	99
\$100,000 to \$124,999	1	3	18	2	1	26
\$125,000 to \$149,999	2	13	2	1	62	79
\$150,000 to \$199,999	6	3	4	5	1	19
\$200,000 & Over	5	5	8	3	4	25
Total	717	554	364	296	327	2,258

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	243	134	62	29	10	478
\$10,000 to \$19,999	190	75	41	21	68	394
\$20,000 to \$29,999	95	110	65	73	73	417
\$30,000 to \$39,999	80	72	70	56	5	284
\$40,000 to \$49,999	21	41	37	27	31	157
\$50,000 to \$59,999	9	27	12	18	14	81
\$60,000 to \$74,999	59	67	38	31	4	200
\$75,000 to \$99,999	10	4	6	29	51	101
\$100,000 to \$124,999	2	5	22	3	1	34
\$125,000 to \$149,999	3	14	2	1	64	83
\$150,000 to \$199,999	9	3	4	6	2	23
\$200,000 & Over	8	6	8	3	4	29
Total	730	559	368	297	327	2,282

Source: Ribbon Demographics; ESRI; Urban Decision Group

Between 2013 and 2015 the Ellijay Site PMA is projected to experience both population and household growth. Specifically, the total population within the Site PMA is projected to increase by 251 (1.1%) while the total number of households will increase by 157 (1.8%) during this time period. Further, the primary age group (ages 25 to 64) at the subject project is estimated to comprise approximately 67.0% of all households within the Site PMA in 2013. It should also be noted that, the number of renter households within the Site PMA is projected to increase between 2013 and 2015. Overall, these demographic trends indicate an expanding base of potential demographic support for the subject project.

SECTION F - ECONOMIC TRENDS

1. LABOR FORCE PROFILE

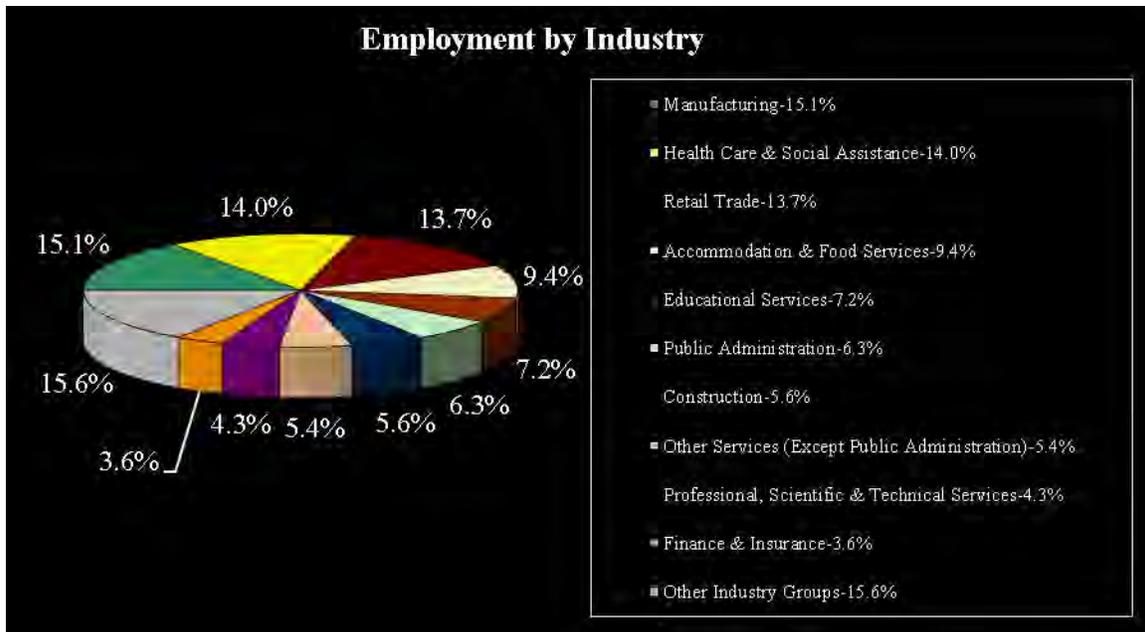
The labor force within the Ellijay Site PMA is based primarily in three sectors. Manufacturing (which comprises 15.1%), Health Care & Social Assistance and Retail Trade comprise nearly 43% of the Site PMA labor force. Employment in the Ellijay Site PMA, as of 2013, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	49	3.6%	144	1.3%	2.9
Mining	5	0.4%	50	0.5%	10.0
Utilities	4	0.3%	49	0.4%	12.3
Construction	163	12.0%	608	5.6%	3.7
Manufacturing	41	3.0%	1,649	15.1%	40.2
Wholesale Trade	52	3.8%	292	2.7%	5.6
Retail Trade	193	14.2%	1,505	13.7%	7.8
Transportation & Warehousing	22	1.6%	113	1.0%	5.1
Information	20	1.5%	354	3.2%	17.7
Finance & Insurance	51	3.8%	390	3.6%	7.6
Real Estate & Rental & Leasing	84	6.2%	320	2.9%	3.8
Professional, Scientific & Technical Services	84	6.2%	472	4.3%	5.6
Management of Companies & Enterprises	1	0.1%	3	0.0%	3.0
Administrative, Support, Waste Management & Remediation Services	54	4.0%	161	1.5%	3.0
Educational Services	30	2.2%	789	7.2%	26.3
Health Care & Social Assistance	91	6.7%	1,531	14.0%	16.8
Arts, Entertainment & Recreation	23	1.7%	69	0.6%	3.0
Accommodation & Food Services	80	5.9%	1,028	9.4%	12.9
Other Services (Except Public Administration)	171	12.6%	588	5.4%	3.4
Public Administration	86	6.3%	686	6.3%	8.0
Nonclassifiable	51	3.8%	149	1.4%	2.9
Total	1,355	100.0%	10,950	100.0%	8.1

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

E.P.E. - Average Employees Per Establishment

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



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

Typical Wage by Occupation Type		
Occupation Type	North Georgia Nonmetropolitan Area	Georgia
Management Occupations	\$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 lower typical wages than the State of Georgia's typical wages. The subject project will generally target households with incomes below \$25,000. As such, the area employment base has a significant number of income-appropriate occupations from which the subject project will be able to draw renter support.

2. MAJOR EMPLOYERS

The eight largest employers within the Gilmer County area employ 3,279 employees and are summarized as follows:

Employer Name	Business Type	Total Employed
Pilgrims Pride	Poultry Services	1,182
Gilmer County Schools	Education	650
Gilmer County Government	Government	384
Walmart	Retail-Grocery	300
North Georgia Medical Center/Sunlink	Health Care	275
Whitepath Fab Tech Inc	Manufacturing	200
Ellijay Telephone Company	Communications	178
Lowes Home Center	Retail-Home Improvements	110
Total		3,279

Source: Gilmer County Chamber of Commerce- September 2013

According to a representative with the Gilmer County Chamber of Commerce the Gilmer County economy is improving, but at a pace slower than the national average. The area depends significantly on the construction and real estate industries, and they have not seen that segment improve due to the number of bank failures and foreclosures. This local economic official further stated that the local unemployment rate has stabilized and the local economy is beginning to create new jobs, but has not recovered from losses over the past four years. Some of the notable economic announcements within Gilmer County according to this representative are summarized as follows:

- Whitepath FabTech, a local manufacturing company, expanded their operations and have added multiple new jobs as a result. While this representative stated that the number of jobs created by this expansion was relatively minimal, the facility now has the potential to add additional product lines which would in turn create more new jobs in the area.

- Several new restaurants have opened over the past 12 months, including but not limited to, JJs on River Street, Annie’s Restaurant, HoneyBaked Ham Café and Country Corner Kitchen.

It should also be noted that Georgia Transmission is in the final planning stages for a new high voltage addition to the power grid that services Gilmer County. This addition is anticipated to help minimize power outages within the area. Additionally, Atlanta Gas Light has just completed an extension of natural gas lines through part of the Gilmer County area and the Ellijay-Gilmer County Water and Sewer Authority is continually looking to improve the existing water and sewer infrastructure within the area.

According to the Georgia Department of Labor website, there have been no WARN notices (large-scale layoffs/closures) reported for the Gilmer County area since January 2012.

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.

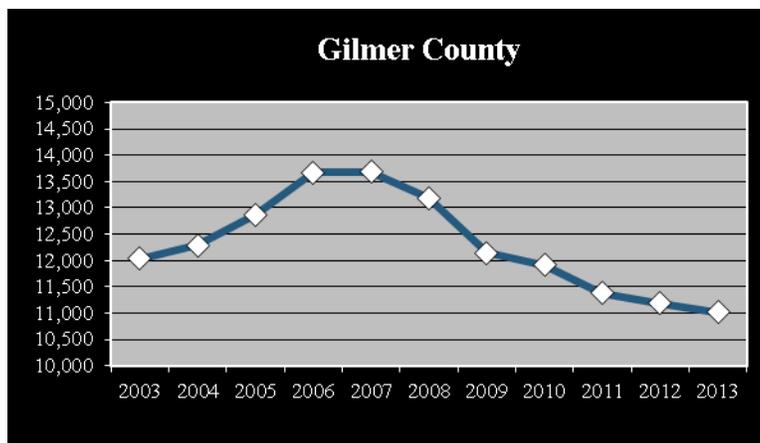
Excluding 2013, the employment base has declined by 15.2% over the past five years in Gilmer County, more than the Georgia state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Gilmer County		Georgia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2003	12,030	-	4,173,787	-	137,936,674	-
2004	12,284	2.1%	4,249,007	1.8%	138,386,944	0.3%
2005	12,876	4.8%	4,375,178	3.0%	139,988,842	1.2%
2006	13,674	6.2%	4,500,150	2.9%	142,328,023	1.7%
2007	13,686	0.1%	4,587,739	1.9%	144,990,053	1.9%
2008	13,189	-3.6%	4,540,706	-1.0%	146,397,529	1.0%
2009	12,143	-7.9%	4,289,819	-5.5%	146,068,824	-0.2%
2010	11,918	-1.9%	4,241,718	-1.1%	140,721,369	-3.7%
2011	11,382	-4.5%	4,295,113	1.3%	140,483,185	-0.2%
2012	11,187	-1.7%	4,371,608	1.8%	141,748,955	0.9%
2013*	11,012	-1.6%	4,399,866	0.6%	141,772,241	0.0%

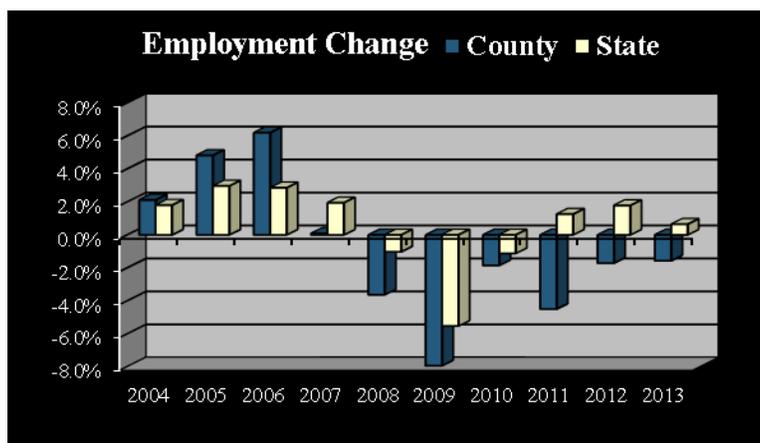
Source: Department of Labor; Bureau of Labor Statistics

*Through July



As the preceding illustrates, the Gilmer County employment base has declined by 843 employees since 2003. Specifically, the employment base within Gilmer County has struggled to rebound from the negative impact of the national recession, as illustrated in the preceding table.

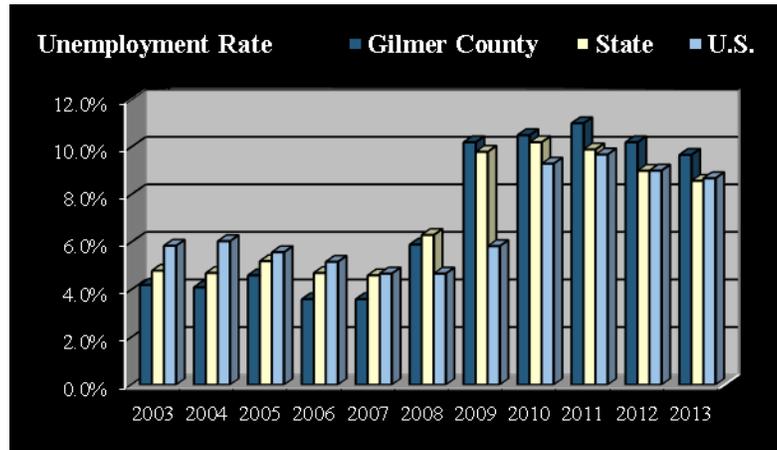
The following table illustrates the percent change in employment for Gilmer County and Georgia.



