

# Market Feasibility Analysis

Crestview Manor Apartments  
401 Dovetown Road  
Royston, Franklin County, Georgia 30662

## *Prepared For*

Mr. Bill Rea  
Rea Ventures Group, LLC  
2964 Peachtree Road Northwest Suite 640  
Atlanta, Georgia 30305  
&  
Churchill Stateside Group, LLC  
601 Cleveland Street, Suite 850  
Clearwater, Florida 33755

## *Effective Date*

September 20, 2013

## *Job Reference Number*

13-498 CR/PB



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

## TABLE OF CONTENTS

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

## SECTION A – EXECUTIVE SUMMARY

This report evaluates the market feasibility of the existing Crestview Manor Apartments rental community to be renovated utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program in Royston, 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 Crestview Manor Apartments project was originally built in 1996 and has operated under the Rural Development 515 (RD 515) and Low-Income Housing Tax Credit (LIHTC) programs since that time. The project contains 25 age-restricted (age 62 and older) units, comprised of 22 one-bedroom and three (3) two-bedroom garden-style units. Currently, 24 of the 25 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 subject project is currently 100.0% occupied and maintains a waiting list of seven (7) households.

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 24 units of RA will be preserved and all units will continue to target households 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 site is located within a developing area of Royston, Georgia. The surrounding land uses are predominantly apartment complexes, residential dwellings, agricultural land, undeveloped wooded land and healthcare facilities. The structures in the immediate vicinity of the site are considered to be in average condition. The surrounding land uses are consistent with those observed throughout the market area and the subject site fits well with its surrounding land uses. The subject site is located within proximity of numerous community services including grocery stores, pharmacies, banks, gas stations and discount retailers, many of which are located within 1.5 miles of the subject site. The subject site is generally unimpeded by surrounding land uses and provides convenient accessibility to arterial roadways and community services. Given the subject site's clear visibility and convenient accessibility, both visibility and access of the subject site are considered good and contribute to the overall marketability of the site.

### **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 Royston PMA includes all of Royston, Carnesville, Franklin Springs, Bowersville and some of the surrounding areas of Franklin County. The boundaries of the Royston Site PMA include U.S. Highway 85 to the north; Airline Goldmine Road and Eagle Grove School Road to the east; Colbert-Danielsville Road and State Route 72 to the south; and State Route 68, State Route 106 and State Route 98 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 Royston Site PMA is projected to experience both elderly population and household growth. Specifically, the total senior population within the Site PMA is projected to increase by 236 (4.4%) while the total number of senior households (age 55 and older) will increase by 126 (7.7%) during this time period. Further, the senior population (age 55 and older) is estimated to comprise more than 30.0% of the total population within the Site PMA in 2013. It should also be noted that, the number of senior 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 Franklin County economy is improving. However, this improvement is occurring at a rate slower than those experienced in many 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 Franklin County since the impact of the national recession. Specifically, the employment base within Franklin County has struggled to recover from the impact of the national recession, generally declining since 2007. However, it should be noted that while the employment base continues to struggle, the Franklin County unemployment rate, although relatively high (10.3%), has steadily been declining since 2010. Nonetheless, the Franklin 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 Franklin 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 Crestview Manor Apartments property has project-based Rental Assistance (RA) available to 24 of its 25 units. As such, tenants with little to no income are eligible to reside at this project. Following LIHTC renovations, these 24 units of RA are expected to remain in-place. Based on our demand estimates detailed in Section G of this report, there will be 305 age- and income-qualified renter households to support the 25 renovated units. As such, the capture rate would be 8.2% ( $25 / 305 = 8.2\%$ ) if all units were vacated. However, the project is 100.0% occupied and all current tenants are anticipated to remain following LIHTC renovations. Therefore, the renovated subject project will have an effective capture rate of 0.0%. A detailed capture rate analysis and alternative demand scenarios are provided in Section G of this report.

## 7. Comparable/Competitive Rental Analysis

Upon completion of renovations, the subject project will offer one- and two-bedroom units to senior households (ages 62 and older) earning up to 60% of Area Median Household Income (AMHI). Within the Site PMA, we identified one Low-Income Housing Tax Credit (LIHTC) project, other than the subject development. However, this LIHTC development also operates with a project-based subsidy and will not be included in our comparable analysis. Due to the limited amount of comparable LIHTC product within the Site PMA, we identified and surveyed four additional LIHTC properties located outside of the Site PMA, but within the nearby region.

Note that the comparable properties located outside of the Site PMA will derive demographic support from a different geographic area compared to the subject project. As such, these properties will not compete directly with the subject project and have been considered for comparison purposes only.

The four comparable properties and the subject property are illustrated in the following table.

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	<b>Crestview Manor Apartments</b>	<b>1996 / 2014</b>	<b>25</b>	<b>100.0%</b>	-	<b>7 H.H.</b>	<b>Seniors 62+; 60% AMHI &amp; RD 515</b>
903	Heritage Crossing	2002	96*	97.9%	24.2 Miles	None	Families; 50% & 60% AMHI
905	Fern Point Apts.	2012	48	100.0%	26.9 Miles	None	Families; 50% & 60% AMHI
906	Heritage Hills	2000	80	85.0%	23.5 Miles	None	Families; 50% & 60% AMHI
909	Juniper Court	2009	36*	100.0%	14.9 Miles	40 H.H.	Seniors 55+; 50% & 60% AMHI

OCC. - Occupancy

\*Tax Credit units only

900 Series Map IDs are located outside of the Site PMA

The four LIHTC projects have a combined occupancy rate of 94.6%, indicating a strong demand for affordable LIHTC housing in the region. It should be noted that the one comparable age-restricted LIHTC project in the region, Juniper Court (Map ID 909) is 100.0% occupied and maintains a waitlist of 40 households for its next available units. The high occupancy rates and waitlists maintained at both the subject project and the one comparable age-restricted project in the region demonstrate that there is pent-up demand for affordable senior-oriented rental housing within the market and the region. It is also of note that the less than stable occupancy rate of 85.0% reported at Heritage Hills (Map ID 906) has been attributed to multiple recent evictions at this property and tenants who have recently experienced job transfers and were forced to relocate, according to management of this project.

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.	
Site	Crestview Manor Apartments	\$534/60% (22)	\$611/60% (3)	-	-
903	Heritage Crossing	\$569/50% (4/0) \$673/60% (4/0)	\$682/50% (31/0) \$762/60% (28/1)	\$789/50% (14/0) \$854/60% (15/1)	None
905	Fern Point Apts.	\$441/50% (2/0) \$526/60% (8/0)	\$537/50% (4/0) \$637/60% (24/0)	\$643/50% (2/0) \$763/60% (8/0)	None
906	Heritage Hills	\$553/50% (5/0) \$603/60% (5/0)	\$671/50% (25/2) \$721/60% (25/7)	\$767/50% (10/1) \$832/60% (10/2)	None
909	Juniper Court	\$473/50% (9/0) \$501/60% (5/0)	\$538/50% (13/0) \$553/60% (9/0)	-	None

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 24 of its 25 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.

Overall, the proposed project is older than the selected properties, but substantial renovations will effectively update its aesthetic appeal. Our comparative analysis in Section H reveals the unit designs (square footage and bathrooms) of the subject units are slightly inferior to those of the comparable LIHTC projects in the region. However, the 100.0% occupancy rate reported at the subject project indicates that the unit sizes (square feet) and number of bathrooms offered are appropriate for the targeted tenant profile (seniors age 62 and older) and have not, and should not, adversely impact marketability of the subject project. Similarly, the proposed amenities package is also considered appropriate for the targeted tenant population at the subject project. 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 100.0% occupied and maintains a seven household waiting list. It should also be noted that while residents will be relocated temporarily during renovations, they will not be permanently displaced. Therefore, few if any, of the subject units 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 24 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 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 age- and/or 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 24 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:	Crestview Manor Apartments	Total # Units:	25
Location:	401 Doovertown Road, Royston, Georgia 30662 (Franklin County)	# LIHTC Units:	25
PMA Boundary:	U.S. Highway 85 to the north; Airline Goldmine Road and Eagle Grove School Road to the east; Colbert-Danielsville Road and State Route 72 to the south; and State Route 68, State Route 106 and State Route 98 to the west.		
	Farthest Boundary Distance to Subject:		15.6 miles

## RENTAL HOUSING STOCK (found on page H-1)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	8	187	0	100.0%
Market-Rate Housing	0	0	0	N/A
Assisted/Subsidized Housing not to include LIHTC	6	138	0	100.0%
<b>LIHTC</b>	2	49	0	100.0%
Stabilized Comps (in PMA only)	0	0	0	N/A
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
22	One	1.0	600	\$483*	\$490	\$0.75	1.4%	\$660	\$0.68
3	Two	1.0	800	\$540	\$540	\$0.68	0.0%	\$770	\$0.69

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

## DEMOGRAPHIC DATA (found in Section E &amp; G)

	2010		2013		2015	
Renter Households (Age 62 +)	660	20.3%	746	22.1%	771	22.0%
Age- and Income-Qualified Renter HHs (LIHTC)*	N/A	N/A	530	15.7%	544	15.5%
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 24 of 25 units

## TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page G-5)

Type of Demand	RA Units	Non-RA Units	Overall as Proposed	Market-rate	Other__	LIHTC Only Scenario
Renter Household Growth (Age 62+)	14	2	14	-	-	2
Existing Households (Overburd + Substand)	285	46	285	-	-	46
Homeowner conversion (Seniors)	6	1	6	-	-	1
<b>Total Primary Market Demand</b>	305	49	305	-	-	49
Less Comparable/Competitive Supply	0	0	0	-	-	0
<b>Net Age- and Income-Qualified Renter HHs</b>	<b>305</b>	<b>49</b>	<b>305</b>	-	-	<b>49</b>

## CAPTURE RATES (found on page G-5)

Targeted Population	RA Units	Non-RA Units	Overall as Proposed	Market-rate	Other__	LIHTC Only Scenario
Capture Rate	0.0%*	2.0%	0.3%*	-	-	51.0%

\* 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 Crestview Manor Apartments project was originally built in 1996 and has operated under the Rural Development 515 (RD 515) and Low-Income Housing Tax Credit (LIHTC) programs since that time. The project contains 25 age-restricted (age 62 and older) units, comprised of 22 one-bedroom and three (3) two-bedroom garden-style units. Currently, 24 of the 25 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 subject project is currently 100.0% occupied and maintains a waiting list of seven (7) households.

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 24 units of RA will be preserved and all units will continue to target households 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 residents (PRA subsidy not to extend beyond existing residents). The PRA subsidy will prevent a rent increase on current residents, allowing existing residents to pay current rents. It should be noted that the proposed gross rents for the one-bedroom subject units are above the 2013 maximum allowable gross LIHTC limits for Franklin County. Therefore, the proposed gross rent for the one-bedroom units would need to be lowered to or below the 2013 maximum allowable gross LIHTC limits for Franklin County in the unlikely event that the subject project lost its 24 units of RA and had to operate exclusively under the LIHTC program. Note that the 2013 maximum allowable gross LIHTC rents for one-bedroom units in Franklin County are illustrated in the table on the following page and have been utilized throughout the remainder of this report. Additional project details follow:

- 1. PROJECT NAME:** Crestview Manor Apartments
  
- 2. PROPERTY LOCATION:** 401 Dovetown Road  
Royston, Georgia 30662  
(Franklin County)
  
- 3. PROJECT TYPE:** Current: Tax Credit & RD 515  
Proposed: Tax Credit & 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		
22	One-Br.	1.0	Garden	600	\$430	60%	\$534	\$51	\$483	\$534	\$443	\$490	\$483
3	Two-Br.	1.0	Garden	800	\$450	60%	\$611	\$71	\$540	\$642	\$599	\$540	\$540
25	Total												

Source: Boyd Management

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

\*Denotes current basic rents under the RD 515 program

U.A. – Utility Allowance

Max. Allow. – Maximum Allowable

CRCU – Conventional Rents for Comparable Units

G - Garden

**5. TARGET MARKET:** Low-Income Seniors (age 62 and older)

**6. PROJECT DESIGN:** One-story residential buildings with one- and two-bedroom garden-style units.

**7. ORIGINAL YEAR BUILT:** 1996

**8. ANTICIPATED RENOVATION COMPLETION DATE:** 2014

**9. UNIT AMENITIES:**

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

**10. COMMUNITY AMENITIES:**

- On-Site Management
- Laundry Facility
- Picnic Area
- Community Space

**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 24 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 24 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 100.0% occupied and maintains a seven-household 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 24 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.