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

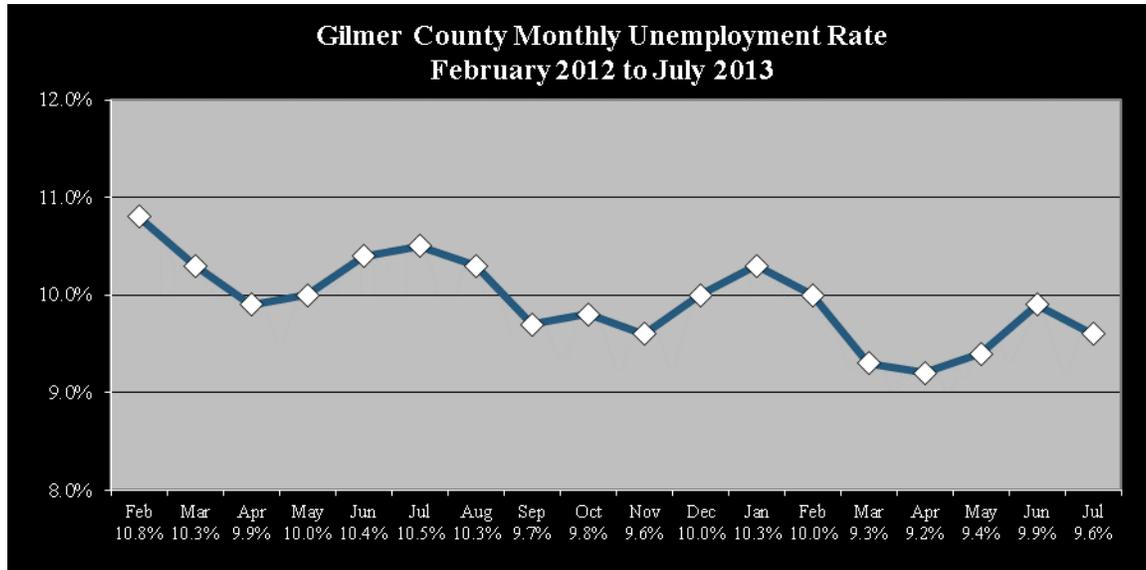
Year	Unemployment Rate		
	Gilmer County	Georgia	United States
2003	4.2%	4.8%	5.8%
2004	4.1%	4.7%	6.0%
2005	4.6%	5.2%	5.6%
2006	3.6%	4.7%	5.2%
2007	3.6%	4.6%	4.7%
2008	5.9%	6.3%	4.7%
2009	10.2%	9.8%	5.8%
2010	10.5%	10.2%	9.3%
2011	11.0%	9.9%	9.7%
2012	10.2%	9.0%	9.0%
2013*	9.7%	8.6%	8.7%

Source: Department of Labor, Bureau of Labor Statistics
 *Through July



Similar to employment base trends, the unemployment rate within Gilmer County has also been negatively impacted by the national recession, increasing from a low of 3.6% in 2007 to a high of 11.0% in 2011. However, it should be noted that the unemployment rate declined in 2012 and continues to decline through July of 2013.

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



As the preceding table illustrates, the Gilmer County unemployment rate has generally trended downward during the past 18 month period, despite slight fluctuations. Also note that the unemployment rate reported each of the past six months is lower than that reported during the corresponding month one year ago.

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 Gilmer County.

Year	In-Place Employment Gilmer County		
	Employment	Change	Percent Change
2002	7,619	-	-
2003	7,771	152	2.0%
2004	7,970	199	2.6%
2005	8,454	484	6.1%
2006	9,007	553	6.5%
2007	8,915	-92	-1.0%
2008	8,618	-297	-3.3%
2009	7,855	-763	-8.9%
2010	7,624	-231	-2.9%
2011	7,106	-518	-6.8%
2012*	6,871	-235	-3.3%

Source: Department of Labor, Bureau of Labor Statistics

Data for 2012, the most recent year that year-end figures are available, indicates in-place employment in Gilmer County to be 63.5% of the total Gilmer County employment. This means that a significant share of residents both live and work within Gilmer County. This large share of in-place employment within Gilmer County will likely contribute to the continued marketability of the subject project, as it is likely that many residents of the subject project will not have significant commute times to their place of employment.

4. ECONOMIC FORECAST

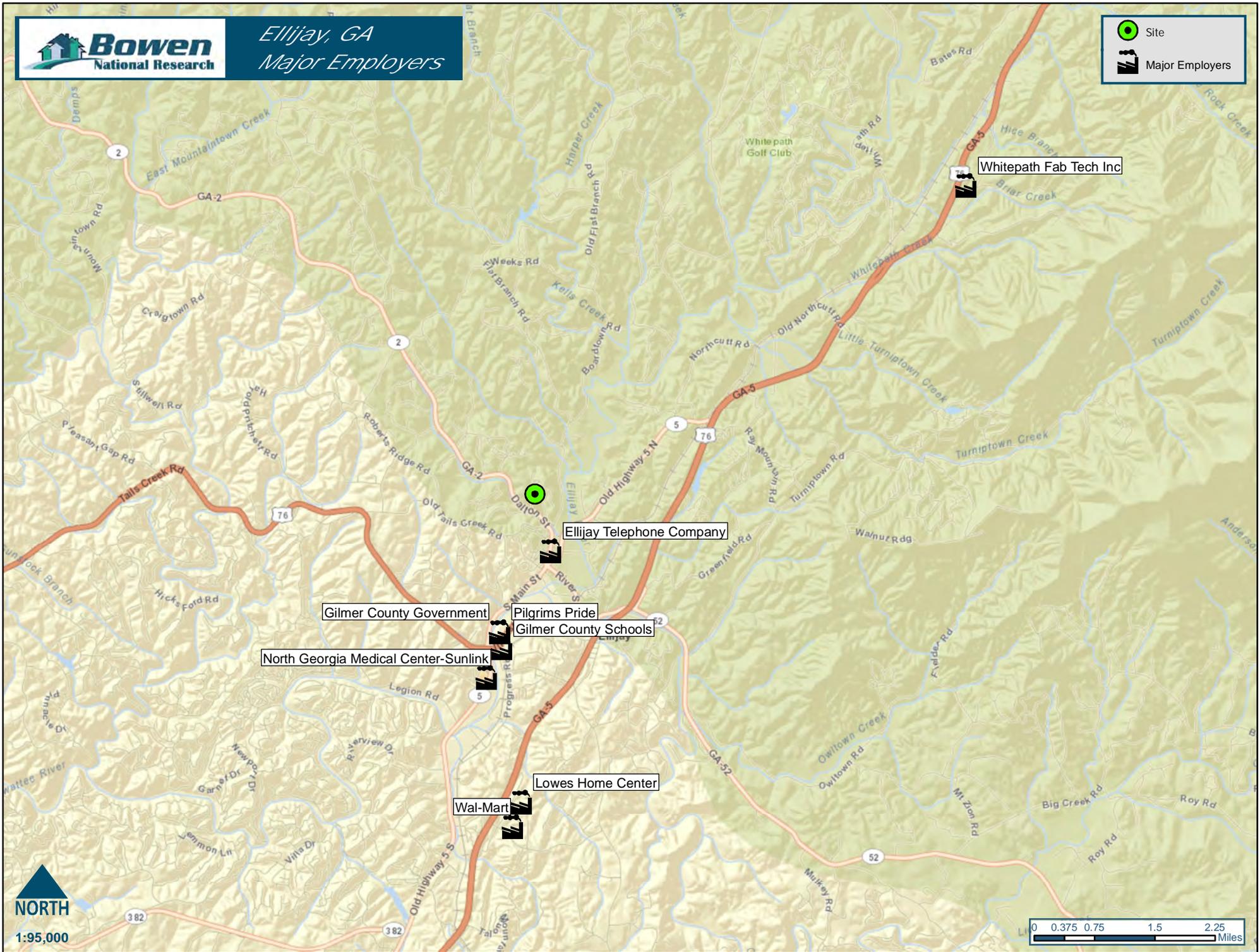
According to local economic representatives, the Gilmer County economy is improving. However, this improvement is occurring at a rate slower than those experienced in most markets throughout the country according to local representatives. Data provided by the U.S. Department of Labor, Bureau of Labor Statistics further demonstrates this slow economic recovery experienced within Gilmer County since the impact of the national recession. Specifically, the employment base within Gilmer County has struggled to recover from the impact of the national recession, declining each year since 2007. However, it should be noted that while the employment base continues to struggle, the Gilmer County unemployment rate declined in 2012 as well as thus far in 2013. Nonetheless, the Gilmer County economy will likely continue to experience a slow economic recovery for the foreseeable future as the employment base and unemployment rate have both struggled to return to pre-recession levels. Based on the preceding analysis it is likely that demand for affordable housing within Gilmer County will remain high during this slow economic recovery.

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



Ellijay, GA Major Employers

● Site
Major Employers



NORTH
1:95,000

0 0.375 0.75 1.5 2.25 Miles

SECTION G – PROJECT-SPECIFIC DEMAND ANALYSIS

The subject project currently operates under the income and rent requirements of the RD Section 515 program. While the project will be renovated with a Tax-Exempt Bond financing, it is expected to follow the same household eligibility requirements that are currently in effect. Regardless, we have provided various demand scenarios that evaluate the depth of continued support for the project under the RD program and in the event the project had to operate exclusively under the LIHTC program.

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 subject 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 located within Gilmer County, Georgia, which has a median four-person household income of \$48,200 for 2013. The subject property will be restricted to households with incomes of up to 60% of AMHI. The following table summarizes the maximum allowable income by household size for Gilmer County at 60% of AMHI.

Household Size	Maximum Allowable Income 60% AMHI
One-Person	\$19,920
Two-Person	\$22,800
Three-Person	\$25,620

a. Maximum Income Limits

The largest units (two-bedroom) at the subject site are expected to continue to house up to three-person households. As such, the maximum allowable income at the subject site is **\$25,620**.

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.

Since the subject project will retain Rental Assistance through the RD 515 program on five of the 25 subject units, the project could serve households with incomes as low as \$0.

However, if the units operate without the subsidy, the lowest gross Tax Credit rents would be \$534. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,408.

Applying a 35% rent-to-income ratio to the minimum annual household expenditure, yields a minimum annual household income requirement of \$18,309.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate ranges required to live at the renovated subject project are illustrated in the following table. Note that income ranges have been provided for the subject project to operate under the RD 515 program and exclusively under the Tax Credit program in the unlikely event that Rental Assistance was lost.

Unit Type	Income Range	
	Minimum	Maximum
RD & Tax Credit (Limited to 60% of AMHI) With Rental Assistance	\$0	\$25,620
Tax Credit (Limited to 60% of AMHI) Without Rental Assistance	\$18,309	\$25,620



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 2010 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 subject 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 58.4% of renter households with incomes below \$25,620, and approximately 28.9% of renter households with incomes between \$18,309 and \$25,620 in the Site PMA 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, 8.7% of all households in the Site PMA 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 2% must be based on actual market conditions, as documented in the study.*

Note that elderly homeowner conversion has not been considered in our demand calculations, as the subject project is not age-restricted.

- 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 2011 to the present is subtracted to calculate Net Demand. Vacancies in projects placed in service prior to 2011 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of supply. **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). Additionally, there are no existing LIHTC properties operating below a stabilized occupancy of 90.0% within the Site PMA. As such, there were no existing LIHTC properties included as part of supply in our demand analysis.

The following is a summary of our demand calculations:

Demand Component	Percent of Median Household Income			
	RD 515 60% AMHI with RA (\$0 - \$25,620)	RD 515 60% AMHI without RA (\$18,309 - \$25,620)	RD 515 60% AMHI Overall (\$0 - \$25,620)	Tax Credit Only Overall (\$18,309 - \$25,620)
Demand From New Households (Age- And Income-Appropriate)	1,106 - 1,121 = -15	301 - 302 = -1	1,106 - 1,121 = -15	301 - 302 = -1
+				
Demand From Existing Households (Rent Overburdened)	1,121 X 58.4% = 655	302 X 28.9% = 87	1,121 X 58.4% = 655	302 X 28.9% = 87
+				
Demand From Existing Households (Renters In Substandard Housing)	1,121 X 8.7% = 98	302 X 8.7% = 26	1,121 X 8.7% = 98	302 X 8.7% = 26
=				
Demand Subtotal	738	112	738	112
+				
Demand From Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2% of total demand	N/A	N/A	N/A	N/A
=				
Total Demand	738	112	738	112
-				
Supply (Directly Comparable Units Built And/Or Funded Since 2011)	0	0	0	0
=				
Net Demand	738	112	738	112
Proposed Units/ Net Demand	0* / 738	20 / 112	20* / 738	25 / 112
Capture Rate	= 0.0%*	= 17.9%	= 2.7%*	= 22.3%

RA – Rental Assistance

* Under this scenario, all units with Rental Assistance are assumed to be leasable. As such, all RA units have been excluded from this analysis.

N/A- Not Applicable

If all units were vacated, with the preservation of RA, the subject project's required capture rate would be 3.4% ($25 / 738 = 3.4\%$). This indicates that there will be a good base of households to draw support from if all current residents were displaced. Further, Georgia DCA guidelines dictate that all units receiving a direct or guaranteed subsidy are assumed to be leasable and should not be considered in the capture rate estimates. As such, the 20 non-RA units at the subject development would require a 2.7% capture rate following renovations if all units were vacated. Regardless, the subject project is currently 92.0% occupied with only two vacant units that would need to be re-rented immediately following renovations, resulting in an effective capture rate of 0.3% ($2 / 738 = 0.3\%$) assuming RA is retained.

In the unlikely event that the subject project was to lose RA and all units had to operate exclusively under the Tax Credit program, it is conservatively estimated that none of the current residents would qualify to reside at the subject project. In this scenario, the 25 subject units would have a required capture rate of 22.3%. This capture rate is considered moderate, but indicates that there will be a good base of households to draw support from if the Rental Assistance was ever lost. However, it will be necessary for the proposed project to represent a value in order to achieve a 22.3% capture rate.

Based on our survey of conventional apartments within the Ellijay Site PMA, as well as the distribution of bedroom types in most rural markets, the estimated share of demand by bedroom type for apartments is distributed as follows:

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	30%
Two-Bedroom	60%
Three-Bedroom	10%
Total	100.0%

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

Bedroom Size (Share of Demand)	Target % of AMHI	Subject Units	Total Demand	Supply*	Net Demand	Capture Rate	Absorption	Average Market Rent***	Subject Rents
RD 515 One-Bedroom (30%)	60%	4*	221	0	221	1.8%*	2 Months	\$538	\$459
RD 515 Two-Bedroom (60%)	60%	16*	443	0	443	3.9%*	6 Months	\$562	\$555
Tax Credit Only One-Bedroom (30%)	60%	6	34	0	34	17.6%	8 Months	\$538	\$459
Tax Credit Only Two-Bedroom (60%)	60%	19	67	0	67	28.4%	10 Months	\$562	\$555

*Under this scenario all Rental Assistance units will continue to be occupied, resulting in effective capture rates between 1.8% and 3.9%.

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

***Average of non-subsidized collected rents identified within the market.

N/A- Not Applicable

With the preservation of Rental Assistance, the effective capture rates by bedroom type range between 1.8% and 3.9%. This assumes that non-RA units will be vacated and re-rented under Tax Credit guidelines.

In the unlikely event the subject project had to operate exclusively under the LIHTC program and all residents were displaced, the capture rates by bedroom type range from 17.6% to 28.4%. These capture rates illustrate that there will be a good base of households to draw support from if the Rental Assistance was ever lost. As previously noted, however, it will be necessary for the project to be marketable and considered a value for these capture rates to be achievable.

SECTION H – RENTAL HOUSING ANALYSIS (SUPPLY)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Ellijay 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	8,486	70.5%	8,760	69.6%
Owner-Occupied	6,344	74.8%	6,502	74.2%
Renter-Occupied	2,142	25.2%	2,258	25.8%
Vacant	3,553	29.5%	3,824	30.4%
Total	12,039	100.0%	12,584	100.0%

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

Based on a 2013 update of the 2010 Census, of the 12,584 total housing units in the market, 30.4% were vacant. It should be noted that while the number of vacant housing units increased between 2010 and 2013, these units include vacant, abandoned and for-sale housing units in the market and therefore is not likely reflective of the long-term rental market in Ellijay. It should also be noted that these vacant housing units also include seasonal/recreational housing units within the mountainous areas in the region. Regardless, we conducted a survey of area apartments to evaluate the strength of the long-term rental market within the Ellijay Site PMA.

We identified and personally surveyed 11 conventional housing projects containing a total of 254 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 96.5%, a good rate for rental housing. Among these projects, six are non-subsidized (market-rate) projects containing 122 units. These non-subsidized units are 95.1% occupied. The remaining five projects contain 132 government-subsidized units, which are 97.7% occupied.

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	6	122	6	95.1%
Tax Credit/Government-Subsidized	3	114	3	97.4%
Government-Subsidized	2	18	0	100.0%
Total	11	254	9	96.5%

As the preceding table illustrates, each of the rental housing segments within the Ellijay Site PMA are performing well as none have occupancy rates below 95.1%. It should further be noted that each of the affordable rental housing segments (Tax Credit/Government-Subsidized and Government-Subsidized) have occupancy rates equal to or above 97.4% with only three vacant units. These high occupancy rates indicate that demand is high for affordable rental housing within the Ellijay Site PMA. As such, the subject project will continue to provide a rental housing alternative that 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	9	7.4%	1	11.1%	\$641
Two-Bedroom	1.0	44	36.1%	2	4.5%	\$717
Two-Bedroom	1.5	50	41.0%	1	2.0%	\$742
Two-Bedroom	2.0	18	14.8%	2	11.1%	\$747
Three-Bedroom	2.0	1	0.8%	0	0.0%	\$809
Total Market-rate		122	100.0%	6	4.9%	-

As the preceding illustrates, the Ellijay rental housing market offers a relatively limited range of non-subsidized rental product, in terms of price point and quality. In fact, there are no non-subsidized Tax Credit properties within the Ellijay Site PMA. As such, it was necessary to identify and survey non-subsidized Tax Credit product outside of the Site PMA, but within the region. The three projects offering non-subsidized Tax Credit units which were identified and surveyed outside of the Site PMA include Homestead Apartments (Map ID 904), Mountainside Manor (Map ID 905) and Mineral Springs Apartments (Map ID 907) were built between 1999 and 2004 and are 98.0% occupied (Tax Credit units only) with only five vacant non-subsidized Tax Credit units among these three properties. It should also be noted that due to the limited number of comparable market-rate projects located in the Site PMA, it was also necessary to identify and survey additional market-rate projects outside of the Site PMA but within the region. The four additional market-rate projects identified and surveyed outside of the Site PMA were built between 1976 and 2006 and are 98.5% occupied. These additional non-subsidized (market-rate and Tax Credit) projects identified and surveyed outside of the Site PMA are evaluated in further detail later in this report.

2. SUMMARY OF ASSISTED PROJECTS

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

Map I.D.	Project Name	Type	Year Built/ Renovated	Total Units	Occup.	Gross Rent (Unit Mix)	
						One-Br.	Two-Br.
1	Cox Creek Apts. (Site)	TAX & RD 515	1995	25	92.0%	\$533 - \$668 (6)	\$592 - \$756 (19)
2	Brooks Hill Apts.	TAX & RD 515	1992	44	97.7%	\$533 - \$711 (41)	\$577 - \$755 (3)
5	Waters Court	P.H.	1965	10	100.0%	\$552 (8)	\$672 (2)
6	Abernathy Court	P.H.	1982	8	100.0%	\$519 (8)	-
9	Ellijay East Apts.	TAX & RD 515	1991 / 2012	45	100.0%	\$523 - \$578 (17)	\$572 - \$627 (28)
Total				132	97.7%		

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

P.H. - Public Housing

RD - Rural Development

The overall occupancy is 97.7% for these projects, indicating strong market demand for affordable housing within the Ellijay Site PMA.

HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia Department of Community Affairs' (GDCA) Athens Office-Gilmer County, there are approximately eight Housing Choice Voucher holders within the housing authority's jurisdiction and does not currently maintain a waiting list for additional Vouchers. The waiting list is indefinitely closed. Annual turnover of persons in the Voucher program is estimated at one percent for the 149 county region serviced by the GDCA Athens Office. This reflects the continuing need for Housing Choice Voucher assistance.

Note that one of the three comparable Tax Credit and RD 515 projects identified and surveyed within the market accepts Housing Choice Vouchers. The following table illustrates the number of Housing Choice Vouchers currently in use at this Tax Credit and RD 515 project in the market.

Map I.D.	Project Name	Total Units	Occupancy Rate	Number of Vouchers
9	Ellijay East Apts.	45	100.0%	4

As the preceding table illustrates, there is a known total of only four voucher holders residing at the one comparable Tax Credit and RD 515 property in the Site PMA. This comprises approximately 9.0% of the 45 total units located at this project. Out of the remaining 41 units (89.0%) 14 have Rental Assistance (RA) and 27 are actually paying somewhere between the basic and market rent levels at this property. As such, it can be concluded that the gross rents charged at this property are likely achievable.

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

Bedroom Type	Fair Market Rents	Proposed Tax Credit Gross Rents
One-Br.	\$514	\$459
Two-Br.	\$672	\$559

All of the proposed gross rents are set below the Fair Market Rents. As such, the subject project will be able to rely on support from Housing Choice Voucher holders. Regardless, the subject development is anticipated to operate with Rental Assistance on five (5) of the 25 total units and a Private Rental Assistance (PRA) subsidy, which will be financed by the developer, will be available to all existing unassisted residents (PRA subsidy not to extend beyond existing residents). This has been considered in our absorption estimates in Section I.

3. PLANNED MULTIFAMILY DEVELOPMENT

According to planning and building representatives, there are currently no multiunit rental housing projects planned or under construction within the Site PMA.

Building Permit Data

The following table illustrates single-family and multifamily building permits issued within the city of Ellijay and Gilmer County for the past ten years:

Housing Unit Building Permits for Gilmer County:										
Permits	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multifamily Permits	0	0	6	5	6	13	0	0	0	0
Single-Family Permits	670	794	697	673	592	227	109	91	47	71
Total Units	670	794	703	678	598	240	109	91	47	71

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

Housing Unit Building Permits for Ellijay, GA:										
Permits	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multifamily Permits	0	0	6	5	6	5	0	0	0	0
Single-Family Permits	3	13	27	26	21	14	2	1	1	1
Total Units	3	13	33	31	27	19	2	1	1	1

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

As the preceding table illustrates, there have been no multifamily building permits issued within Gilmer County or Ellijay since 2008. Considering the high occupancy rates reported among the affordable rental housing product in the market and the limited number of multifamily building permits issued, it is likely that there is high demand for additional affordable rental housing units within the Site PMA.

4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Following renovations the subject project will offer one- and two-bedroom units targeting general-occupancy households earning up to 60% of Area Median Household Income (AMHI). We identified and surveyed two Low-Income Housing Tax Credit (LIHTC) projects within the Site PMA, aside from the subject project. However, one of these two LIHTC projects within the Site PMA, Brooks Hill Apartments (Map ID 2), is an age-restricted project which targets a distinctly different population (seniors age 62 and older) as compared to the subject project. Therefore, this LIHTC project has not been included in our comparable analysis. The one additional LIHTC project in the Site PMA, Ellijay East Apartments (Map ID 9) offers one- and two-bedroom units targeting general-occupancy households earning up to 50% and 60% of AMHI. Note that the Ellijay East Apartments (Map ID 9) also operates under the Rural Development Section 515 (RD 515) program. However, most of the units at this project do not operate with Rental Assistance (RA) thus requiring most residents of this project to pay between basic and market rents. As such, we have included this project in our comparable analysis as it will offer a good base of comparability and is considered competitive with the subject project.

Due to the limited supply of LIHTC product in the Site PMA we have also identified and surveyed three additional non-subsidized LIHTC projects located outside of the Site PMA but within the region in the towns of Blue Ridge and Jasper, Georgia. These three LIHTC projects offer one- through four-bedroom units targeting general-occupancy households earning up to 30%, 50% and/or 60% of AMHI. As such, these projects should also offer an accurate base of comparability for the subject project. However, it should be noted that as these three additional properties are located outside of the Site PMA, they will derive demographic support from a different geographic area as compared to the subject project. As such, these three additional LIHTC projects have been included for comparability purposes only and are not considered to be directly competitive with the subject project.

The four comparable LIHTC projects and the subject development are summarized in the following table:

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Cox Creek Apartments	1995/ 2014	25	92.0%	-	None	Families; 60% AMHI & RD 515
9	Ellijay East Apts.	1991 / 2012	45	100.0%	2.7 Miles	8 H.H.	Families; 50% & 60% AMHI & RD 515
904	Homestead Apts.	1999	57	100.0%	19.4 Miles	1 H.H.	Families; 50% & 60% AMHI
905	Mountainside Manor	2004	140*	99.3%	21.2 Miles	None	Families; 60% AMHI
907	Mineral Springs Apts.	2001	53*	92.5%	16.6 Miles	30% AMHI: 8 H.H.	Families; 30%, 50%, & 60% AMHI

OCC. – Occupancy

900 series Map IDs are located outside of the Site PMA

*Tax Credit units only

The four LIHTC projects have a combined occupancy rate of 98.3%. It should be noted that the one comparable LIHTC project located within the Site PMA, Ellijay East Apartments (Map ID 9) is 100.0% occupied and maintains a wait list of eight households for its next available units. This high occupancy rate and wait list maintained at the one comparable LIHTC project in the Site PMA indicates that there is pent-up demand within the market for affordable general-occupancy LIHTC product.