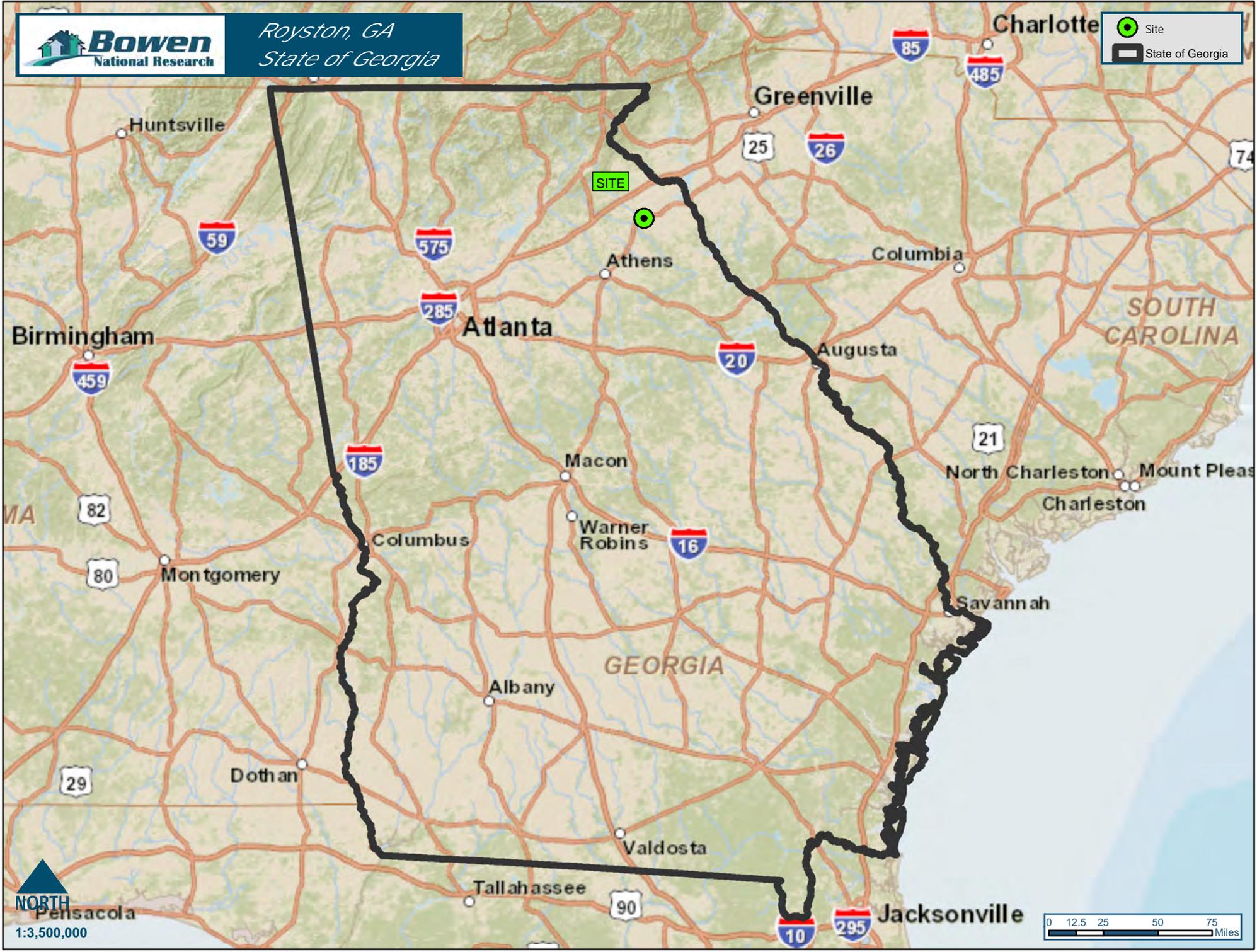
**17. STATISTICAL AREA:** Franklin County, Georgia (2013)

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



*Royston, GA*  
*State of Georgia*

● Site  
▭ State of Georgia



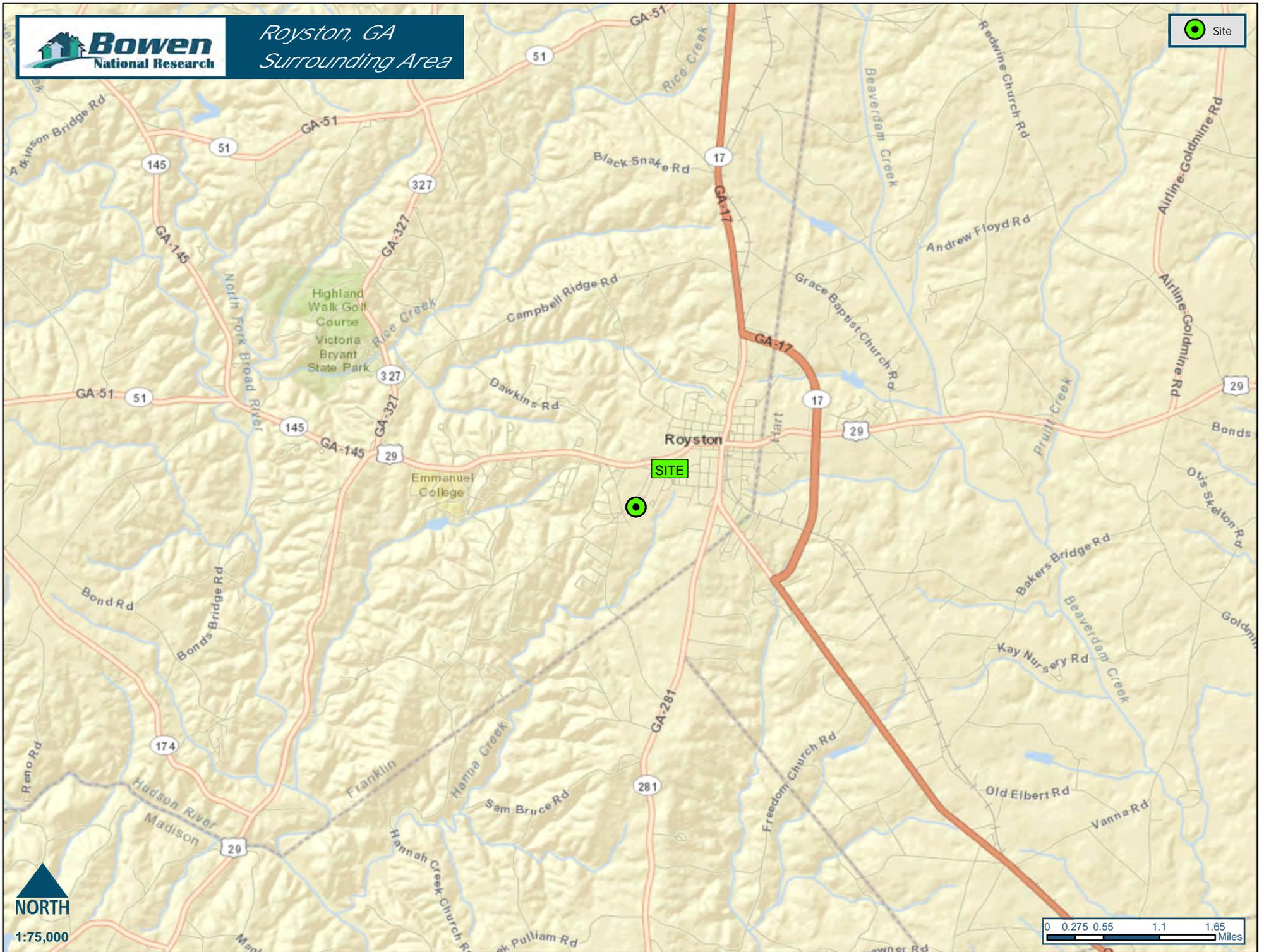
**NORTH**  
1:3,500,000





*Royston, GA  
Surrounding Area*

Site



NORTH

1:75,000

0 0.275 0.55 1.1 1.65 Miles



## SECTION C – SITE DESCRIPTION AND EVALUATION

### 1. LOCATION

The Crestview Manor Apartments are located at 401 Dovetown Road, in the southwestern portion of Royston, Georgia. Located within Franklin County, Royston is approximately 93.0 miles northeast of Atlanta, Georgia and approximately 20.0 miles west of the Georgia/South Carolina state line. An employee of Bowen National Research inspected the site and area apartments during the week of September 16, 2013.

### 2. SURROUNDING LAND USES

The proposed subject site is within a developing area of Royston, Georgia. Surrounding land uses generally include apartment complexes, residential dwellings, agricultural land, undeveloped wooded land and healthcare facilities. Adjacent land uses are detailed as follows:

<b>North -</b>	Undeveloped wooded land and Dovetown Road borders the site to the north. Dovetown Road was observed to be a two-lane, moderately traveled, feeder-street. Continuing north is the Cobb Place Apartments, The Gables at Cobb Village Apartments, the Brown Memorial Convalescent Center and the Tri-County shopping center to the northwest. Further north is Cook Street, a two-lane, moderately traveled roadway. Extending further north is the Ty Cobb Healthcare full-service hospital and Franklin Springs Street, a major arterial roadway in the area.
<b>East -</b>	Undeveloped wooded land defines the eastern boundary of the site. Continuing east is the Cobb Center apartments in average condition, the Franklin County Septic Pond, and undeveloped wooded land extends to Wildcat Bridge Road.
<b>South -</b>	A small single-family residential community is located southwest of the subject site. Agricultural land and undeveloped wooded land extends beyond south of the site along Shirley Road, a two-lane, moderately traveled roadway that intersects with Dovetown Road southwest of the site.
<b>West -</b>	Dovetown Road defines the western boundary of the site. Continuing west are two-story, single-family, homes considered to be in good condition. Further west is undeveloped wooded land scattered with two-story, single family homes that extend beyond.

The subject site is primarily surrounded by multi-family developments, single-family homes, healthcare facilities, and agricultural/undeveloped land. The residential dwellings and apartments located within the immediate site neighborhood are considered to be in relatively good condition. Overall, the subject site fits well with the existing surrounding structures.

### **3. VISIBILITY AND ACCESS**

The subject site is located on Dovetown Road, a two-lane, moderately traveled, feeder-street. Dovetown Road ultimately gains access from Cook Street and Franklin Springs Street. Franklin Springs Street was observed to be a two-lane, highly-traveled, arterial roadway. Dovetown Road provides significant passerby traffic to the subject site and convenient access to arterial roadways. Further, the subject site is generally unimpeded by its surrounding land uses and is clearly visible while traveling in both directions along Dovetown Road. Given the subject site's clear visibility and convenient accessibility, both visibility and access of the subject site are considered good and contributes to the overall marketability of the subject site.

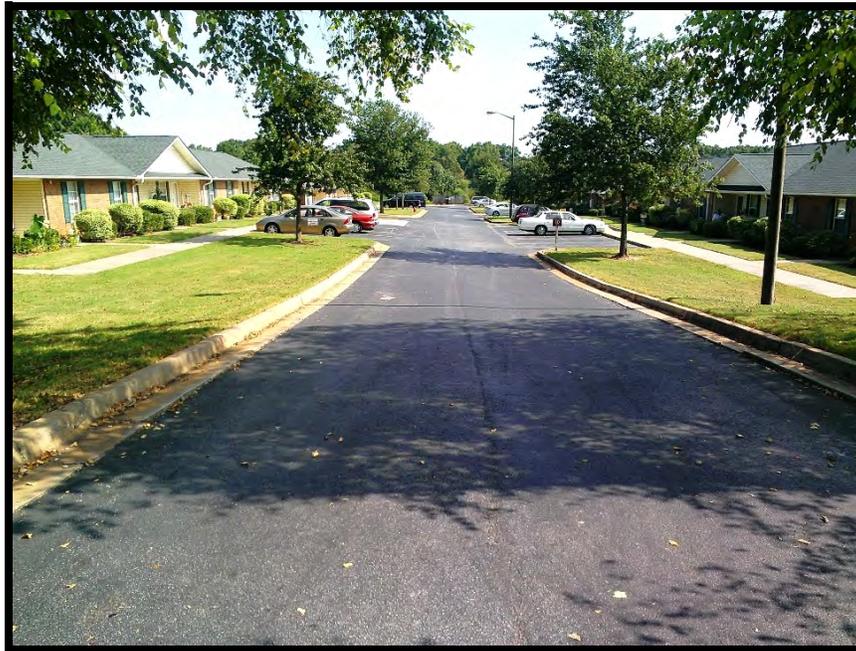
### **NUISCANCES**

It should be of note that there were no known nuisances observed in the immediate neighborhood of the site.