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



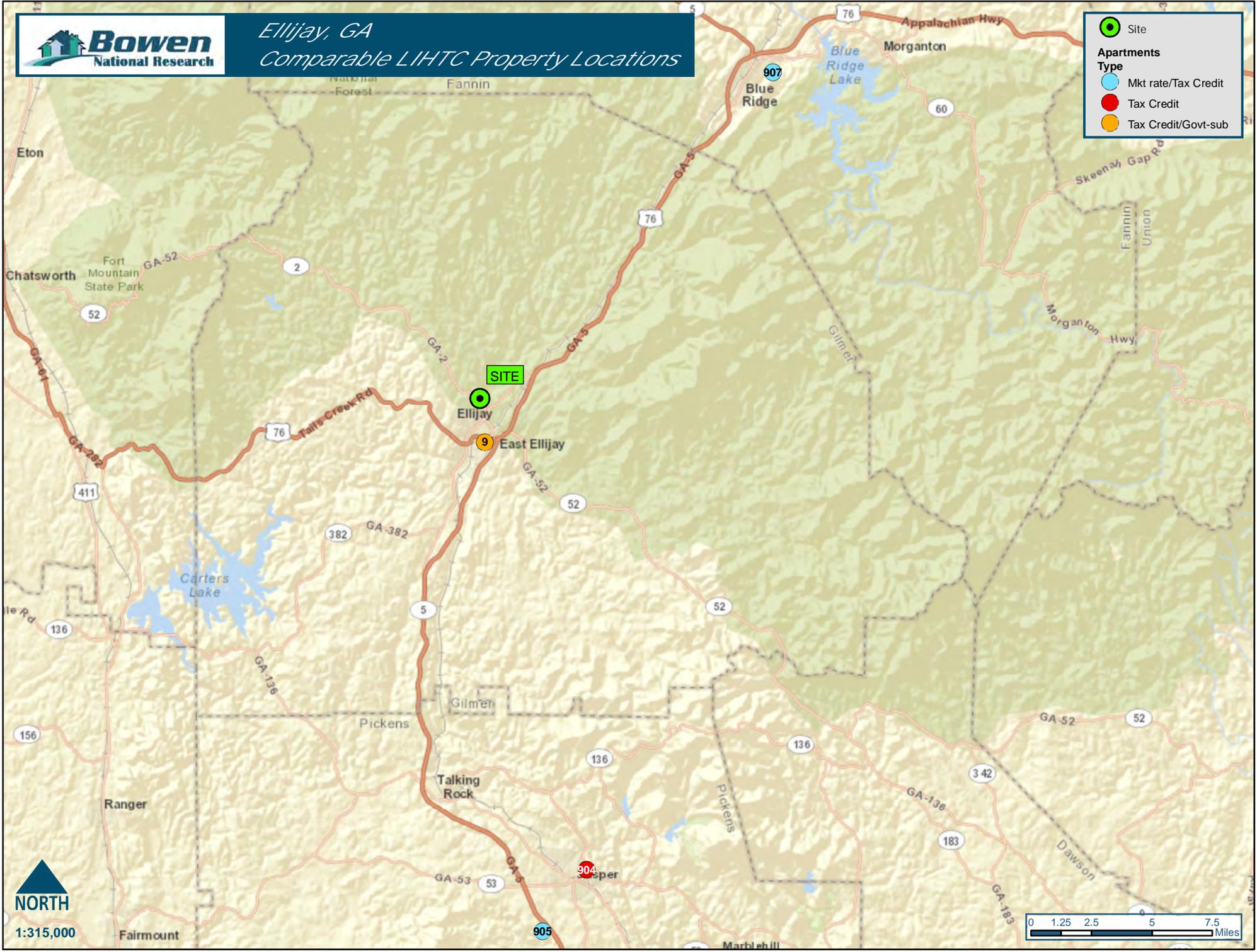
Ellijay, GA

Comparable LIHTC Property Locations

Site
● Site

Apartments Type

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



1:315,000

0 1.25 2.5 5 7.5 Miles

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)				Rent Special
		One-Br.	Two-Br.	Three-Br.	Four-Br.	
Site	Cox Creek Apartments	\$534/60% (6)	\$636/60% (19)	-	-	-
9	Ellijay East Apts.	\$523-\$578*/50% (9/0) \$523-\$578*/60% (8/0)	\$572-\$627*/50% (14/0) \$572-\$627*/60% (14/0)	-	-	None
904	Homestead Apts.	-	\$762/50% (7/0) \$762/60% (11/0)	\$844/50% (17/0) \$844/60% (22/0)	-	None
905	Mountainside Manor	\$643/60% (50/0)	\$831/60% (50/1)	\$904/60% (40/0)	-	None
907	Mineral Springs Apts.	-	\$623/50% (21/0)	\$446/30% (4/0) \$855/60% (20/4)	\$506/30% (3/0) \$962/60% (5/0)	None

*Denotes basic and market rents

900 Series Map IDs are located outside of the Site PMA

The proposed subject gross rents, ranging from \$534 to \$636, will be among lowest priced LIHTC units targeting households earning up to 60% of AMHI in the region. It should be noted that the gross rents at Ellijay East Apartments represent basic and market rents where 14 of the 45 total units have Rental Assistance (RA) and tenants occupying those units pay below the basic rent level. The remaining 31 units (69%) at this project have no RA, thus requiring tenants to pay between basic and market rent levels. It should also be noted that Rental Assistance will be retained on five (5) of the 25 subject units, thus requiring tenants of these units to pay up to 30% of their adjusted gross income towards housing costs. Further, a Private Rental Assistance (PRA) subsidy will be available to all current unassisted residents, preventing a rent increase on the unassisted tenants of the subject project. Given the retention of Rental Assistance and the availability of a PRA subsidy, the subject project will continue to remain a substantial value in the market and the region.

Note that while the proposed gross rents will be the lowest priced gross rents at 60% of AMHI within the region as compared to those being charged among similar bedroom types and AMHI levels at the comparable LIHTC projects outside of the Site PMA; each of the comparable LIHTC projects located outside of the Site PMA are located within areas that are typically comprised of households earning slightly higher incomes as compared to the Ellijay area. This in turn allows these comparable LIHTC projects to achieve higher non-subsidized Tax Credit rents, than a project located within the Ellijay area. As such, it is

important to note that the subject project should charge rents which are appropriately positioned within the Ellijay market. The appropriateness of subject projects proposed rents is further evaluated within Addendum E of this report.

The following table illustrates the weighted average collected rents of the four comparable LIHTC projects by bedroom type. It should be noted that the three comparable LIHTC projects located outside of the market, but within the region, were considered in this analysis due to the lack of non-subsidized, general-occupancy LIHTC housing in the market.

Weighted Average Collected Rent Of Comparable LIHTC Units	
One-Br.	Two-Br.
\$512 (60%)	\$626 (60%)

*Represents the weighted average rents for 60% units only

The rent advantage for the proposed units is calculated on the following page (average weighted market rent – proposed rent) / proposed rent.

Bedrooms	Weighted Average Rent	Proposed Rent	Difference	Proposed Rent	Rent Advantage
One-Br.	\$512	- \$459	\$53	/ \$459	11.5%
Two-Br.	\$626	- \$555	\$71	/ \$555	12.8%

As the preceding table illustrates, the subject units represent rent advantages ranging from 11.5% to 12.8% depending on unit type. Therefore, the subject project will continue to represent a value to current and potential renters. Further, the subject project is anticipated to retain Rental Assistance on five (5) out of the 25 total units, allowing residents of these units to pay up to 30% of their adjusted gross income towards housing costs. Additionally, a Private Rental Assistance (PRA) subsidy will also be available to all current unassisted tenants, preventing a rent increase on these unassisted residents of the subject project. Therefore, considering the retention of RA and available PRA subsidy, the subject project will continue to represent a substantial value within the market.

Please note that these are weighted averages of *collected* rents and do not reflect differences in the utility structure that gross rents include. Therefore caution must be used when drawing any conclusions. A complete analysis of the achievable market rent by bedroom type and the rent advantage of the proposed development's collected rents are available in Addendum E of this report.

The unit sizes (square footage) and number of bathrooms included in each of the different LIHTC unit types offered in the region 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	Cox Creek Apts.	650	850	-	-
9	Ellijay East Apts.	630	922	-	-
904	Homestead Apts.	-	927 – 957	1,240	-
905	Mountainside Manor	1,011	1,245	1,382	-
907	Mineral Springs Apts.	-	840	1,104	1,372

900 Series Map IDs are located outside of the Site PMA

Map I.D.	Project Name	Number of Baths			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Cox Creek Apts.	1.0	1.5	-	-
9	Ellijay East Apts.	1.0	1.5	-	-
904	Homestead Apts.	-	2.0	2.5	-
905	Mountainside Manor	1.0	2.0	2.0	-
907	Mineral Springs Apts.	-	2.5	2.0	2.0

900 Series Map IDs are located outside of the Site PMA

As the preceding illustrates, the unit sizes (square feet) offered at the subject project are generally considered to be competitive with those offered among the comparable LIHTC projects in the market and the region. In fact, the one-bedroom units offered at the subject project are the largest one-bedroom LIHTC units in the Site PMA. This will likely create a marketing advantage for the subject project within the market. The number of bathrooms offered at the subject project is also considered competitive with those offered among the comparable LIHTC projects in the market and the region. Further, the minimal number of vacant units at the subject project (2) indicates that the unit sizes (square feet) and number of bathrooms offered at the subject project are appropriate for the targeted tenant population at the subject project and should contribute to the continued marketability of the subject project following renovations.

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

COMPARABLE PROPERTIES AMENITIES - ELLIJAY, GEORGIA

MAP ID	APPLIANCES							UNIT AMENITIES												
	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	PARKING	OTHER
SITE	X	X					X		C		X	X	X				B		S	
905	X	X		X	X		X		C		X	X					B		D(o), S	Exterior Storage
907	X	X	X	X	S		X		C	S	X	S	S				B		S	
904	X	X	X	X	X		X		C		X	X					B		S	
9	X	X		X	X	X	X		C		X	X	X				B		S	

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													
905	X	X	X	X		X	X		X							X				
907		X	X	X		X	X						X			X				Playroom
904		X	X	X			X		B							X				
9		X	X		X	X	X						X							Gazebo

◆ 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 subject project offers a unit and project amenity package which is generally considered to be slightly inferior to those offered among the comparable LIHTC projects in the region. Specifically, most of the comparable LIHTC projects in the region offer a garbage disposal, fitness center and computer center as added amenities as compared to the subject project. It should also be noted that the one comparable LIHTC project in the Site PMA also offers a microwave oven in each of their units. Regardless, the amenity package offered at the subject project is considered typical of older subsidized rental housing such as that offered at the subject project. Further, based on the limited number of vacant units currently reported, the subject project does not appear to lack any key amenities that have or will 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 region, it is our opinion that the subject development will be competitive. Notably, the proposed subjects gross rents will be the among lowest priced LIHTC units targeting households earning up to 60% of AMHI in the region and will offer the largest one-bedroom LIHTC units, in terms of square footage, in the Site PMA. This will likely create a marketing advantage for the subject project within the market and the region. Further, based on the limited number of vacant units reported at the subject project, the unit sizes (square feet), number of bathrooms and amenity packages offered appear to be appropriate for the targeted tenant population at the subject project and should contribute to its continued marketability following renovations.

The anticipated occupancy rate of the one existing comparable Tax Credit development in the market following renovations at the subject site is as follows:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2015
9	Ellijay East Apartments	100.0%	95.0% +

The anticipated renovations at the subject project will not introduce any new units to the market. It should further be noted that the subject project currently only has two vacant units that will need to be re-rented immediately following renovations. Based on the preceding factors, we do not anticipate the renovations to the subject project will have any significant (if any) impact on future occupancy rates at the one comparable LIHTC project in the market.

One page profiles of the Comparable 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 \$132,075. At an estimated interest rate of 4.7% and a 30-year term (and 95% LTV), the monthly mortgage for a \$132,075 home is \$810, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$132,075
Mortgaged Value = 95% of Median Home Price	\$125,471
Interest Rate - Bankrate.com	4.7%
Term	30
Monthly Principal & Interest	\$648
Estimated Taxes and Insurance*	\$162
Estimated Monthly Mortgage Payment	\$810

*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$459 to \$555 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is \$255 to \$351 greater than the cost of renting a unit at the subject project, depending upon bedroom type. Therefore, we do not anticipate any competitive impact on or from the homebuyer market. In fact, given the anticipated retention of Rental Assistance on five (5) of the 25 subject units and the available PRA subsidy which will prevent a rent increase on all current unassisted residents, the cost of owning a home in the area is likely even greater than that illustrated above, as most tenants of the subject project will likely pay rents which are below the proposed collected Tax Credit rents.

SECTION I – ABSORPTION & STABILIZATION RATES

According to management, the subject project is currently 92.0% occupied with only two vacant units and while current residents will be relocated temporarily, they will not be permanently displaced. Therefore, only the two currently vacant units at the subject project will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 25 subject units will be vacated and that all units will have to be re-rented (assuming RA is preserved on five (5) of the 25 subject units as proposed). We also assume the absorption period at the site begins as soon as the first renovated units are available for occupancy.

It is our opinion that the 25 units at the subject site will reach a stabilized occupancy of 93.0% within approximately six months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of four units per month. Our absorption projections assume that no other projects targeting a similar income group will be developed during the projection period and that the renovations will be completed as outlined in this report. These absorption projections also assume that RA will be maintained on five (5) of the 25 subject units as proposed.

Should Rental Assistance not be secured and the project had to operate exclusively under the LIHTC program, the 25 units at the subject site would likely have an extended absorption period up to 12 months if all units were vacated simultaneously and had to be re-rented. This absorption projection is based on the fact that there is more limited demographic support for the subject project to operate exclusively under the LIHTC program, as illustrated in Section G of this report. However, while it is possible the subject project may experience an extended absorption period if RA was lost and all units had to operate exclusively under the LIHTC program and all units were vacated simultaneously, it is unlikely that this scenario would occur. Therefore, in reality the subject project will only have to fill the currently vacant units (2) and units as they become vacant through typical monthly turnover (one to two units per month in most rural markets). Under this more likely scenario, the market should be able to adequately absorb any current or future vacancies that materialize at the subject project.

In reality, the absorption period for this project will be less than two months as most tenants are expected to remain at the project and many will continue to pay up to 30% of their adjusted gross income towards housing costs.

SECTION J – INTERVIEWS

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

- Kathy Fortune, Property Manager of the Ellijay East Apartments, a Rural Development 515 (RD515) and Low-Income Housing Tax Credit (LIHTC) property in Ellijay, stated that there is a large need for affordable housing in the area. However, Ms. Fortune stated that she believes this need for affordable housing is primarily exists among affordable rental product with Rental Assistance. Ms. Fortune cited the fact that many residents in the area are surviving on Supplemental Security Income (SSI), which is about \$710 a month and this is not enough for rent, utilities, gas and insurance, as the main reason for the need for rental assisted units. Further, Ms. Fortune stated that the housing authority has stopped issuing vouchers and as a result she has not received a new tenant with a Housing Choice Voucher in three years. As such, Ms. Fortune feels that housing is needed in the area but only if the rents are very low.
- Lenora Moody, Director of the Ellijay Housing Authority, stated that there is high demand for affordable rental housing in the area. Ms. Moody oversees 110 public housing units and the units are always full with approximately 40 people on the waiting list for their next available units. Ms. Moody further stated that there are not many affordable housing developments in the Ellijay area, which allows for the addition of more affordable housing units without negatively impacting any existing competition in the area.
- Nancy Dove, a representative with the Georgia Department of Community Affairs' (GDCA) Rental Assistance Division, stated that there is a large need for affordable housing in the North Georgia Region. Due to recent budget cuts GDCA has closed all waiting lists in the 149 counties that the Athens Office serves, and are not maintaining waiting lists until they receive more funding. Notably, Ms. Dove stated that they are unsure if they will have the funding to pay for the vouchers that are already in use. As such, based on this lack of funding for the voucher program, Ms. Dove believes that there will be an ongoing need for additional affordable housing throughout the northern Georgia region.

SECTION K – CONCLUSIONS & RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market will continue to exist for the Cox Creek Apartments following renovations, assuming they are renovated and operated as detailed in this report. Note however, that changes to the project's rents, amenities or scope of renovations may alter these findings.

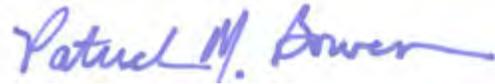
With preservation of Rental Assistance on five (5) of the 25 subject units and a Private Rental Assistance (PRA) subsidy available to all current unassisted tenants, the subject project will remain a significant value within the Ellijay Site PMA. Further, given the minimal number of vacant affordable (non-subsidized Tax Credit and government-subsidized) general-occupancy units in the market (3), the subject project will continue to offer an affordable rental housing alternative that is in high demand within the market. Additionally, as shown in the Project Specific Demand Analysis section of this report, there is a sufficient base of demographic support for the subject development within the Site PMA. Further, given that the anticipated renovations to the subject project will not introduce any new units to the market, it is our opinion that the subject project will not have any significant impact on the existing Tax Credit product in the Site PMA.

Based on the preceding analysis and information provided throughout this report, we have no recommendations or suggested modifications for the subject project at this time.

SECTION L - SIGNED STATEMENT

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study regarding the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in the Georgia Department of Community Affairs 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
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Date: September 20, 2013



Greg Gray
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Craig Rupert
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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

ELLIJAY, 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.

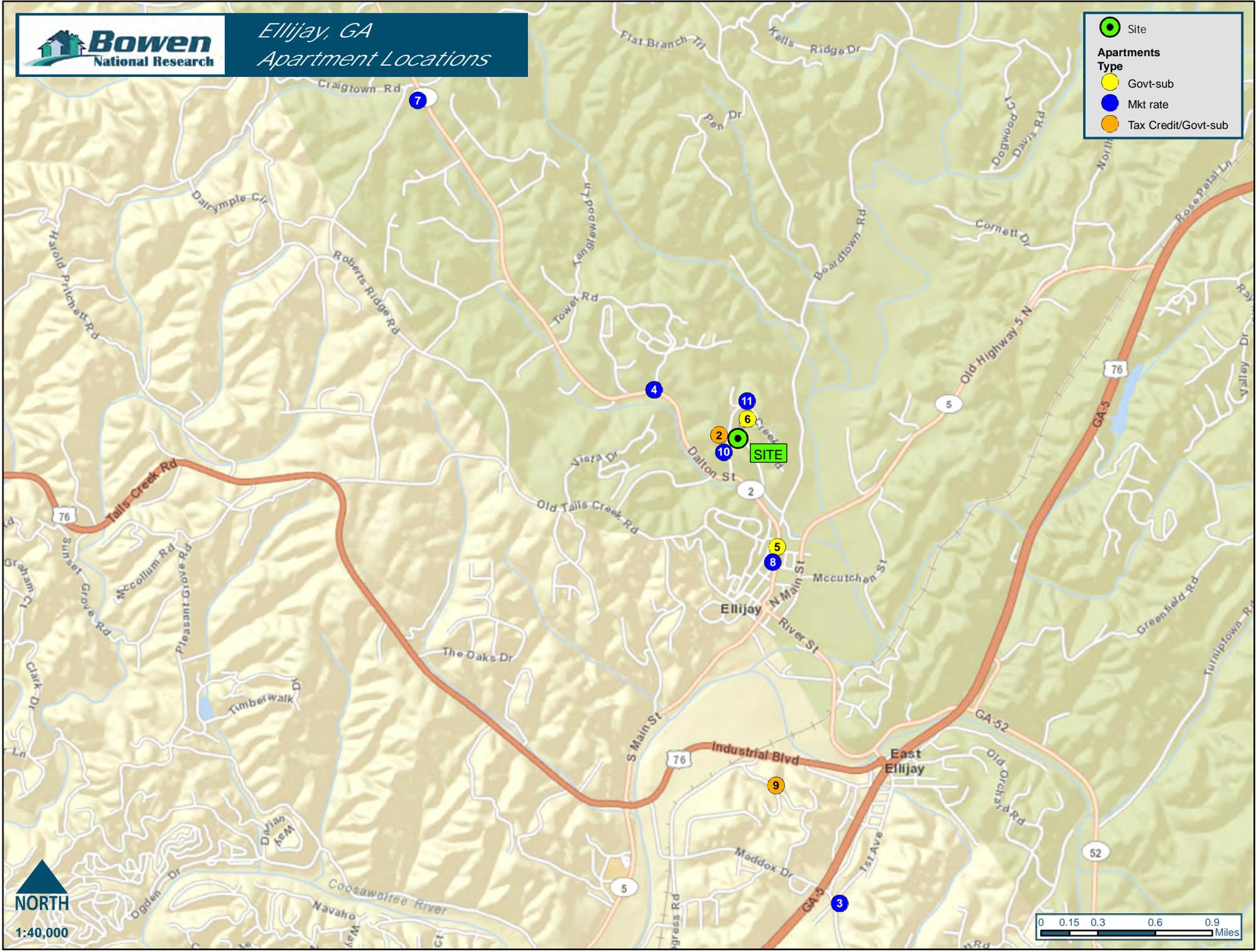


Ellijay, GA Apartment Locations

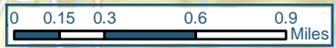
Site
● Site

Apartments Type

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



NORTH
1:40,000



MAP IDENTIFICATION LIST - ELLIJAY, GEORGIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	Cox Creek Apts. (Site)	TGS	B	1993	25	2	92.0%	-
2	Brooks Hill Apts.	TGS	B	1992	44	1	97.7%	0.3
3	Mountain Ridge Apts.	MRR	C	1980	14	0	100.0%	2.5
4	Holly Faith Duplexes & Apts.	MRR	B	1998	12	0	100.0%	1.0
5	Waters Court	GSS	B	1965	10	0	100.0%	0.6
6	Abernathy Court	GSS	B-	1982	8	0	100.0%	0.1
7	Austin Place Apts.	MRR	B+	1998	26	2	92.3%	2.8
8	Heritage	MRR	C-	1984	20	2	90.0%	0.6
9	Ellijay East Apts.	TGS	A-	1991	45	0	100.0%	2.7
10	Highland Apts.	MRR	B+	2007	18	2	88.9%	0.4
11	Hilltop Townhomes & Apts.	MRR	B	2000	32	0	100.0%	0.1

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	6	122	6	95.1%	0
TGS	3	114	3	97.4%	0
GSS	2	18	0	100.0%	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)

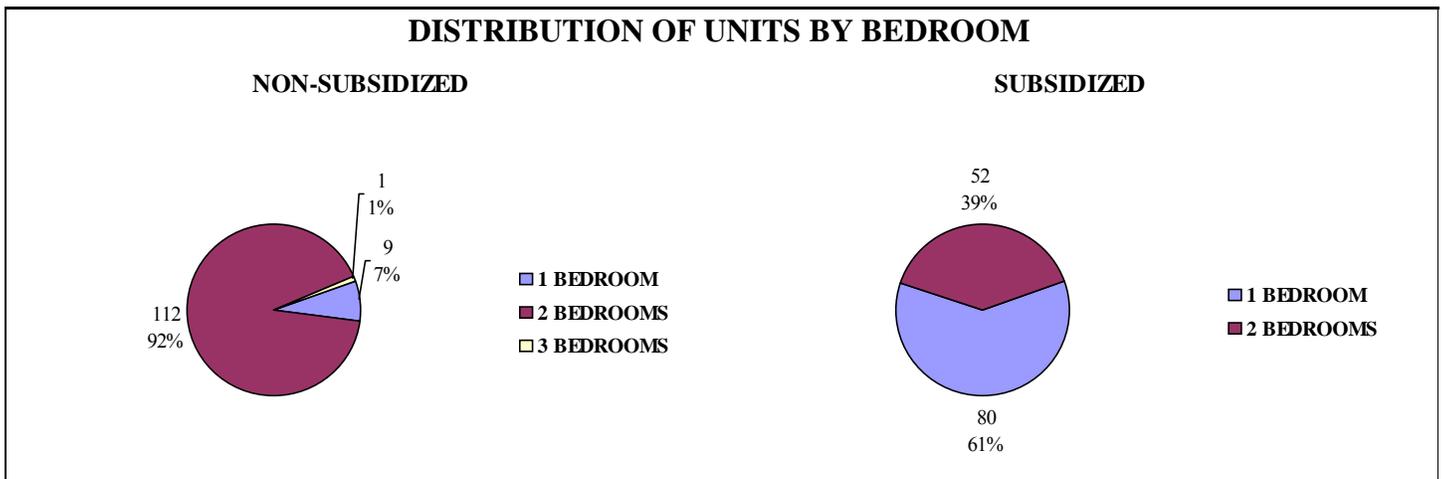
Survey Date: September 2013

DISTRIBUTION OF UNITS - ELLIJAY, GEORGIA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	9	7.4%	1	11.1%	\$641
2	1	44	36.1%	2	4.5%	\$717
2	1.5	50	41.0%	1	2.0%	\$742
2	2	18	14.8%	2	11.1%	\$747
3	2	1	0.8%	0	0.0%	\$809
TOTAL		122	100.0%	6	4.9%	

TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	64	56.1%	1	1.6%	N.A.
2	1	3	2.6%	0	0.0%	N.A.
2	1.5	47	41.2%	2	4.3%	N.A.
TOTAL		114	100.0%	3	2.6%	

GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	16	88.9%	0	0.0%	N.A.
2	1	2	11.1%	0	0.0%	N.A.
TOTAL		18	100.0%	0	0.0%	
GRAND TOTAL		254	-	9	3.5%	



SURVEY OF PROPERTIES - ELLIJAY, GEORGIA

1 Cox Creek Apts. (Site)			
	Address 200 Penland St. Ellijay, GA 30540	Phone (706) 276-6577 (Contact in person)	Total Units 25
	Year Built 1993 Comments 60% AMHI; RD 515, has RA (5 units); Accepts HCV (0 currently)	Contact Marie	Vacancies 2 Occupied 92.0% Floors 1,2 Quality Rating B
			Waiting List None
2 Brooks Hill Apts.			
	Address 185 Penland St. Ellijay, GA 30540	Phone (706) 276-6566 (Contact in person)	Total Units 44
	Year Built 1992 Comments 60% AMHI; RD 515, has RA (44 units)	Contact Marie	Vacancies 1 Occupied 97.7% Floors 3 Quality Rating B
			Senior Restricted (62+) Waiting List 4 households
3 Mountain Ridge Apts.			
	Address 119 Yukon Ct. Ellijay, GA 30536	Phone (706) 276-2567 (Contact in person)	Total Units 14
	Year Built 1980 Comments Accepts HCV (0 currently); Weekly leases available; Washer/dryer hookups in mobile homes only; Square footage estimated	Contact Tanya	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating C
			Waiting List 10 households
4 Holly Faith Duplexes & Apts.			
	Address 79 Tower Rd. Ellijay, GA 30540	Phone (706) 635-1501 (Contact in person)	Total Units 12
	Year Built 1998 Comments Does not accept HCV; Square footage estimated	Contact Laura	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B
			Waiting List 4-6 months
5 Waters Court			
	Address 358 Dalton St. Ellijay, GA 30540	Phone (706) 635-4644 (Contact in person)	Total Units 10
	Year Built 1965 Comments Public Housing; Washer hookup only; Square footage estimated	Contact Lenor	Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B
			Senior Restricted (62+) Waiting List 38 households

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: September 2013

SURVEY OF PROPERTIES - ELLIJAY, GEORGIA

6 Abernathy Court			
	Address 461 Cox Creek Rd. Ellijay, GA 30540	Phone (706) 635-4644 (Contact in person)	Total Units 8
	Year Built 1982 Comments Public Housing; Square footage estimated	Contact Lenora	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B- Senior Restricted (62+) Waiting List 30 households
7 Austin Place Apts.			
	Address 3017 Chatsworth Hwy. Ellijay, GA 30540	Phone (706) 273-2727 (Contact in person)	Total Units 26
	Year Built 1998 Renovated 2001 Comments Does not accept HCV	Contact John	Vacancies 2 Occupied 92.3% Floors 1,2 Quality Rating B+ Waiting List None
8 Heritage			
	Address 273 Dalton St. Ellijay, GA 30540	Phone (706) 344-2013 (Contact in person)	Total Units 20
	Year Built 1984 Comments Does not accept HCV	Contact Terry	Vacancies 2 Occupied 90.0% Floors 1,2 Quality Rating C- Waiting List None
9 Ellijay East Apts.			
	Address 188 Eric Simpson Dr. East Ellijay, GA 30540	Phone (706) 635-3900 (Contact in person)	Total Units 45
	Year Built 1991 Renovated 2012 Comments 50% & 60% AMHI; RD 515, has RA (14 units); HCV (4 units)	Contact Kathy	Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating A- Waiting List 8 households
10 Highland Apts.			
	Address 131 Penland St. Ellijay, GA 30540	Phone (706) 632-3737 (Contact in person)	Total Units 18
	Year Built 2007 Comments Does not accept HCV; Square footage estimated	Contact Tina	Vacancies 2 Occupied 88.9% Floors 2 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: September 2013

SURVEY OF PROPERTIES - ELLIJAY, GEORGIA

11 Hilltop Townhomes & Apts.													
	Address 351 Penland St. Ellijay, GA 30540 Year Built 2000 Renovated 2011 Contact Greg Comments Year built & square footage estimated												
	Phone (706) 589-5588 (Contact in person)												
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Total Units</td> <td>32</td> </tr> <tr> <td>Vacancies</td> <td>0</td> </tr> <tr> <td>Occupied</td> <td>100.0%</td> </tr> <tr> <td>Floors</td> <td>1,2</td> </tr> <tr> <td>Quality Rating</td> <td>B</td> </tr> <tr> <td>Waiting List</td> <td>None</td> </tr> </table>		Total Units	32	Vacancies	0	Occupied	100.0%	Floors	1,2	Quality Rating	B	Waiting List	None
Total Units	32												
Vacancies	0												
Occupied	100.0%												
Floors	1,2												
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: September 2013

COLLECTED RENTS - ELLIJAY, GEORGIA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
3		\$550	\$600						
4			\$525 to \$575						
7		\$525					\$550		
8			\$525	\$625					
10			\$595						
11							\$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: September 2013

PRICE PER SQUARE FOOT - ELLIJAY, GEORGIA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Mountain Ridge Apts.	1	550	\$721	\$1.31
7	Austin Place Apts.	1	750	\$641	\$0.85
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Mountain Ridge Apts.	1	725	\$812	\$1.12
4	Holly Faith Duplexes & Apts.	1	875 to 1200	\$717 to \$767	\$0.64 to \$0.82
7	Austin Place Apts.	1.5	1025	\$699	\$0.68
8	Heritage	1	800	\$677	\$0.85
10	Highland Apts.	2	875	\$747	\$0.85
11	Hilltop Townhomes & Apts.	1.5	950	\$742	\$0.78
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
8	Heritage	2	1300	\$809	\$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: September 2013

AVERAGE GROSS RENT PER SQUARE FOOT - ELLIJAY, GEORGIA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.91	\$0.88	\$0.62
TOWNHOUSE	\$0.00	\$0.75	\$0.00

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

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.91	\$0.88	\$0.62
TOWNHOUSE	\$0.00	\$0.75	\$0.00

TAX CREDIT UNITS - ELLIJAY, GEORGIA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
9	Ellijay East Apts.	8	630	1	60%	\$405 - \$460
9	Ellijay East Apts.	9	630	1	50%	\$405 - \$460
◆ 2	Brooks Hill Apts.	41	631	1	60%	\$415 - \$593
1	Cox Creek Apts. (Site)	6	650	1	60%	\$415 - \$550
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
9	Ellijay East Apts.	14	922	1.5	60%	\$420 - \$475
9	Ellijay East Apts.	14	922	1.5	50%	\$420 - \$475
◆ 2	Brooks Hill Apts.	3	829	1	60%	\$425 - \$603
1	Cox Creek Apts. (Site)	19	850	1.5	60%	\$440 - \$604

◆ - Senior Restricted

QUALITY RATING - ELLIJAY, GEORGIA

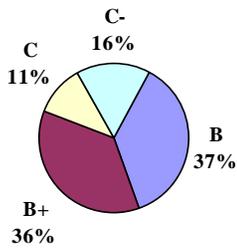
MARKET-RATE PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B+	2	44	9.1%		\$641	\$699		
B	2	44	0.0%			\$742		
C	1	14	0.0%		\$721	\$812		
C-	1	20	10.0%			\$677	\$809	

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS

TAX CREDIT UNITS



YEAR BUILT - ELLIJAY, GEORGIA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	2	34	2	5.9%	34	27.9%
1990 to 1999	2	38	2	5.3%	72	31.1%
2000 to 2005	1	32	0	0.0%	104	26.2%
2006	0	0	0	0.0%	104	0.0%
2007	1	18	2	11.1%	122	14.8%
2008	0	0	0	0.0%	122	0.0%
2009	0	0	0	0.0%	122	0.0%
2010	0	0	0	0.0%	122	0.0%
2011	0	0	0	0.0%	122	0.0%
2012	0	0	0	0.0%	122	0.0%
2013**	0	0	0	0.0%	122	0.0%
TOTAL	6	122	6	4.9%	122	100.0 %

YEAR RENOVATED - ELLIJAY, GEORGIA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	0	0	0	0.0%	0	0.0%
2000 to 2005	1	26	2	7.7%	26	44.8%
2006	0	0	0	0.0%	26	0.0%
2007	0	0	0	0.0%	26	0.0%
2008	0	0	0	0.0%	26	0.0%
2009	0	0	0	0.0%	26	0.0%
2010	0	0	0	0.0%	26	0.0%
2011	1	32	0	0.0%	58	55.2%
2012	0	0	0	0.0%	58	0.0%
2013**	0	0	0	0.0%	58	0.0%
TOTAL	2	58	2	3.4%	58	100.0 %

Note: The upper table (Year Built) includes all of the units included in the lower table.

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

** As of September 2013

APPLIANCES AND UNIT AMENITIES - ELLIJAY, GEORGIA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	6	100.0%	122
REFRIGERATOR	6	100.0%	122
ICEMAKER	3	50.0%	76
DISHWASHER	5	83.3%	104
DISPOSAL	0	0.0%	
MICROWAVE	1	16.7%	18
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	5	83.3%	108
AC - WINDOW	1	16.7%	14
FLOOR COVERING	6	100.0%	122
WASHER/DRYER	0	0.0%	
WASHER/DRYER HOOK-UP	5	83.3%	104
PATIO/DECK/BALCONY	3	50.0%	76
CEILING FAN	3	50.0%	76
FIREPLACE	0	0.0%	
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	6	100.0%	122
FURNISHED UNITS	0	0.0%	
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 - ELLIJAY, GEORGIA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	3	50.0%	58
LAUNDRY	1	16.7%	18
CLUB HOUSE	0	0.0%	
MEETING ROOM	0	0.0%	
FITNESS CENTER	0	0.0%	
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	1	16.7%	32
COMPUTER LAB	0	0.0%	
SPORTS COURT	1	16.7%	32
STORAGE	0	0.0%	
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	0	0.0%	
PICNIC AREA	0	0.0%	
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

DISTRIBUTION OF UTILITIES - ELLIJAY, GEORGIA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
TENANT			
ELECTRIC	8	210	82.7%
GAS	3	44	17.3%
			100.0%
COOKING FUEL			
TENANT			
ELECTRIC	9	236	92.9%
GAS	2	18	7.1%
			100.0%
HOT WATER			
TENANT			
ELECTRIC	9	236	92.9%
GAS	2	18	7.1%
			100.0%
ELECTRIC			
TENANT	11	254	100.0%
			100.0%
WATER			
LANDLORD	7	186	73.2%
TENANT	4	68	26.8%
			100.0%
SEWER			
LANDLORD	7	186	73.2%
TENANT	4	68	26.8%
TRASH PICK-UP			
LANDLORD	10	240	94.5%
TENANT	1	14	5.5%
			100.0%

UTILITY ALLOWANCE - ELLIJAY, 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 (6/2013)

Survey Date: September 2013

A-18



ADDENDUM B

COMPARABLE PROPERTY PROFILES

7

Austin Place Apts.