### **4. SITE PHOTOGRAPHS**

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

# SITE PHOTOGRAPHS



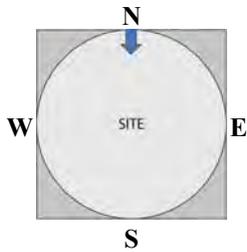
Entryway



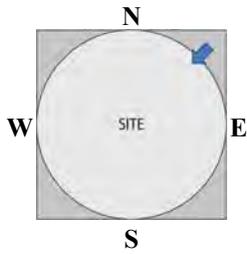
Entryway Signage



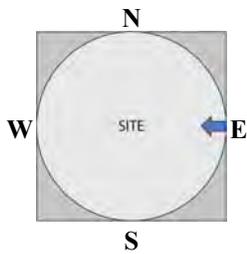
Property Photo



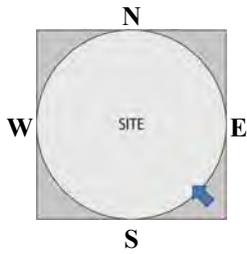
View of site from the north



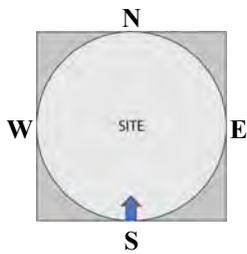
View of site from the northeast



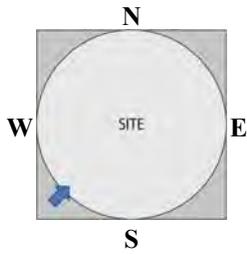
View of site from the east



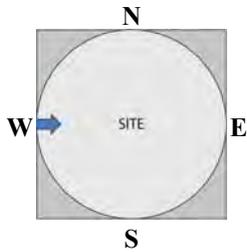
View of site from the southeast



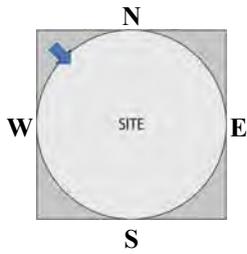
View of site from the south



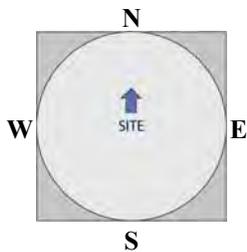
View of site from the southwest



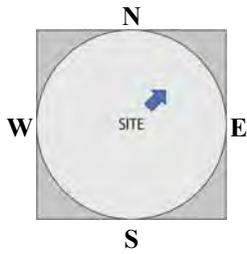
View of site from the west



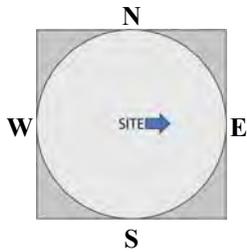
View of site from the northwest



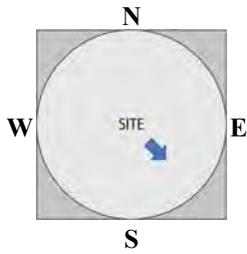
North view from site



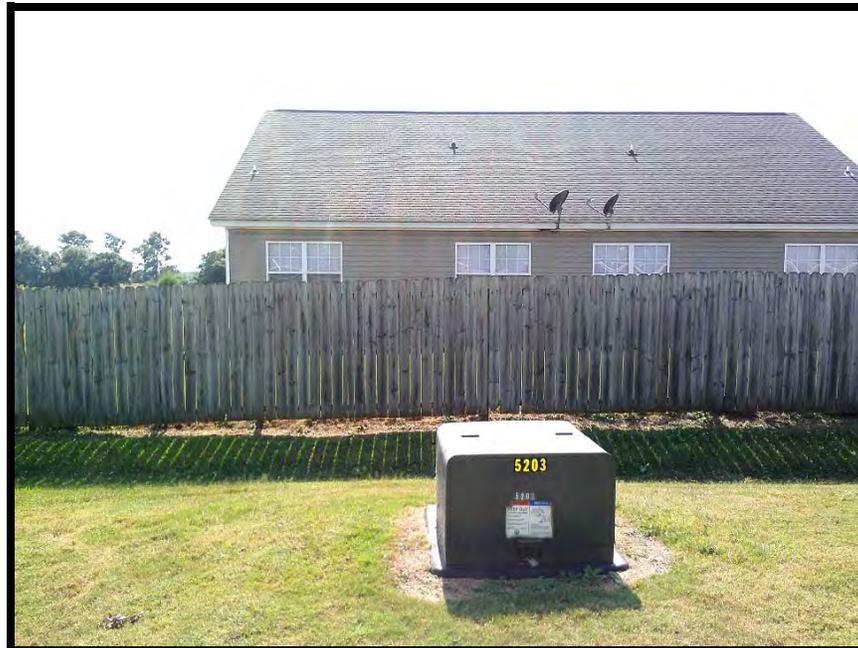
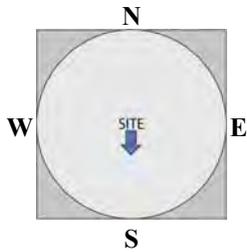
Northeast view from site



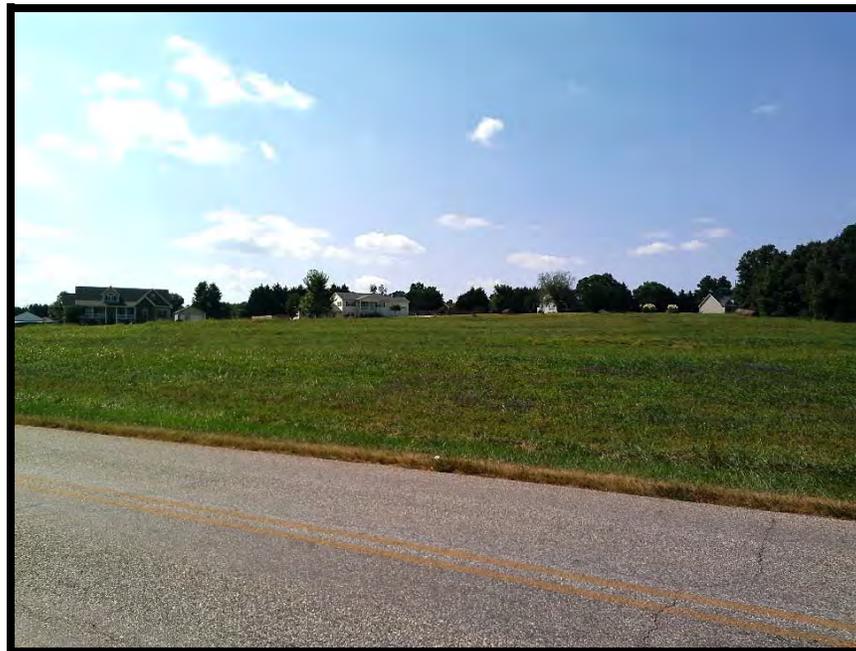
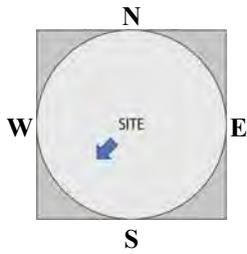
East view from site