2.8 miles to site



Address 3017 Chatsworth Hwy.
Ellijay, GA 30540

Phone (706) 273-2727 **Contact** John

Total Units 26 **Vacancies** 2 **Percent Occupied** 92.3%

Project Type Market-Rate

Year Open 1998 **Renovated** 2001 **Floors** 1,2

Concessions No Rent Specials

Parking Surface Parking

Waiting List NONE

Quality Rating B+ **Neighborhood Rating** B

Remarks Does not accept HCV

Features and Utilities

Utilities Landlord pays Water, Sewer, Trash

Unit Amenities Refrigerator, Icemaker, Range, Dishwasher, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds

Project Amenities

Unit Configuration

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	
1	1	G	8	1	750	\$0.70	\$525	
2	1.5	T	18	1	1025	\$0.54	\$550	

901 Audobon Crest

58.6 miles to site



Address	1200 Lanier Mill Cir. Oakwood, GA 30566		
Phone	(770) 535-5586	Contact	Robin
Total Units	126	Vacancies	0
		Percent Occupied	100.0%
Project Type	Market-Rate		
Year Open	1998	Floors	2,3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	3 households		
Quality Rating	A	Neighborhood Rating	B
Remarks	Does not accept HCV		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Tennis Court(s), Sports Court, Car Wash Area, Picnic Area

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	20	0	830	\$0.78	\$650
2	2	G	36	0	1180	\$0.67	\$796
2	2	G	38	0	1080	\$0.70	\$760
3	2	G	32	0	1390	\$0.60	\$840

902 Park Creek Apts.

52.4 miles to site



Address	1100 Park Creek Ct. Gainesville, GA 30504		
Phone	(770) 287-1414	Contact	Suzanne
Total Units	200	Vacancies	3
		Percent Occupied	98.5%
Project Type	Market-Rate		
Year Open	1998	Floors	2,3
Concessions	No Rent Specials		
Parking	Detached Garages, Surface Parking		
Waiting List	NONE		
Quality Rating	A-	Neighborhood Rating	B
Remarks	Does not accept HCV; Large 2-br do not have patios		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Fireplace, Blinds
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Tennis Court(s), Sports Court, Car Wash Area, Picnic Area

Unit Configuration

BRs	BA	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	80	1	635 to 804	\$0.92 - \$1.14	\$725 to \$740
2	2	G	84	1	1050 to 1131	\$0.77 - \$0.81	\$850 to \$875
3	2	G	36	1	1308	\$0.71	\$925

903 Treepark Apt. Homes

62.7 miles to site



Address	130 Treepark Cir. Flowery Branch, GA 30542		
Phone	(770) 967-7133	Contact	Patsy
Total Units	456	Vacancies	9
		Percent Occupied	98.0%
Project Type	Market-Rate		
Year Open	2006	Floors	3,4
Concessions	No Rent Specials		
Parking	Attached & Detached Garages, Surface Parking		
Waiting List	NONE		
Quality Rating	A	Neighborhood Rating	A-
Remarks	Does not accept HCV; Final phase completed in 2007; Select 1-br & townhomes have attached garage; Townhomes have ceiling fans, fireplace & basement		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Fireplace, Blinds, Storage
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Fitness Center, Jacuzzi, Playground, Tennis Court(s), Sports Court, Storage, Car Wash Area, Picnic Area, Walking Trail

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	136	3	780 to 840	\$1.02 - \$1.14	\$795 to \$955
2	2 to 2.5	G	214	5	935 to 1030	\$1.03 - \$1.07	\$1005 to \$1065
3	2.5	T	34	1	2078	\$0.70 - \$0.75	\$1460 to \$1555
3	2.5	G	72	0	1419 to 2078	\$0.55 - \$0.80	\$1135 to \$1145

906 Silver Maple Apts.

38.5 miles to site



Address	239 Cleveland St. Blairsville, GA 30512		
Phone	(706) 781-7569	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	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
2	1	G	8	0	800	\$0.63 - \$0.69	\$500 to \$550

905 Mountainside Manor

21.2 miles to site



Address	264 Bill Hasty Blvd. Jasper, GA 30143	
Phone	(678) 454-4050	Contact Michelle
Total Units	176	Vacancies 2 Percent Occupied 98.9%
Project Type	Market-Rate & Tax Credit	
Year Open	2004	Floors 2,3
Concessions	No Rent Specials	
Parking	Detached Garages, Surface Parking	
Waiting List	NONE	
Quality Rating	A	Neighborhood Rating B+
Remarks	Market-rate (36 units); 60% AMHI (140 units); HCV (5 units)	

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds, Exterior Storage
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Sports Court, Picnic Area

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	10	0	1011	\$0.62	\$625	
1	1	G	50	0	1011	\$0.52	\$525	60%
2	2	G	16	0	1245	\$0.63	\$779	
2	2	G	50	1	1245	\$0.55	\$679	60%
3	2	G	10	1	1382	\$0.59	\$820	
3	2	G	40	0	1382	\$0.52	\$720	60%

907 Mineral Springs Apts.

16.6 miles to site



Address	297 Mineral Springs Rd. Blue Ridge, GA 30513		
Phone	(706) 258-3451	Contact	Annette
Total Units	67	Vacancies	9
		Percent Occupied	86.6%
Project Type	Market-Rate & Tax Credit		
Year Open	2001	Floors	2,3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	30% AMHI: 8 HH		
Quality Rating	B+	Neighborhood Rating	B
Remarks	Market-rate (14 units); 30%, 50% & 60% AMHI (53 units); HCV (2 units); Townhomes have washer/dryer & patio; Vacancies due to economy		

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
Project Amenities	On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Computer Lab, Picnic Area, Playroom

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
2	2.5	T	14	5	840	\$0.80	\$670	
2	2.5	T	21	0	840	\$0.51	\$431	50%
3	2	G	20	4	1104	\$0.56	\$617	60%
3	2	G	4	0	1104	\$0.19	\$208	30%
4	2	G	5	0	1372	\$0.48	\$658	60%
4	2	G	3	0	1372	\$0.15	\$202	30%

904 Homestead Apts.

19.4 miles to site



Address	102 Library Ln. Jasper, GA 30143		
Phone	(706) 253-4663	Contact	Lori
Total Units	57	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	1999	Floors	1,2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	1 household		
Quality Rating	B-	Neighborhood Rating	B
Remarks	50% & 60% AMHI; HCV (3 units)		

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds
Project Amenities	On-site Management, Laundry Facility, Club House, Playground, Sports Court, Picnic Area

Unit Configuration

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	11	0	927	\$0.66	\$610	60%
2	2	G	7	0	957	\$0.64	\$610	50%
3	2.5	T	22	0	1240	\$0.53	\$660	60%
3	2.5	T	17	0	1240	\$0.53	\$660	50%

9 Ellijay East Apts.

2.7 miles to site



Address	188 Eric Simpson Dr. East Ellijay, GA 30540		
Phone	(706) 635-3900	Contact	Kathy
Total Units	45	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit & Government-Subsidized		
Year Open	1991	Renovated	2012
		Floors	1,2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	8 households		
Quality Rating	A-	Neighborhood Rating	B
Remarks	50% & 60% AMHI; RD 515, has RA (14 units); HCV (4 units)		

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Computer Lab, Gazebo

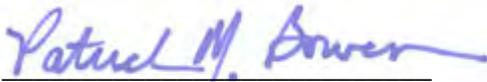
Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	8	0	630	\$0.64 - \$0.73	\$405 to \$460	60%
1	1	G	9	0	630	\$0.64 - \$0.73	\$405 to \$460	50%
2	1.5	T	14	0	922	\$0.46 - \$0.52	\$420 to \$475	60%
2	1.5	T	14	0	922	\$0.46 - \$0.52	\$420 to \$475	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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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	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	E
19.	Historical unemployment rate	E
20.	Area major employers	E
21.	Five-year employment growth	E
22.	Typical wages by occupation	E
23.	Discussion of commuting patterns of area workers	E
Demographic Characteristics		
24.	Population and household estimates and projections	E
25.	Area building permits	E
26.	Distribution of income	E
27.	Households by tenure	E
Competitive Environment		
28.	Comparable property profiles	Addendum B
29.	Map of comparable properties	G
30.	Comparable property photographs	Addendum B
31.	Existing rental housing evaluation	G
32.	Comparable property discussion	G
33.	Area vacancy rates, including rates for Tax Credit and government-subsidized	G
34.	Comparison of subject property to comparable properties	G
35.	Availability of Housing Choice Vouchers	G
36.	Identification of waiting lists	G & Addendum A
37.	Description of overall rental market including share of market-rate and affordable properties	G
38.	List of existing LIHTC properties	G
39.	Discussion of future changes in housing stock	G
40.	Discussion of availability and cost of other affordable housing options including homeownership	G
41.	Tax Credit and other planned or under construction rental communities in market area	G
Analysis/Conclusions		
42.	Calculation and analysis of Capture Rate	F
43.	Calculation and analysis of Penetration Rate	F
44.	Evaluation of proposed rent levels	G
45.	Derivation of Achievable Market Rent and Market Advantage	G
46.	Derivation of Achievable Restricted Rent	G
47.	Precise statement of key conclusions	A
48.	Market strengths and weaknesses impacting project	A
49.	Recommendations and/or modification to project discussion	A
50.	Discussion of subject property's impact on existing housing	G
51.	Absorption projection with issues impacting performance	A
52.	Discussion of risks or other mitigating circumstances impacting project projection	A
53.	Interviews with area housing stakeholders	H

CHECKLIST (Continued)

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

ADDENDUM D - Methodologies, Disclaimers & Sources

1. PURPOSE

The purpose of this report is to evaluate the market feasibility of an existing apartment project in Georgia following renovations under the Low-Income Housing Tax Credit (LIHTC) program. Currently, the project is a Rural Development Section 515 (RD Section 515) project. When applicable, we have incorporated the market study requirements as outlined in exhibits 4-10 and 4-11 of the Rural Development Handbook.

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 Affordable Housing Market Analysts (NCAHMA). 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. The 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 site is identified. The PMA is generally described as the smallest geographic area expected to generate most of the support for the subject project. 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 socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.

PMAs are established using a variety of factors that include, but are 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 to the site.
- Personal observations by 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 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 the subject development. An in-depth evaluation of those two property types provides an indication of the potential of the subject development.
- Economic and demographic characteristics of the area are evaluated. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information, as well as projections that determine what the characteristics of the market will be when the subject project renovations are complete and after it achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of those 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.
- We conduct an analysis of the subject project's required capture of the number of income-appropriate households within the PMA based on GDCA's demand estimate guidelines. This capture rate analysis considers all income-qualified renter households. For senior projects, the market analyst is permitted to use conversion of homeowners to renters as an additional support component. Demand is conducted by bedroom type and targeted AMHI for the subject project. 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 with 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 proposed unit. This analysis is done for each bedroom type proposed for the site.

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; Bowen National Research, however, 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.

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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 one market-rate property within the Ellijay Site PMA that we consider comparable in terms of unit and project amenities to the subject development. Due to the lack of comparable market-rate properties within the Site PMA, we also identified and surveyed four market-rate properties outside of the Site PMA but within the region in the nearby towns of Oakwood, Gainesville, Flowery Branch and Blairsville, Georgia. Note that the Blairsville area is considered to be socioeconomically similar to the Ellijay area in terms of household income, home values, rents charged and services offered. As such, an adjustment for out of market differences was not warranted for the comparable market-rate project located in the town of Blairsville. However conversely, the Oakwood, Gainesville and Flowery Branch areas are considered socioeconomically different than the Ellijay area, based on the aforementioned market characteristics. Therefore, we have made an adjustment to each of the comparable market-rate projects located in these respective areas to reflect these market differences. These selected properties are used to derive market rent for a project with characteristics similar to the subject development and the subject property's market advantage. It is important to note that, for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents, or *Conventional Rents for Comparable Units*, that can be achieved in the open market for the 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 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 subject project.

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

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

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	Cox Creek Apartments	1995 / 2014	25	92.0%	6 (100.0%)	19 (89.5%)	-
7	Austin Place Apts.	1998 / 2001	26	92.3%	8 (87.5%)	18 (94.4%)	-
901	Audobon Crest	1998	126	100.0%	20 (100.0%)	74 (100.0%)	32 (100.0%)
902	Park Creek Apts.	1998	200	98.5%	80 (98.8%)	84 (98.8%)	36 (97.2%)
903	Treepark Apt. Homes	2006	456	98.0%	136 (97.8%)	214 (97.7%)	106 (99.1%)
906	Silver Maple Apts.	1976	8	100.0%	-	8 (100.0%)	-

Occ. – Occupancy

900 series Map IDs are located outside the Site PMA

The five selected market-rate projects have a combined total of 816 units with an overall occupancy rate of 98.3%. None of the comparable properties has an occupancy rate below 92.3%.

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 subject development.

Rent Comparability Grid

Unit Type →

ONE BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Cox Creek Apartments		Austin Place Apts.		Silver Maple Apts.		Audobon Crest		Park Creek Apts.		Treepark Apt. Homes	
200 Penland St.		3017 Chatsworth Hwy.		239 Cleveland St.		1200 Lanier Mill Cir.		1100 Park Creek Ct.		130 Treepark Cir.	
Ellijay, GA		Ellijay, GA		Blairsville, GA		Oakwood, GA		Gainesville, GA		Flowery Branch, GA	
Data		Data		Data		Data		Data		Data	
on		on		on		on		on		on	
Subject		Subject		Subject		Subject		Subject		Subject	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$525		\$500		\$650		\$725		\$795	
2	Date Surveyed	Sep-13		Sep-13		Sep-13		Sep-13		Sep-13	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	88%		100%		100%		99%		98%	
5	Effective Rent & Rent/ sq. ft	\$525	0.70	\$500	0.63	\$650	0.78	\$725	1.14	\$795	1.02
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/1,2		WU/2		WU/2,3		WU/2,3		WU/3,4	
7	Yr. Built/Yr. Renovated	1995/2014		1998/2001	\$5	1976	\$29	1998	\$7	1998	\$7
8	Condition /Street Appeal	G		G		E	(\$15)	E	(\$15)	E	(\$15)
9	Neighborhood	G		G		G		G		E	(\$10)
10	Same Market?	Yes		No		No	(\$98)	No	(\$109)	No	(\$109)
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		2	(\$50)	1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	650	(\$21)	750	(\$21)	800	(\$32)	830	(\$38)	635	\$3
14	Balcony/ Patio	Y		Y		Y		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/N	\$10	N/Y		N/Y	
18	Washer/Dryer	HU/L	\$5	HU	\$5	HU	\$5	HU/L		HU/L	
19	Floor Coverings	C		C		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		N		Y	(\$5)	Y	(\$5)
23	Ceiling Fans	Y		Y		Y		Y		N	\$5
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		Y		Y	
26	Security Gate	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	N/N		N/N		N/N		N/Y	(\$5)	Y/N	(\$5)
28	Pool/ Recreation Areas	N		N		N		P/F/T	(\$18)	P/F/T	(\$18)
29	Computer Center	N		N		N		N		N	
30	Picnic Area	N		N		N		Y	(\$3)	Y	(\$3)
31	Playground	Y		N	\$3	N	\$3	Y		Y	
32	Additional Storage	Y		N	\$5	N	\$5	N	\$5	N	\$5
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/G		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	Y/Y		Y/Y		N/N	\$33	N/N	\$33	N/N	\$33
39	Trash /Recycling	Y/N		Y/N		N/N	\$20	N/N	\$20	N/N	\$20
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	5	1	5	2	2	7	3	6	1	8
41	Sum Adjustments B to D	\$23	(\$21)	\$52	(\$82)	\$12	(\$182)	\$15	(\$155)	\$5	(\$191)
42	Sum Utility Adjustments					\$53		\$53		\$53	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$2	\$44	(\$30)	\$134	(\$117)	\$247	(\$87)	\$223	(\$133)	\$249
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$527		\$470		\$533		\$638		\$662	
45	Adj Rent/Last rent		100%		94%		82%		88%		83%
46	Estimated Market Rent	\$495		\$0.76		← Estimated Market Rent/ Sq. Ft					

Rent Comparability Grid

Unit Type →

TWO BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Cox Creek Apartments		Austin Place Apts.		Silver Maple Apts.		Audobon Crest		Park Creek Apts.		Treepark Apt. Homes	
200 Penland St.		3017 Chatsworth Hwy.		239 Cleveland St.		1200 Lanier Mill Cir.		1100 Park Creek Ct.		130 Treepark Cir.	
Ellijay, GA		Ellijay, GA		Blairsville, GA		Oakwood, GA		Gainesville, GA		Flowery Branch, GA	
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$550		\$500		\$760		\$850		\$1,005	
2	Date Surveyed	Sep-13		Sep-13		Sep-13		Sep-13		Sep-13	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	94%		100%		100%		99%		98%	
5	Effective Rent & Rent/ sq. ft	\$550	0.54	\$500	0.63	\$760	0.70	\$850	0.81	\$1,005	1.07
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	TH/2		WU/2		WU/2,3		WU/2,3		WU/3,4	
7	Yr. Built/Yr. Renovated	1995/2014		1998/2001	\$5	1976	\$29	1998	\$7	1998	\$7
8	Condition /Street Appeal	G		G		E	(\$15)	E	(\$15)	E	(\$15)
9	Neighborhood	G		G		G		G		E	(\$10)
10	Same Market?	Yes		No		No	(\$114)	No	(\$128)	No	(\$141)
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2		2		2	
12	# Baths	1.5		1	\$15	2	(\$15)	2	(\$15)	2	(\$15)
13	Unit Interior Sq. Ft.	850	(\$33)	1025	\$9	800	\$9	1080	(\$43)	1050	(\$37)
14	Balcony/ Patio	Y		Y		Y		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/N	\$10	N/Y		N/Y	
18	Washer/Dryer	HU/L	\$5	HU	\$5	HU/L		HU/L		HU/L	
19	Floor Coverings	C		C		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)	Y	(\$5)	Y	(\$5)
23	Ceiling Fans	Y		Y		Y		Y		N	\$5
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	\$5	N		Y		Y		Y	
26	Security Gate	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	N/N		N/N		N/N		N/Y	(\$5)	Y/N	(\$5)
28	Pool/ Recreation Areas	N		N		N		P/F/T	(\$18)	P/F/T	(\$18)
29	Computer Center	N		N		N		N		N	
30	Picnic Area	N		N		N		Y	(\$3)	Y	(\$3)
31	Playground	Y	\$3	N	\$3	Y		Y		Y	
32	Additional Storage	Y	\$5	N	\$5	N	\$5	N	\$5	Y	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/G		N/E		N/E		N/G	
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/G	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y		Y/Y		N/N	\$40	N/N	\$40	N/N	\$40
39	Trash /Recycling	Y/N		Y/N		N/N	\$20	N/N	\$20	N/N	\$20
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	5	1	7		2	8	2	8	1	9
41	Sum Adjustments B to D	\$23	(\$33)	\$76		\$12	(\$218)	\$12	(\$226)	\$5	(\$227)
42	Sum Utility Adjustments					\$60		\$60		\$60	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$10)	\$56	\$76	\$76	(\$146)	\$290	(\$154)	\$298	(\$162)	\$292
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$540		\$576		\$614		\$696		\$843	
45	Adj Rent/Last rent		98%		115%		81%		82%		84%
46	Estimated Market Rent	\$555	\$0.65	← 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 the present-day achievable market rents (aka *Conventional Rents for Comparable Units-CRCU*) for units similar to the subject development are \$495 for a one-bedroom unit and \$555 for a two-bedroom unit, which are illustrated as follows:

Bedroom Type	Proposed Collected Rent	Achievable Market Rent (CRCU)	Market Rent Advantage
One-Bedroom	\$459	\$495	7.3%
Two-Bedroom	\$555	\$555	0.0%

CRCU – Conventional Rents for Comparable Units

Typically, Tax Credit rents in urban markets are set 10% or more below achievable market rents to ensure that a LIHTC project will have a sufficient flow of tenants. In more rural settings, such as the subject site, a market rent advantage near 0.0% is acceptable as Tax Credit product often represents some of the most desirable rental housing opportunities available within these areas. As the preceding table illustrates, the proposed collected Tax Credit rents for the one- and two-bedroom units represent market rent advantages of 7.3% and 0.0%, respectively. Based on the preceding analysis these market rent advantages indicate that the proposed subject project is appropriately positioned within the market.

Further, the subject project will retain Rental Assistance (RA) on five (5) of the 25 subject units following renovations, thus requiring tenants of these units to pay up to 30% of their adjusted household incomes towards housing costs. Additionally, as mentioned within this report, the developer will provide a Private Rental Assistance (PRA) subsidy, which will prevent a rent increase on current unassisted residents. Considering the retention of Rental Assistance and the inclusion of a PRA subsidy, the subject units will likely be viewed as an even greater value than that illustrated above.

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.

6. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.
7. Upon completion of renovations, the subject project will have an effective age of a property built in 2005. The selected properties were built between 1976 and 2006. Further, one of the selected properties (Austin Place Apartments) was renovated in 2001. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference as compared to the subject project.
8. While it is anticipated that the proposed subject project will have an improved quality and aesthetic appeal following renovations, three of the selected market-rate properties are considered to be of superior quality as compared to the subject project. As such, we have made adjustments for those properties that we consider to be of superior or quality to the subject development.
9. One of the selected market-rate properties (Treepark Apartment Homes) is considered to be located in a more desirable neighborhood than the subject project. As such, we have made an adjustment to this property to reflect this difference in neighborhood desirability.
10. As previously mentioned, three of the selected properties are located outside of the Site PMA in areas that are considered socioeconomically different than the Ellijay market. As such, an adjustment of 15% was applied to the selected properties located outside of the Site PMA in the towns of Oakwood, Gainesville and Flowery Branch to reflect these market differences.
11. All of the selected properties offer two-bedroom units. However, for the one selected property that does not offer one-bedroom units, we have applied an adjustment of \$50 to the two-bedroom units offered at this project to reflect the inclusion of an additional bedroom at this property.
12. There is a variety of the number of bathrooms offered among the two-bedroom units at the selected properties. We have made adjustments of \$15 per half bathroom to reflect the difference in the number of bathrooms offered at the site as compared with the comparable 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 subject project will offer a unit amenity package which is generally considered to be slightly inferior to those offered at the selected properties. As such, we have made adjustments for features lacking at the subject project, and in some cases, adjustments for features the subject property offers, that the selected properties do not offer.
- 24.-32. The subject project will offer a project amenities package which is also considered to be slightly inferior to those offered among most of the selected properties. We have made monetary adjustments to reflect the differences between the project's and the selected properties' project amenities.
- 33.-39. We made adjustments to reflect the differences in utility responsibility at the selected properties as needed. The utility adjustments were based on the local housing authority's utility cost estimates.

Addendum F:
RENT ROLL

Affordable Rent Roll

Property: Cox Creek Apartments (177) Sort by: Unit

As of 8/1/2013

Unit	Unit Type	Sqft	Bed Rms	Tenant	Program	Contract No.	Tran Type	Effective Date	Market Rent	Gross Rent	Contract Rent	RD Basic Rent	Subsidy	Tenant Rent	Utility Allowance	TTP	Utility Reimb.
Cox Creek Apartments (177)																	
01	177s1	0	1	Graham, Angelene	No Deep Tenant Subsidy		AR	05/01/13	550	490	415	415	0	415	75	490	0
02	177s2	0	2	Nichols, Clara	No Deep Tenant Subsidy		AR	08/01/13	604	521	440	440	0	440	81	521	0
03	177s2	0	2	Kocour, William	No Deep Tenant Subsidy		GR	01/01/13	604	521	440	440	0	440	81	521	0
04	177s2	0	2	VACANT					604	0	375	0	0	0	81	0	0
05	177s2	0	2	Spriggs, William	Rental Assistance(RA)		AR	05/01/13	604	521	440	440	473	0	81	48	33
06	177s2	0	2	McClure, James	No Deep Tenant Subsidy		GR	01/01/13	604	521	440	440	0	440	81	521	0
07	177s2	0	2	Wylie, Augustine	No Deep Tenant Subsidy		MI	06/17/13	604	521	440	440	0	440	81	521	0
08	177s1	0	1	Beasley, Mary	No Deep Tenant Subsidy		GR	01/01/13	550	490	415	415	0	415	75	490	0
09	177s1	0	1	Beck, Reginald	No Deep Tenant Subsidy		MI	07/12/13	550	490	415	415	0	415	75	490	0
10	177s2	0	2	VACANT					604	0	375	0	0	0	81	0	0
11	177s2	0	2	Reece, Monique	No Deep Tenant Subsidy		GR	01/01/13	604	521	440	440	0	440	81	521	0
12	177s2	0	2	Chastain, Pamela	No Deep Tenant Subsidy		MI	02/06/13	604	521	440	440	0	509	81	590	0
13	177s2	0	2	Alred, Audra	No Deep Tenant Subsidy		AR	07/01/13	604	521	440	440	0	468	81	549	0
14	177s2	2	2	Phillips, Matthew	No Deep Tenant Subsidy		MI	07/10/13	604	521	440	440	0	440	81	521	0
15	177s2	0	2	Welch, Ryan	No Deep Tenant Subsidy		MI	07/24/13	604	521	440	440	0	440	81	521	0
16	177s1	0	1	Jones, Rethel	Rental Assistance(RA)		GR	01/01/13	550	490	415	415	284	131	75	206	0
17	177s1	0	1	Clayton, Bonner	No Deep Tenant Subsidy		GR	01/01/13	550	490	415	415	0	415	75	490	0
18	177s2	0	2	Johnson, Trudy	Rental Assistance(RA)		AR	01/01/13	604	521	440	440	492	0	81	29	52
19	177s2	0	2	Powell, Steffanie	Rental Assistance(RA)		GR	01/01/13	604	521	440	440	321	119	81	200	0
20	177s2	0	2	Thornton, Lindsay	No Deep Tenant Subsidy		MI	03/08/13	604	521	440	440	0	440	81	521	0
21	177s2	0	2	Cochran, Mindy	No Deep Tenant Subsidy		MI	07/29/13	604	521	440	440	0	440	81	521	0
22	177s2	2	2	VACANT					604	0	375	0	0	0	81	0	0
23	177s2	0	2	Schroeder, Sara	No Deep Tenant Subsidy		GR	01/01/13	604	521	440	440	0	440	81	521	0
24	177h1	0	1	Crowe, Bobby	No Deep Tenant Subsidy		AR	01/01/13	550	490	415	415	0	415	75	490	0

Affordable Rent Roll

Property: Cox Creek Apartments (177) Sort by: Unit

As of 8/1/2013

Unit	Unit Type	Sqft	Bed Rms	Tenant	Program	Contract No.	Tran Type	Effective Date	Market Rent	Gross Rent	Contract Rent	RD Basic Rent	Subsidy	Tenant Rent	Utility Allowance	TTP	Utility Reimb.
Cox Creek Apartments (177)																	
25	177s2	0	2	Vick, David	Rental Assistance(RA)		AR	01/01/13	604	521	440	440	401	39	81	120	0
Total :		4	44		Number of Units:				14,776	11,276	10,655	9530	1,971	7,741	1,989	9,402	85
Grand Total :		4	44		Total Units:				14,776	11,276	10,655		1,971	7,741	1,989	9,402	85