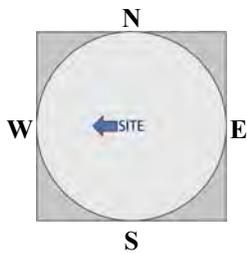
Southeast view from site



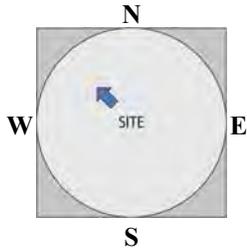
South view from site



Southwest view from site



West view from site



Northwest view from site



North View of Dometown Road



South View Of Dometown Road



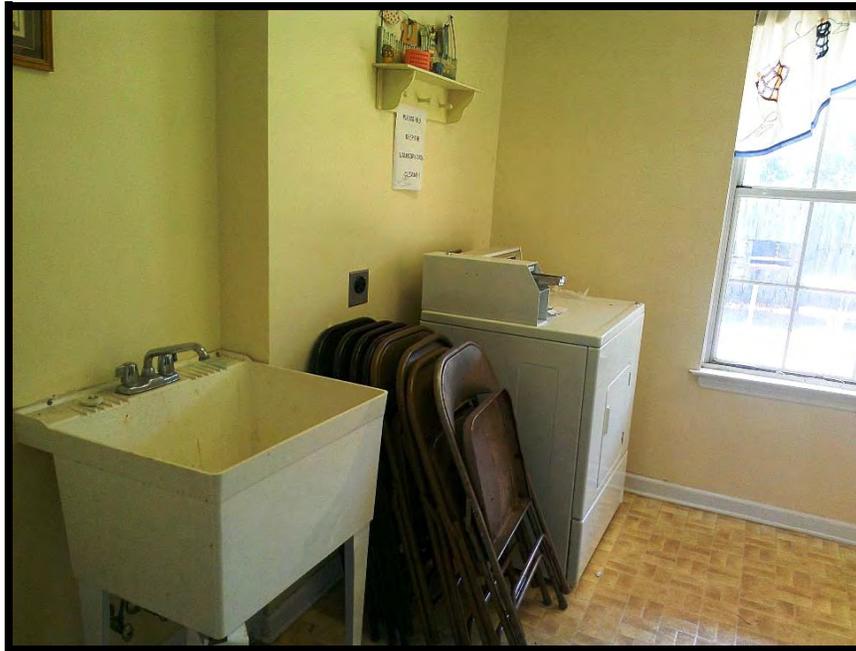
Picnic Area



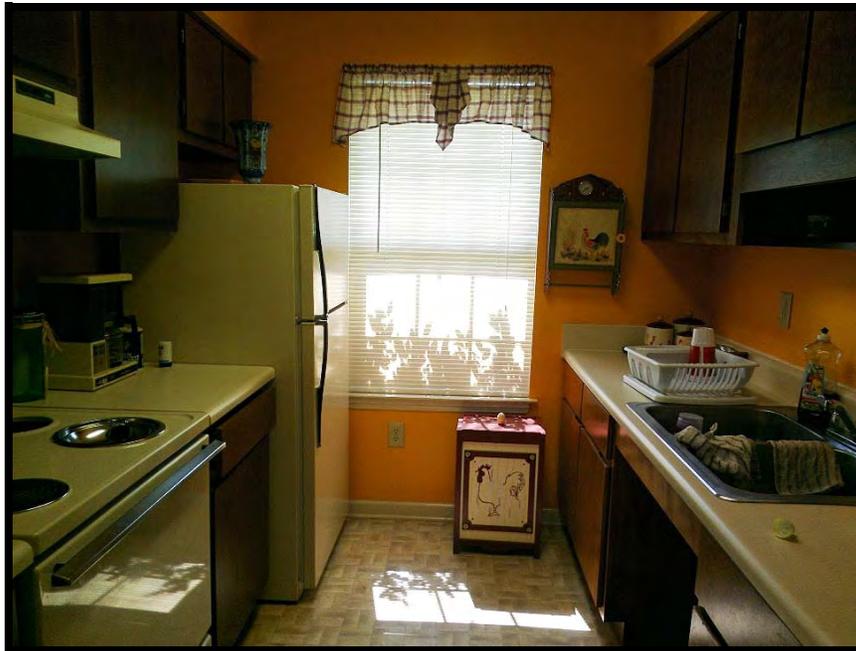
Community Room



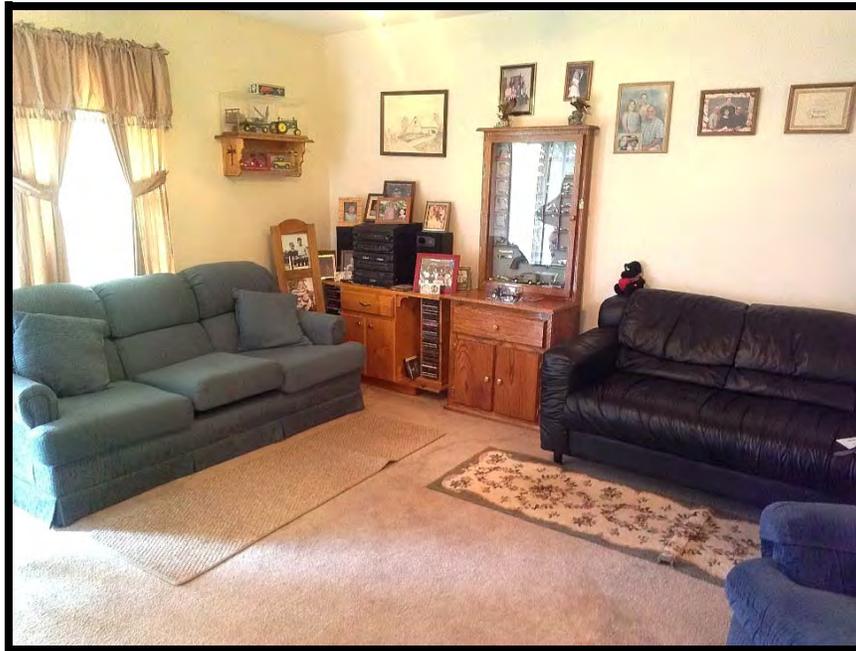
Community Room - Bathroom



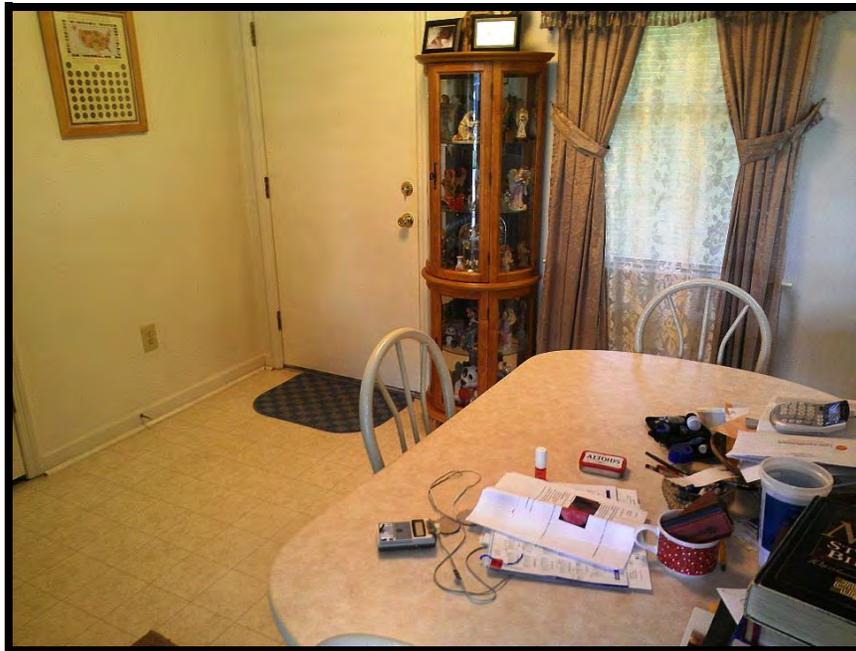
Laundry Room



Community Room - Kitchen



One Bedroom - Living Room



One Bedroom - Dining Room



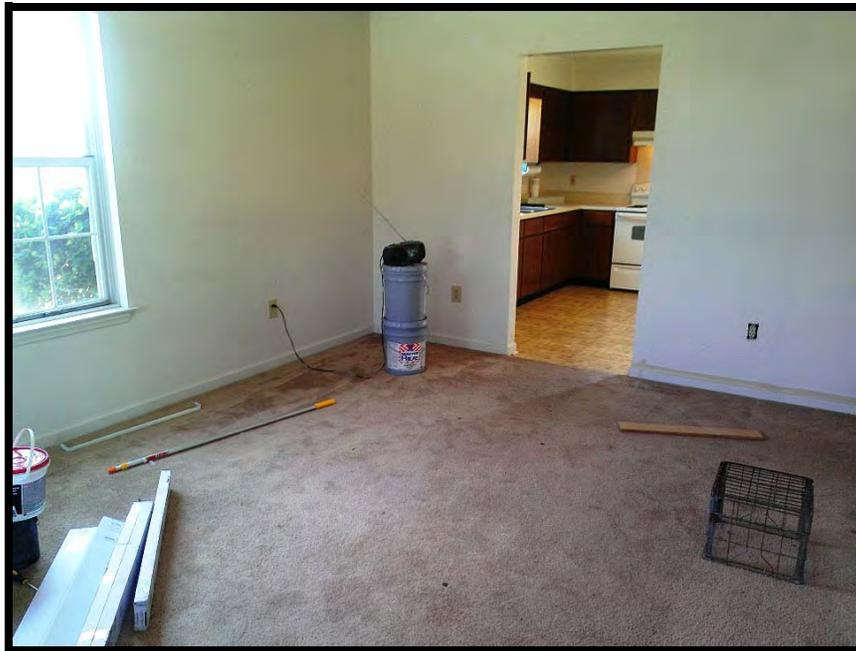
One Bedroom - Kitchen



One Bedroom - Bedroom



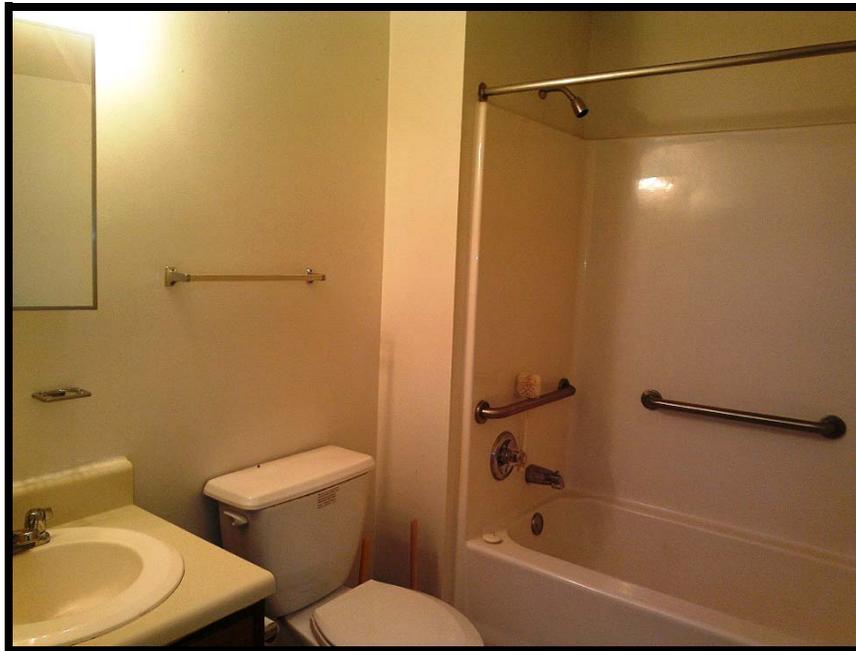
One Bedroom - Bathroom



Two Bedroom - Living Room



Two Bedroom - Kitchen



Two Bedroom - Bathroom

## 5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

Community Services	Name	Driving Distance From Site (Miles)
Major Highway(s)	U.S. Highway 29 State Route 8 State Route 17	0.4 North 0.4 North 1.0 Northeast
Public Bus Stop	Hart County Public Transportation	On-Site
Convenience Store	Smile Mart Marathon Shell	0.4 Northeast 0.5 Northeast 1.0 East
Grocery	Lucero Grocery Store Food City Bi-Lo	0.5 Northeast 0.5 Northeast 0.5 Northwest
Discount Department Store	Fred's Store Family Dollar Store Maxway	0.1 Northwest 0.5 Northeast 0.5 North
Shopping Center/Mall	Tri-County Plaza	0.6 Northwest
Hospital	Ty Cobb Healthcare	0.4 North
Police	Royston Police Department	1.0 East
Fire	Royston Fire Volunteer Department	1.4 East
Post Office	U.S. Post Office U.S. Post Office	1.0 East 1.9 West
Bank	Northeast Georgia Bank Pinnacle Bank Pinnacle Bank	0.9 Northeast 1.0 East 1.9 West
Gas Station	Smile Mart Marathon Shell	0.5 Northeast 0.4 Northeast 1.0 East
Pharmacy	Scottie Discount Drugs Rite Aid Medicap Pharmacy	0.5 Northeast 0.5 North 0.9 Northeast
Restaurant	Belles Cooking Peking Palace El Manzanillo	0.5 Northeast 0.5 North 0.5 Northeast
Library	Royston Library	0.6 Northeast
Medical Center	U.S. Renal Care Med Link Reddy Care	0.3 North 0.3 North 0.8 Northeast
Golf	Victoria Bryant Golf Course	2.8 West
Museum	Ty Cobb Museum	0.6 Northeast
Church	Cornerstone Baptist Church First United Methodist Church Royston Baptist Church	0.7 Northwest 0.9 Northeast 0.9 East

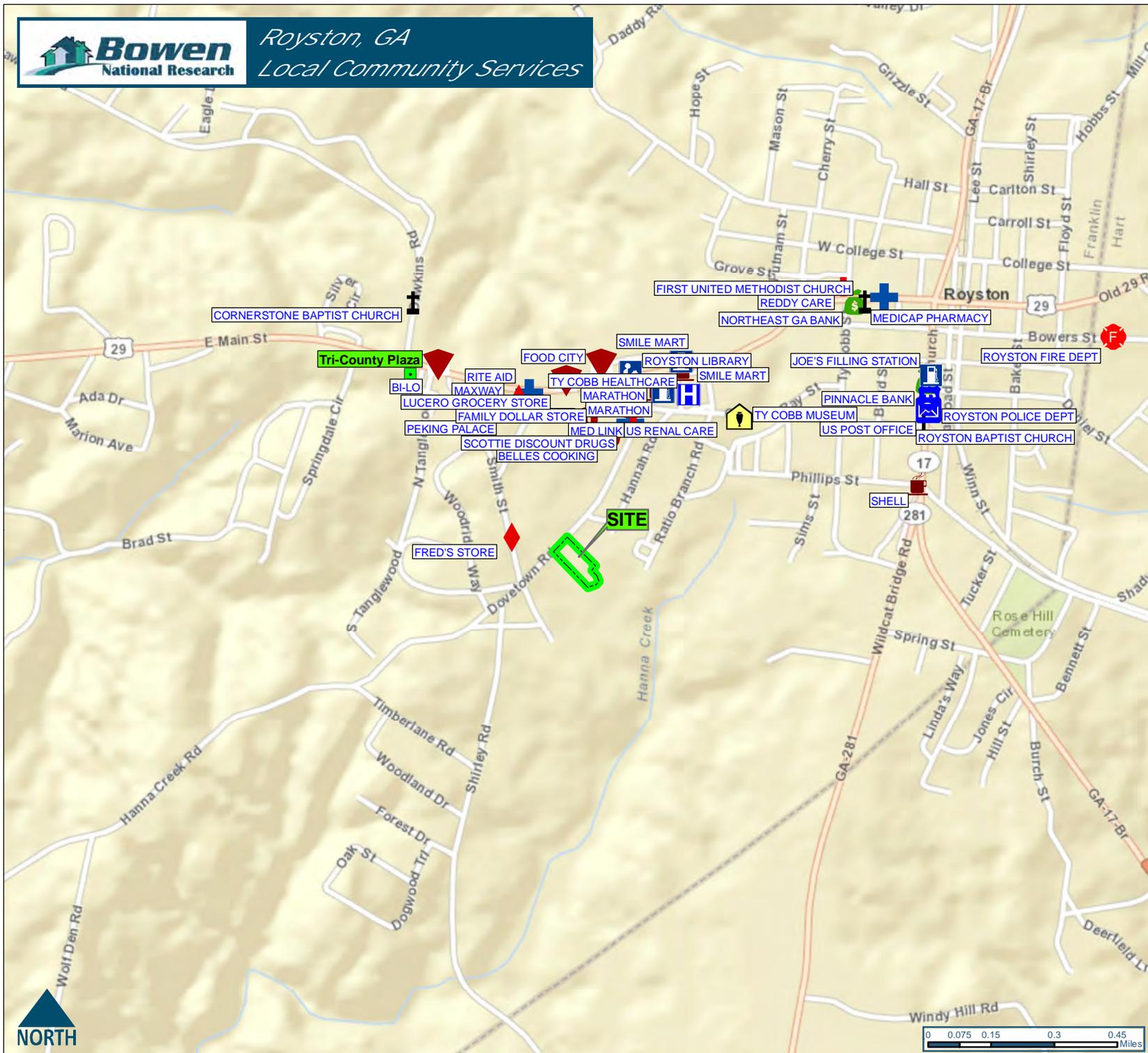
The subject site is located within proximity of numerous community services including grocery stores, pharmacies, banks, gas stations and discount retailers. Many of these community services are located within 1.5 miles of the immediate site neighborhood. These notable community services include, but are not limited to Smile Mart, Food City, Fred's Store, Family Dollar, Pinnacle Bank and Rite Aid. It should be noted that there is no fixed route public transportation system in the city of Royston. However, Hart County Public Transportation provides on-call transportation services with prior 24 hour reservation.

Hart County Public Transportation provides low cost transportation to the citizens of Hart County. Although, the site is considered to be part of Franklin County the Hart County Public Transportation provides transportation services to all areas in Royston with fares ranging from \$1.00-\$4.00 one way.

The Ty Cobb Healthcare facility is the nearest full-service hospital with emergency services. There are also several medical centers and urgent care facilities located within close proximity of the site. These medical centers and urgent care facilities include, but are not limited to U.S. Renal Care, Med Link and Reddy Care.

All public safety services are provided by the Royston Police Department and the Royston Volunteer Fire Department which are located within 1.4 miles from the subject site.

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

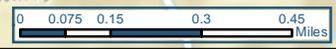


*Legend*

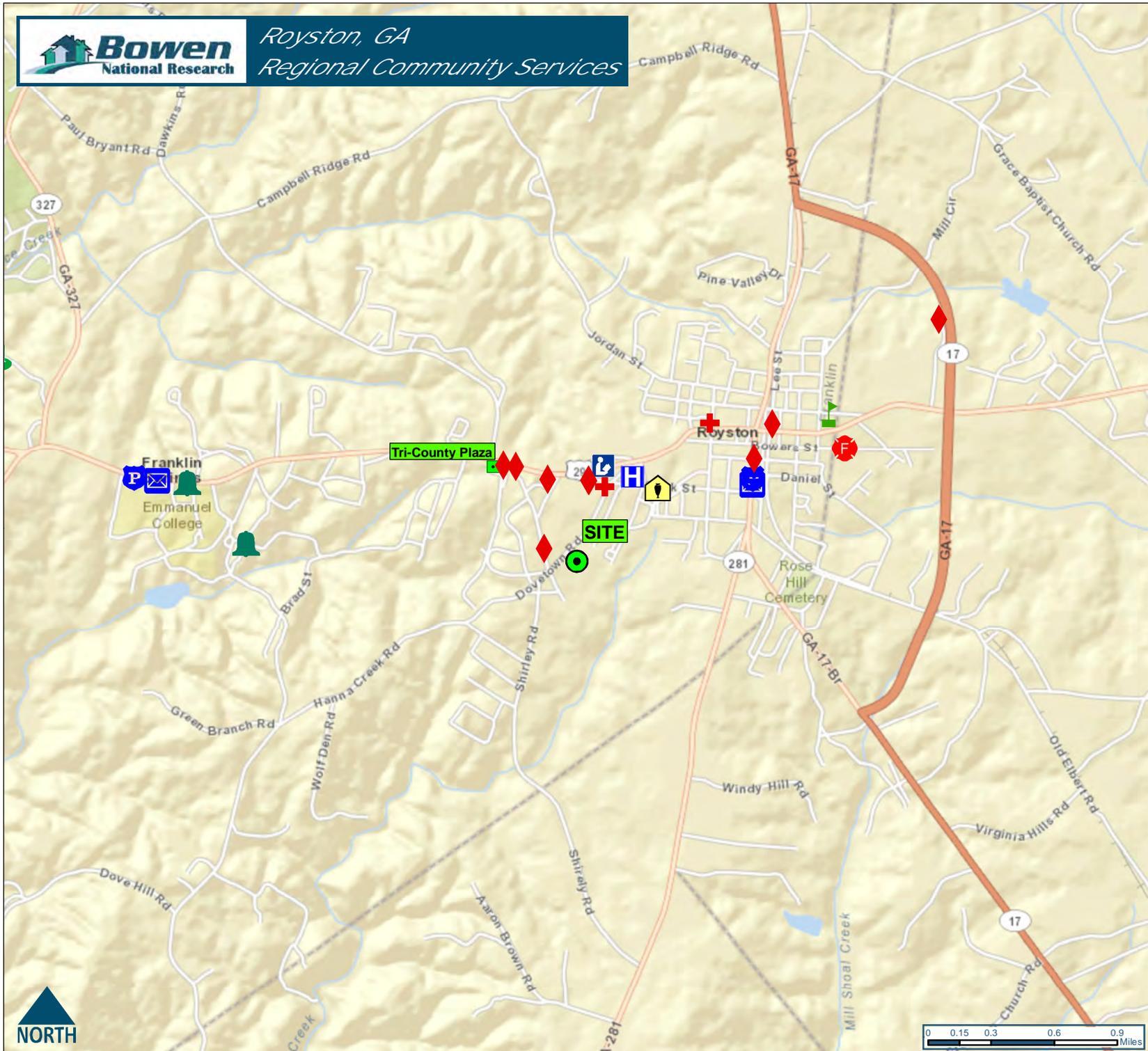
-  Site Area
-  bank
-  church
-  convenience store
-  fire
-  gas
-  grocery
-  hospital
-  library
-  medical center
-  museum
-  pharmacy
-  police
-  post office
-  restaurant
-  shopping

**Shopping Center**  
Gross Leasable Area

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



1:20,000



Legend

-  Site
-  elementary school
-  fire
-  hospital
-  library
-  medical center
-  museum
-  police
-  post office
-  shopping
-  university

Shopping Center

Gross Leasable Area

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



1:40,000

## 6. CRIME ISSUES

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

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

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

Total crime risk (47) for the Site PMA is below the national average with an overall personal crime index of 44 and a property crime index of 44. Total crime risk (53) for Franklin County is below the national average with indexes for personal and property crime of 50 and 51, respectively.

	Crime Risk Index	
	Site PMA	Franklin County
<b>Total Crime</b>	<b>47</b>	<b>53</b>
<b>Personal Crime</b>	<b>44</b>	<b>50</b>
Murder	68	80
Rape	35	37
Robbery	21	25
Assault	59	65
<b>Property Crime</b>	<b>44</b>	<b>51</b>
Burglary	72	80
Larceny	31	38
Motor Vehicle Theft	32	38

Source: Applied Geographic Solutions

As the preceding table illustrates, the crime index reported for the Site PMA is below the crime index for Franklin County. Further, the crime index for the Site PMA is also below the national average. 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.



## **7. OVERALL SITE EVALUATION**

The subject site is located within a developing area of Royston, Georgia. The surrounding land uses are predominantly apartment complexes, residential dwellings, agricultural land, undeveloped wooded land and healthcare facilities. The structures in the immediate vicinity of the site are considered to be in average condition. The surrounding land uses are consistent with those observed throughout the market area and the subject site fits well with its surrounding land uses. The subject site is located within proximity of numerous community services including grocery stores, pharmacies, banks, gas stations and discount retailers, many of which are located within 1.5 miles of the subject site. The subject site is generally unimpeded by surrounding land uses and provides convenient accessibility to arterial roadways and community services. Given the subject site's clear visibility and convenient accessibility, both visibility and access of the subject site are considered good and contribute to the overall marketability of the site.

## **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.



## SECTION D – PRIMARY MARKET AREA DELINEATION

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

The Royston PMA includes all of Royston, Carnesville, Franklin Springs, Bowersville and some of the surrounding areas of Franklin County. The boundaries of the Royston Site PMA include U.S. Highway 85 to the north; Airline Goldmine Road and Eagle Grove School Road to the east; Colbert-Danielsville Road and State Route 72 to the south; and State Route 68, State Route 106 and State Route 98 to the west.

Julia Hohman, Property Manager of the Crestview Manor Apartments, stated that the majority of her tenants come from the immediate area of Royston. Ms. Hohman further stated that at least 90% percent of the people on her current waitlist are from Royston. When asked if she received any tenants from the Elberton and Hartwell area she explained that Elberton and Hartwell are typically too far away in distance to receive any significant amount of tenants from those areas, and seniors typically like to reside close to their familiar surroundings and local services.

Vickie Bailey, Property Manger of the Cobb Place Apartments, stated that the majority of her tenants originate from Royston. Ms. Bailey further stated that this project also receives a significant amount of support from nearby areas, such as Franklin Springs and Carnesville. When asked if she received any tenants from the Elberton or Hartwell areas, Ms. Bailey stated that she rarely receives tenants from those areas due to distance. Ms. Bailey further stated that it is more common for her to receive tenants from the Carnesville and Lavonia areas rather than Elberton or Hartwell, confirming the Site PMA.

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



## 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	23,561	25,467	25,701	25,724
Population Change	-	1,906	234	23
Percent Change	-	8.1%	0.9%	0.1%

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

The Royston Site PMA population base increased by 1,906 between 2000 and 2010. This represents an 8.1% increase from the 2000 population, or an annual rate of 0.8%. Between 2010 and 2013, the population increased by 234, or 0.9%. It is projected that the population will increase by 23, or 0.1%, between 2013 and 2015.

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

Population by Age	2010 (Census)		2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	6,675	26.2%	6,563	25.5%	6,519	25.3%	-43	-0.7%
20 to 24	1,632	6.4%	1,644	6.4%	1,593	6.2%	-51	-3.1%
25 to 34	2,827	11.1%	2,893	11.3%	2,896	11.3%	3	0.1%
35 to 44	3,332	13.1%	3,243	12.6%	3,204	12.5%	-39	-1.2%
45 to 54	3,700	14.5%	3,562	13.9%	3,446	13.4%	-116	-3.3%
55 to 64	3,320	13.0%	3,522	13.7%	3,579	13.9%	57	1.6%
65 to 74	2,193	8.6%	2,447	9.5%	2,630	10.2%	182	7.5%
75 & Over	1,788	7.0%	1,826	7.1%	1,857	7.2%	30	1.7%
Total	25,467	100.0%	25,701	100.0%	25,724	100.0%	23	0.1%

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

As the preceding table illustrates, over 30% of the population is expected to be age 55 and older 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.

The following compares the PMA's elderly (age 62+) and non-elderly population.

Population Type	Year		
	2010 (Census)	2013 (Estimated)	2015 (Projected)
Elderly (Age 62+)	4,943	5,306	5,542
Non-Elderly	20,524	20,395	20,182
Total	25,467	25,701	25,724

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

The elderly population is projected to increase by 236, or 4.4%, between 2013 and 2015. This increase among the targeted age cohort will likely increase the demand of senior-oriented housing.

## 2. HOUSEHOLD TRENDS

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

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2015 (Projected)
Households	9,136	9,865	9,971	9,990
Household Change	-	729	106	19
Percent Change	-	8.0%	1.1%	0.2%
Household Size	2.58	2.58	2.52	2.52

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

Within the Royston Site PMA, households increased by 729 (8.0%) between 2000 and 2010. Between 2010 and 2013, households increased by 106 or 1.1%. By 2015, there will be 9,990 households, an increase of 19 households, or 0.2% from 2013 levels. This is an increase of approximately 10 households annually over the next two years.

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

Households by Age	2010 (Census)		2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	373	3.8%	362	3.6%	350	3.5%	-12	-3.4%
25 to 34	1,193	12.1%	1,208	12.1%	1,204	12.1%	-4	-0.3%
35 to 44	1,641	16.7%	1,609	16.1%	1,581	15.8%	-28	-1.7%
45 to 54	2,025	20.6%	1,925	19.3%	1,850	18.5%	-75	-3.9%
55 to 64	1,947	19.8%	2,036	20.4%	2,056	20.6%	20	1.0%
65 to 74	1,424	14.5%	1,571	15.8%	1,677	16.8%	106	6.7%
75 to 84	940	9.6%	968	9.7%	960	9.6%	-8	-0.8%
85 & Over	297	3.0%	292	2.9%	313	3.1%	21	7.2%
Total	9,840	100.0%	9,971	100.0%	9,990	100.0%	19	0.2%

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

Between 2013 and 2015, the greatest growth among household age groups is projected to be among the households ages 85 and over. Household growth is also occurring at a fairly rapid rate among households between the ages of 65 and 74 indicating an increasing need for housing for seniors in the market.

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)	4,552	46.1%	4,522	45.3%	4,455	44.6%
Owner-Occupied (Age 62+)	2,588	26.2%	2,635	26.4%	2,733	27.4%
Renter-Occupied (<Age 62)	2,066	20.9%	2,068	20.7%	2,031	20.3%
Renter-Occupied (Age 62+)	660	6.7%	746	7.5%	771	7.7%
Total	9,865	100.0%	9,971	100.0%	9,990	100.0%

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

Currently, 7.5% of all occupied housing units within the Site PMA are occupied by renters age 62 and older.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	7,140	72.4%	7,156	71.8%	7,188	72.0%
Renter-Occupied	2,725	27.6%	2,814	28.2%	2,802	28.0%
Total	9,865	100.0%	9,971	100.0%	9,990	100.0%

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

In 2013, homeowners occupied 71.8% of all occupied housing units, while the remaining 28.2% 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.

Households by tenure for those ages 62 and older in 2010, 2013 (estimated) and 2015 (projected) are distributed as follows:

Tenure Age 62+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	2,588	79.7%	2,635	77.9%	2,733	78.0%
Renter-Occupied	660	20.3%	746	22.1%	771	22.0%
Total	3,247	100.0%	3,381	100.0%	3,504	100.0%

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

A total of 746 (22.1%) of all households age 62 and older within the Site PMA were renters in 2013, an increase of 86 households or 11.5% from 2010. Also note that households age 62 and older are projected to increase through 2015.

The household sizes by tenure for age 62 and older within the Site PMA, based on the 2013 estimates and 2015 projections, were distributed as follows:

Persons Per Renter Household Age 62+	2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Households	Percent	Households	Percent	Households	Percent
1 Person	502	67.3%	515	66.7%	13	2.5%
2 Persons	160	21.4%	167	21.7%	8	4.8%
3 Persons	45	6.0%	47	6.1%	2	4.2%
4 Persons	34	4.6%	38	4.9%	3	9.4%
5 Persons+	5	0.6%	5	0.6%	0	6.2%
Total	746	100.0%	771	100.0%	26	3.4%

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

Persons Per Owner Household Age 62+	2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Households	Percent	Households	Percent	Households	Percent
1 Person	1,097	41.6%	1,125	41.2%	27	2.5%
2 Persons	1,169	44.3%	1,213	44.4%	44	3.8%
3 Persons	238	9.0%	255	9.3%	17	7.3%
4 Persons	87	3.3%	91	3.3%	4	4.6%
5 Persons+	45	1.7%	50	1.8%	5	10.9%
Total	2,635	100.0%	2,733	100.0%	98	3.7%

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

The subject site targets one- to two-person households, which comprise more than 88% of the Site PMA renter households, indicating a good base of potential support for the site and is projected to increase through 2015.

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

Household Income	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	1,168	11.8%	1,371	13.7%	1,380	13.8%
\$10,000 to \$19,999	1,520	15.4%	1,677	16.8%	1,686	16.9%
\$20,000 to \$29,999	1,343	13.6%	1,388	13.9%	1,391	13.9%
\$30,000 to \$39,999	1,160	11.8%	1,130	11.3%	1,121	11.2%
\$40,000 to \$49,999	1,135	11.5%	1,077	10.8%	1,067	10.7%
\$50,000 to \$59,999	753	7.6%	703	7.1%	706	7.1%
\$60,000 to \$74,999	841	8.5%	793	8.0%	786	7.9%
\$75,000 to \$99,999	993	10.1%	923	9.3%	918	9.2%
\$100,000 to \$124,999	451	4.6%	475	4.8%	483	4.8%
\$125,000 to \$149,999	222	2.3%	182	1.8%	194	1.9%
\$150,000 to \$199,999	159	1.6%	157	1.6%	156	1.6%
\$200,000 & Over	120	1.2%	94	0.9%	101	1.0%
Total	9,865	100.0%	9,971	100.0%	9,990	100.0%
Median Income	\$37,776		\$34,860		\$34,790	

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

In 2010, the median household income was \$37,776. This declined by 7.7% to \$34,860 in 2013. By 2015, it is projected that the median household income will be \$34,790, a decline of 0.2% from 2013. This likely indicates the demand for more affordable housing in the market.

The distribution of households by income age 62 and older within the Royston Site PMA is summarized as follows:

Household Income 62+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	440	13.5%	536	15.9%	559	15.9%
\$10,000 to \$19,999	853	26.3%	875	25.9%	893	25.5%
\$20,000 to \$29,999	558	17.2%	552	16.3%	571	16.3%
\$30,000 to \$39,999	379	11.7%	391	11.6%	407	11.6%
\$40,000 to \$49,999	302	9.3%	317	9.4%	327	9.3%
\$50,000 to \$59,999	170	5.2%	166	4.9%	176	5.0%
\$60,000 to \$74,999	185	5.7%	176	5.2%	184	5.2%
\$75,000 to \$99,999	164	5.0%	168	5.0%	175	5.0%
\$100,000 to \$124,999	102	3.1%	108	3.2%	113	3.2%
\$125,000 to \$149,999	38	1.2%	33	1.0%	37	1.1%
\$150,000 to \$199,999	36	1.1%	38	1.1%	37	1.1%
\$200,000 & Over	21	0.6%	21	0.6%	24	0.7%
Total	3,247	100.0%	3,381	100.0%	3,504	100.0%
Median Income	\$25,921		\$25,058		\$25,259	

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

In 2010, the median household income for households age 62 and older was \$25,921. This declined by 3.3% to \$25,058 in 2013. By 2015, it is projected that the median household income will be \$25,259, an increase of 0.8% from 2013. This likely indicates the demand for more senior affordable housing in the market.

The following tables illustrate renter household income by household size for age 62 and older for 2010, 2013 and 2015 for the Royston Site PMA:

Renter Age 62+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	201	9	0	6	1	218
\$10,000 to \$19,999	154	50	17	4	0	225
\$20,000 to \$29,999	29	16	0	4	0	49
\$30,000 to \$39,999	32	22	2	3	1	60
\$40,000 to \$49,999	11	9	5	1	1	27
\$50,000 to \$59,999	3	4	6	0	1	13
\$60,000 to \$74,999	6	1	0	0	0	8
\$75,000 to \$99,999	10	2	3	4	0	19
\$100,000 to \$124,999	6	3	2	1	0	12
\$125,000 to \$149,999	2	1	0	0	1	5
\$150,000 to \$199,999	4	12	1	0	1	19
\$200,000 & Over	0	0	2	2	1	4
Total	458	129	39	26	7	660

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 62+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	246	14	3	12	1	276
\$10,000 to \$19,999	157	61	19	5	0	242
\$20,000 to \$29,999	20	17	2	4	0	44
\$30,000 to \$39,999	39	29	1	1	1	72
\$40,000 to \$49,999	11	10	4	3	0	28
\$50,000 to \$59,999	3	4	7	1	0	15
\$60,000 to \$74,999	8	2	1	1	0	12
\$75,000 to \$99,999	8	3	1	2	1	15
\$100,000 to \$124,999	4	3	3	2	0	12
\$125,000 to \$149,999	2	0	2	0	0	5
\$150,000 to \$199,999	1	13	0	2	1	17
\$200,000 & Over	2	3	2	2	0	9
Total	502	160	45	34	5	746

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 62+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	255	15	2	12	0	285
\$10,000 to \$19,999	156	63	20	6	0	246
\$20,000 to \$29,999	19	20	2	4	0	45
\$30,000 to \$39,999	40	30	3	1	1	76
\$40,000 to \$49,999	12	12	3	2	1	29
\$50,000 to \$59,999	4	4	7	2	0	16
\$60,000 to \$74,999	8	2	1	2	0	12
\$75,000 to \$99,999	9	3	1	2	1	16
\$100,000 to \$124,999	5	5	3	2	0	15
\$125,000 to \$149,999	2	1	2	1	0	6
\$150,000 to \$199,999	2	11	1	2	1	16
\$200,000 & Over	2	2	2	3	0	10
Total	515	167	47	38	5	771

Source: Ribbon Demographics; ESRI; Urban Decision Group

The following tables illustrate owner household income by household size for age 62 and older for 2010, 2013 and 2015 for the Royston Site PMA:

Owner Age 62+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	159	52	5	4	3	222
\$10,000 to \$19,999	423	134	49	14	8	628
\$20,000 to \$29,999	256	197	38	9	9	509
\$30,000 to \$39,999	90	201	16	12	0	319
\$40,000 to \$49,999	53	143	56	14	8	275
\$50,000 to \$59,999	36	101	16	1	3	157
\$60,000 to \$74,999	64	86	18	5	4	176
\$75,000 to \$99,999	25	100	5	9	6	144
\$100,000 to \$124,999	19	60	4	6	0	90
\$125,000 to \$149,999	7	22	1	2	2	33
\$150,000 to \$199,999	8	9	0	0	0	17
\$200,000 & Over	3	11	1	1	1	17
Total	1,143	1,115	209	78	43	2,588

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 62+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	179	67	4	9	1	260
\$10,000 to \$19,999	398	149	66	11	9	633
\$20,000 to \$29,999	247	203	36	12	11	509
\$30,000 to \$39,999	89	200	12	18	1	319
\$40,000 to \$49,999	47	142	76	16	8	290
\$50,000 to \$59,999	33	102	12	2	2	151
\$60,000 to \$74,999	52	92	14	4	2	164
\$75,000 to \$99,999	18	109	12	7	8	153
\$100,000 to \$124,999	18	65	3	9	1	96
\$125,000 to \$149,999	7	20	1	0	0	28
\$150,000 to \$199,999	7	13	0	0	1	21
\$200,000 & Over	2	7	1	0	1	12
Total	1,097	1,169	238	87	45	2,635

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 62+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	187	70	5	10	2	273
\$10,000 to \$19,999	401	151	75	11	10	648
\$20,000 to \$29,999	250	214	38	13	11	526
\$30,000 to \$39,999	92	208	14	17	1	332
\$40,000 to \$49,999	50	146	78	16	8	298
\$50,000 to \$59,999	36	106	13	2	3	160
\$60,000 to \$74,999	54	96	15	4	2	172
\$75,000 to \$99,999	18	113	12	7	9	160
\$100,000 to \$124,999	19	66	3	9	1	98
\$125,000 to \$149,999	9	21	1	0	0	31
\$150,000 to \$199,999	6	13	0	1	2	21
\$200,000 & Over	3	10	2	0	1	15
Total	1,125	1,213	255	91	50	2,733

Source: Ribbon Demographics; ESRI; Urban Decision Group

Between 2013 and 2015 the Royston Site PMA is projected to experience both elderly population and household growth. Specifically, the total senior population within the Site PMA is projected to increase by 236 (4.4%) while the total number of senior households (age 55 and older) will increase by 126 (7.7%) during this time period. Further, the senior population (age 55 and older) is estimated to comprise more than 30.0% of the total population within the Site PMA in 2013. It should also be noted that, the number of senior 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

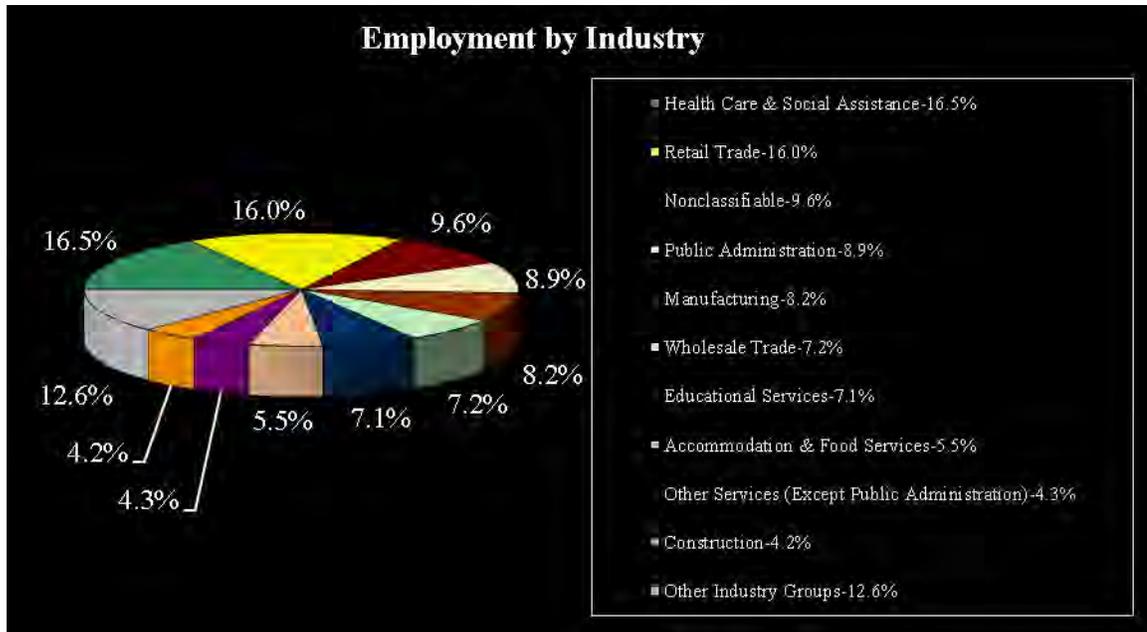
The labor force within the Royston Site PMA is based primarily in two sectors. Health Care & Social Assistance (which comprises 16.5%) and Retail Trade comprise nearly 33% of the Site PMA labor force. Employment in the Royston Site PMA, as of 2013, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	31	2.8%	112	0.9%	3.6
Mining	2	0.2%	4	0.0%	2.0
Utilities	2	0.2%	19	0.2%	9.5
Construction	91	8.3%	511	4.2%	5.6
Manufacturing	37	3.4%	998	8.2%	27.0
Wholesale Trade	49	4.5%	868	7.2%	17.7
Retail Trade	193	17.6%	1,946	16.0%	10.1
Transportation & Warehousing	30	2.7%	510	4.2%	17.0
Information	15	1.4%	64	0.5%	4.3
Finance & Insurance	62	5.6%	307	2.5%	5.0
Real Estate & Rental & Leasing	47	4.3%	132	1.1%	2.8
Professional, Scientific & Technical Services	51	4.6%	188	1.5%	3.7
Management of Companies & Enterprises	1	0.1%	10	0.1%	10.0
Administrative, Support, Waste Management & Remediation Services	25	2.3%	98	0.8%	3.9
Educational Services	19	1.7%	856	7.1%	45.1
Health Care & Social Assistance	68	6.2%	1,999	16.5%	29.4
Arts, Entertainment & Recreation	16	1.5%	84	0.7%	5.3
Accommodation & Food Services	59	5.4%	662	5.5%	11.2
Other Services (Except Public Administration)	196	17.8%	524	4.3%	2.7
Public Administration	86	7.8%	1,079	8.9%	12.5
Nonclassifiable	19	1.7%	1,163	9.6%	61.2
<b>Total</b>	<b>1,099</b>	<b>100.0%</b>	<b>12,134</b>	<b>100.0%</b>	<b>11.0</b>

\*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 all occupational types within the North Georgia Nonmetropolitan Area have slightly lower typical wages than the State of Georgia's typical wages. The proposed project will target households with incomes between \$16,230 and \$22,800. The area employment base has a significant number of income-appropriate households from which the proposed subject project will be able to draw renter support.

## 2. MAJOR EMPLOYERS

The ten largest employers within the Franklin County area comprise a total of 2,212 employees. These employers are summarized as follows:

Employer Name	Business Type	Total Employed
Franklin County BOE	Education	563
Ty Cobb Health Care	Health care	500
Franklin County	Government	226
Carry-on Trailers	Manufacturer	225
Beaulieu of America	Carpet Manufacturer	185
Kautex Textron	Manufacturer Automotive Fuel Systems	140
Tri-State Distributor	Manufactured homes, gas fireplaces, HCAC products	115
Emmanuel College	Education	102
Fanello Inc.	Metal Stamping	80
Bosal Industries	Manufacturer	76
<b>Total</b>		<b>2,212</b>

Source: Franklin County Chamber of Commerce & Industrial Building Authority

According to a representative with the Franklin County Chamber of Commerce the economy is slowly improving. Recent development in the area includes J Peters Bar and Grill and Hampton Inn both located in Lavonia. Hampton Inn broke ground in September of this year and is anticipated to bring in approximately 30 permanent jobs, while J Peters Bar and Grill opened March of this year.

Oakview Crossing is a 50-acre mixed-use project being constructed along Highway 29 in Hartwell. This project will consist of a medical center, retail space, restaurants and a senior independent and assisted living facility. According to representatives with the city of Hartwell, construction began on the \$40 million medical component by AnMed in September 2012.

According to the Georgia Department of Labor website, there have been no WARN notices of large-scale layoffs or closures reported for Franklin County in recent years.

### 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.

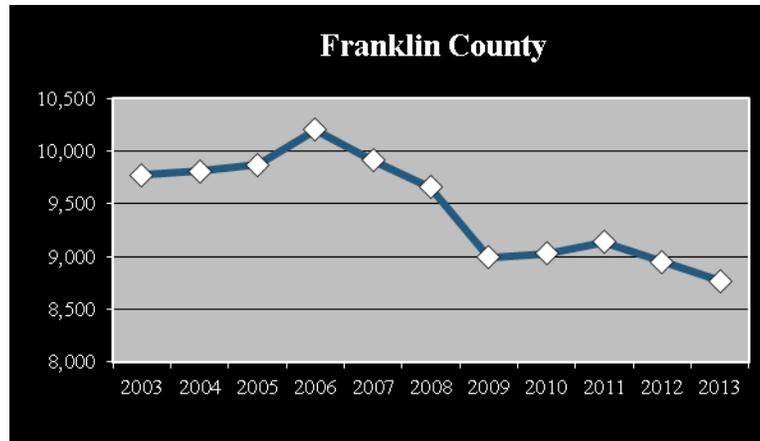
Excluding 2013, the employment base has declined by 7.3% over the past five years in Franklin County, more than the Georgia state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Franklin County		Georgia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2003	9,772	-	4,173,787	-	137,936,674	-
2004	9,814	0.4%	4,249,007	1.8%	138,386,944	0.3%
2005	9,871	0.6%	4,375,178	3.0%	139,988,842	1.2%
2006	10,208	3.4%	4,500,150	2.9%	142,328,023	1.7%
2007	9,917	-2.9%	4,587,739	1.9%	144,990,053	1.9%
2008	9,661	-2.6%	4,540,706	-1.0%	146,397,529	1.0%
2009	8,996	-6.9%	4,289,819	-5.5%	146,068,824	-0.2%
2010	9,031	0.4%	4,241,718	-1.1%	140,721,369	-3.7%
2011	9,138	1.2%	4,295,113	1.3%	140,483,185	-0.2%
2012	8,952	-2.0%	4,371,608	1.8%	141,748,955	0.9%
2013*	8,771	-2.0%	4,399,866	0.6%	141,772,241	0.0%

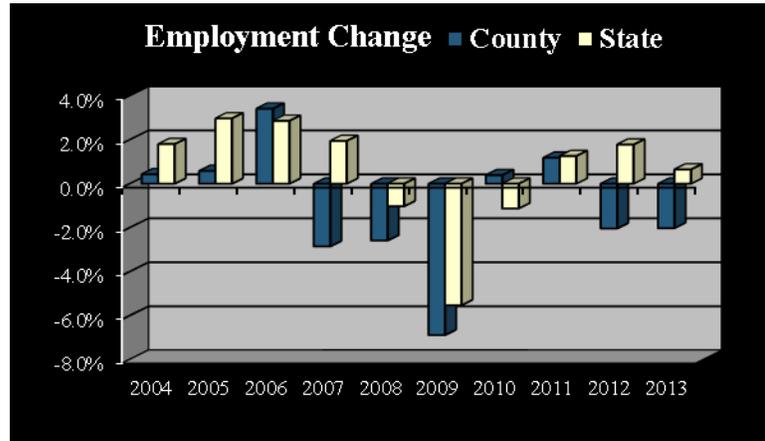
Source: Department of Labor; Bureau of Labor Statistics

\*Through July



As the preceding illustrates, the Franklin County employment base has declined by 820 employees since 2003. It is important to note, however, that much of this decline occurred between 2006 and 2009.

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

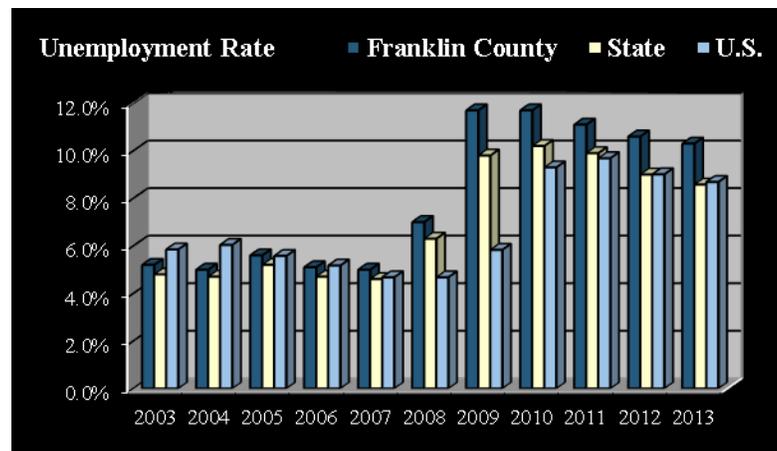


Unemployment rates for Franklin County, Georgia and the United States are illustrated as follows:

Year	Unemployment Rate		
	Franklin County	Georgia	United States
2003	5.2%	4.8%	5.8%
2004	5.0%	4.7%	6.0%
2005	5.6%	5.2%	5.6%
2006	5.1%	4.7%	5.2%
2007	5.0%	4.6%	4.7%
2008	7.0%	6.3%	4.7%
2009	11.7%	9.8%	5.8%
2010	11.7%	10.2%	9.3%
2011	11.1%	9.9%	9.7%
2012	10.6%	9.0%	9.0%
2013*	10.3%	8.6%	8.7%

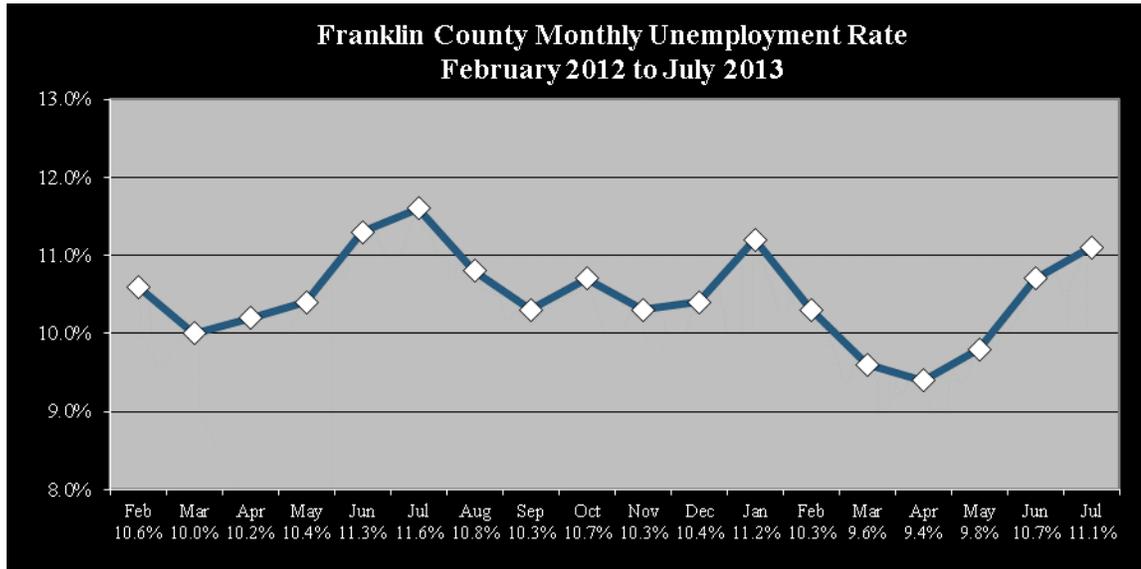
Source: Department of Labor, Bureau of Labor Statistics

\*Through July



The unemployment rate in Franklin County has ranged between 5.0% and 11.7%, well above the state average since 2003. However, the unemployment rate has been on a steady decline since 2010.

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



As the preceding table illustrates, the Franklin 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 Franklin County.

Year	In-Place Employment Franklin County		
	Employment	Change	Percent Change
2002	7,604	-	-
2003	7,667	63	0.8%
2004	7,819	152	2.0%
2005	7,799	-20	-0.3%
2006	8,004	205	2.6%
2007	7,575	-429	-5.4%
2008	7,318	-257	-3.4%
2009	6,662	-656	-9.0%
2010	6,550	-112	-1.7%
2011	6,618	68	1.0%
2012*	6,391	-227	-3.4%

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 Franklin County to be 73.9% of the total Franklin County employment. This means that many residents both live and work within Franklin County. This moderate share of in-place employment within Franklin 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 Franklin County economy is improving. However, this improvement is occurring at a rate slower than those experienced in many 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 Franklin County since the impact of the national recession. Specifically, the employment base within Franklin County has struggled to recover from the impact of the national recession, generally declining since 2007. However, it should be noted that while the employment base continues to struggle, the Franklin County unemployment rate, although relatively high (10.3%), has steadily been declining since 2010. Nonetheless, the Franklin 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 Franklin County will remain high during this slow economic recovery.

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



## 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 within Franklin County, GA MSA, which has a median four-person household income of \$47,500 for 2013. The subject property will be restricted to households with incomes of up to 60% of AMHI for Franklin County. The following table summarizes the maximum allowable income by household size for Franklin County at 60% of AMHI.

Household Size	Maximum Allowable Income 60% AMHI
One-Person	\$19,980
Two-Person	\$22,800

#### a. Maximum Income Limits

The largest proposed units (two-bedroom) at the subject site are expected to continue to house up to two-person households. As such, the maximum allowable income at the subject site is **\$22,800**.

#### 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.

As 24 of the 25 units at the subject project operate with Rental Assistance, these tenants only pay up to 30% of their adjusted gross income towards housing costs. Therefore, some households could have little to no income and still qualify to reside at the subject project.

The one unit at the subject project that is not operating with Rental Assistance will charge tenants the proposed Tax Credit rents. The lowest of these Tax Credit gross rents is \$541. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,492. Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the non-RA Tax Credit units of \$16,230.

**c. Income-Appropriate Range**

Based on the preceding analyses, the income-appropriate range required for residency at the subject project are included in the following table:

Unit Type	Income Range	
	Minimum	Maximum
RD 515 with RA (Limited To 60% of AMHI)	\$0	\$22,800
Tax Credit ONLY (Limited To 60% of AMHI)	\$16,230	\$22,800

RA – Rental Assistance

**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).*



- b. *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*
- c. **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 38.6% to 47.8% (depending upon the targeted income level) of senior households within the market were rent overburdened. These households have been included in our demand analysis.*
  - **Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded).** *Households in substandard housing should be determined based on the age, the income bands, and the tenure that apply. The analyst should use his/her own knowledge of the market area and project to determine whether households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both rent overburdened households and from those living in substandard housing. Based on Table B25016 of the American Community Survey (ACS) 2006-2010 5-year estimates, 6.0% of all senior households in the market were living in substandard housing that lacked complete indoor plumbing or in overcrowded (1.5+ persons per room) households.*
  - **Elderly Homeowners likely to convert to renters:** *GDCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. This segment should not account for more than 2% of total demand. Due to the difficulty of extrapolating elderly (age 62 and older) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band to derive this demand figure.*

*Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. A narrative of the steps taken to arrive at this demand figure must be included and any figure above 2% must be based on actual market conditions, as documented in the study.*

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

### **Net Demand**

The overall demand components illustrated above are added together and the competitive supply of developments awarded and/or constructed from 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 - \$22,800)	RD 515 60% AMHI without RA (\$16,230- \$22,800)	RD 515 60% AMHI Overall (\$0 - \$22,800)	Tax Credit Only Overall (\$16,230- \$22,800)
Demand From New Households (Age- And Income-Appropriate)	544 - 530 = 14	105 - 103 = 2	544 - 530 = 14	105 - 103 = 2
+				
Demand From Existing Households (Rent Overburdened)	530 X 47.8% = 253	103 X 38.6% = 40	530 X 47.8% = 253	103 X 38.6% = 40
+				
Demand From Existing Households (Renters In Substandard Housing)	530 X 6.0% = 32	103 X 6.0% = 6	530 X 6.0% = 32	103 X 6.0% = 6
=				
Demand Subtotal	299	48	299	48
+				
Demand From Existing Homeowners (Elderly Homeowner Conversion Cannot exceed 2%)	1,036 X 5.0% = 52 (6*)	381 X 5.0% = 19 (1*)	6	1
=				
Total Demand	305	49	305	49
-				
Supply (Directly Comparable Units Built And/Or Funded Since 2011)	0	0	0	0
=				
Net Demand	305	49	305	49
Proposed Units/ Net Demand	0** / 305	1 / 49	1** / 305	25 / 49
Capture Rate	= 0.0%**	= 2.0%	= 0.3%**	= 51.0%

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

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

If all units were vacated, with the preservation of RA, the subject project's required capture rate would be 8.2% ( $25 / 305 = 8.2\%$ ). 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 one (1) non-RA unit at the subject development would require a 0.3% capture rate following renovations if all units were vacated. Regardless, the subject project is currently 100.0% occupied, resulting in an effective capture rate of 0.0% assuming RA is retained.

In the unlikely event that the subject project was to lose Rental Assistance and all units had to operate exclusively under the Tax Credit program, it is conservatively estimated that none of the current renters would qualify to reside at the subject project. In this scenario, the 25 units would have a required capture rate of 51.0%. This capture rate is considered high and indicates that there may be limited demographic support for the subject project if the Rental Assistance was ever lost.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	55%
Two-Bedroom	45%
Total	100.0%

Applying these shares to the income-qualified senior households yields demand and capture rates of the subject units by bedroom type as illustrated in the following table:

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 (55%)	60%	1*	168	0	168	0.6%*	1 Month	N/A	\$490
RD 515 Two-Bedroom (45%)	60%	0*	137	0	137	0.0%*	N/A	N/A	\$540
Tax Credit Only One-Bedroom (55%)	60%	22	27	0	27	81.5%	>12 Months	N/A	\$490
Tax Credit Only Two-Bedroom (45%)	60%	3	22	0	22	13.6%	2 Months	N/A	\$540

\*Under this scenario all Rental Assistance units will continue to be occupied, resulting in effective capture rates up to 0.6%.

\*\*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 (note no non-subsidized units were identified within the market).

N/A- Not Applicable

With the preservation of Rental Assistance, the effective capture rates by bedroom type range between 0.0% and 0.6%.

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 13.6% to 81.5%. These capture rates are considered high and illustrate that there will be a limited number of households to draw support from if RA were not retained.

## SECTION H – RENTAL HOUSING ANALYSIS (SUPPLY)

### 1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Royston 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	9,865	86.5%	9,971	86.3%
Owner-Occupied	7,140	72.4%	7,156	71.8%
Renter-Occupied	2,725	27.6%	2,814	28.2%
Vacant	1,541	13.5%	1,585	13.7%
Total	11,406	100.0%	11,555	100.0%

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

Based on a 2013 update of the 2010 Census, of the 11,555 total housing units in the market, 13.7% 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 Royston. 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 Royston Site PMA.

We identified and personally surveyed eight conventional housing projects containing a total of 187 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 100.0%, an excellent rate for rental housing. The eight projects contain 187 government-subsidized units, which are 100.0% occupied. It should be noted that there are no non-subsidized (market-rate and Tax Credit) projects identified within the market.

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Tax Credit/Government-Subsidized	2	49	0	100.0%
Government-Subsidized	6	138	0	100.0%
Total	8	187	0	100.0%

Both segments of the rental housing market within the Site PMA are performing extremely well, with a 100.0% overall occupancy rate. These high occupancy rates indicate that demand is high for affordable rental housing within the Royston Site PMA. As such, the subject project will continue to provide a rental housing alternative that is in high demand within the market.

## 2. SUMMARY OF ASSISTED PROJECTS

There are a total of eight federally subsidized and/or Tax Credit apartment developments in the Royston 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)			
						Studio	One- Br.	Two- Br.	Three- Br.
1	Crestview Manor Apts. (Site)	TAX & RD 515	1994	25	100.0%	-	\$548 - \$649 (22)	\$602 - \$727 (3)	-
2	Cobb Place	RD 515	1984	24	100.0%	-	\$551 - \$673 (12)	\$617 - \$740 (12)	-
3	Cobb Center	SEC 8	1981	24	100.0%	\$601 (6)	\$670 (18)	-	-
4	Royston Townhouses	RD 515	1982	24	100.0%	-	-	\$647 - \$795 (16)	\$704 - \$913 (8)
5	Lavonia Garden Apts.	RD 515	1985	24	100.0%	-	\$556 - \$686 (22)	\$642 - \$782 (2)	-
6	Lavonia Village Apts.	RD 515	1986	24	100.0%	-	\$631 - \$771 (8)	\$697 - \$852 (16)	-
7	Willow Lane Apts.	RD 515	1988	18	100.0%	-	\$541 - \$556 (6)	\$617 - \$632 (12)	-
8	Ridgewood Hills	TAX & SEC 8 & RD 515	1975	24	100.0%	-	-	\$862 (16)	\$998 (8)
<b>Total</b>				<b>187</b>	<b>100.0%</b>				

The overall occupancy is 100.0% for these projects, indicating strong market demand for affordable housing within the Royston market.

### HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia Department of Community Affairs' (GDCA) Athens Office, there are approximately 16 Housing Choice Voucher holders within the housing authority's jurisdiction and no people currently on the waiting list for additional Vouchers. The waiting list is indefinitely closed. Annual turnover of persons in the Voucher program is estimated at one percent for the region serviced by the GDCA Athens Office. This reflects the continuing need for Housing Choice Voucher assistance.

Note that four of the conventional rental housing projects identified and surveyed within the market accept Housing Choice Vouchers. However, only one of these projects currently has Housing Choice Vouchers in use, which is illustrated in the following table.

Map I.D.	Project Name	Total Units	Occupancy Rate	Number of Vouchers
2	Cobb Place	24	100.0%	2

As the preceding table illustrates, there is a known total of only two voucher holders residing at Cobb Place, a RD 515 property identified and surveyed within the Site PMA. This comprises approximately 8.0% of the 24 total units located at this project. Out of the remaining 22 units (92.0%) 15 have Rental Assistance (RA) and seven (7) are occupied by renters paying rents between the basic and market rent levels at this property. As such, it can be concluded that rents between basic and market rents at this property are achievable within the Royston market.

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

Bedroom Type	Fair Market Rents	Proposed Tax Credit Gross Rents
One-Bedroom	\$443	\$534*
Two-Bedroom	\$599	\$611

\*2013 maximum allowable LIHTC gross rent

As proposed, 24 of the 25 subject units will maintain Rental Assistance (RA) via the RD 515 program. Therefore, it will not be able to accommodate Housing Choice Voucher holders within these units. However, it should be noted that even the unassisted units at the subject project are unlikely to accommodate many Voucher holders as the subject project's proposed gross Tax Credit rents are above current Fair Market Rents for Franklin County, as illustrated in the preceding table.

### **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 Royston and Franklin County for the past ten years:

Housing Unit Building Permits for Franklin County:										
Permits	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multifamily Permits	4	0	0	6	7	7	0	0	0	2
Single-Family Permits	20	23	36	27	22	11	5	1	3	3
Total Units	24	23	36	33	29	18	5	1	3	5

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

Housing Unit Building Permits for Royston, GA:										
Permits	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multifamily Permits	4	0	0	0	7	3	0	0	0	2
Single-Family Permits	6	10	12	12	10	4	5	0	1	2
Total Units	10	10	12	12	17	7	5	0	1	4

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 Franklin County or Royston since 2008 with the exception of two permits issued last year in 2012. This data combined with our interviews indicates that there is little new housing currently within the development pipeline in the Royston and Franklin County areas. 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**

Upon completion of renovations, the subject project will offer one- and two-bedroom units to senior households (ages 62 and older) earning up to 60% of Area Median Household Income (AMHI). Within the Site PMA, we identified one Low-Income Housing Tax Credit (LIHTC) project, other than the subject development. However, this LIHTC development also operates with a project-based subsidy and will not be included in our comparable analysis. Due to the limited amount of comparable LIHTC product within the Site PMA, we identified and surveyed four additional LIHTC properties located outside of the Site PMA, but within the nearby region.

Note that the comparable properties located outside of the Site PMA will derive demographic support from a different geographic area compared to the subject project. As such, these properties will not compete directly with the subject project and have been considered for comparison purposes only.

The four comparable properties and the subject property are illustrated in the following table.

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
<b>Site</b>	<b>Crestview Manor Apartments</b>	<b>1996 / 2014</b>	<b>25</b>	<b>100.0%</b>	<b>-</b>	<b>7 H.H.</b>	<b>Seniors 62+; 60% AMHI &amp; RD 515</b>
903	Heritage Crossing	2002	96*	97.9%	24.2 Miles	None	Families; 50% & 60% AMHI
905	Fern Point Apts.	2012	48	100.0%	26.9 Miles	None	Families; 50% & 60% AMHI
906	Heritage Hills	2000	80	85.0%	23.5 Miles	None	Families; 50% & 60% AMHI
909	Juniper Court	2009	36*	100.0%	14.9 Miles	40 H.H.	Seniors 55+; 50% & 60% AMHI

OCC. - Occupancy

\*Tax Credit units only

900 Series Map IDs are located outside of the Site PMA

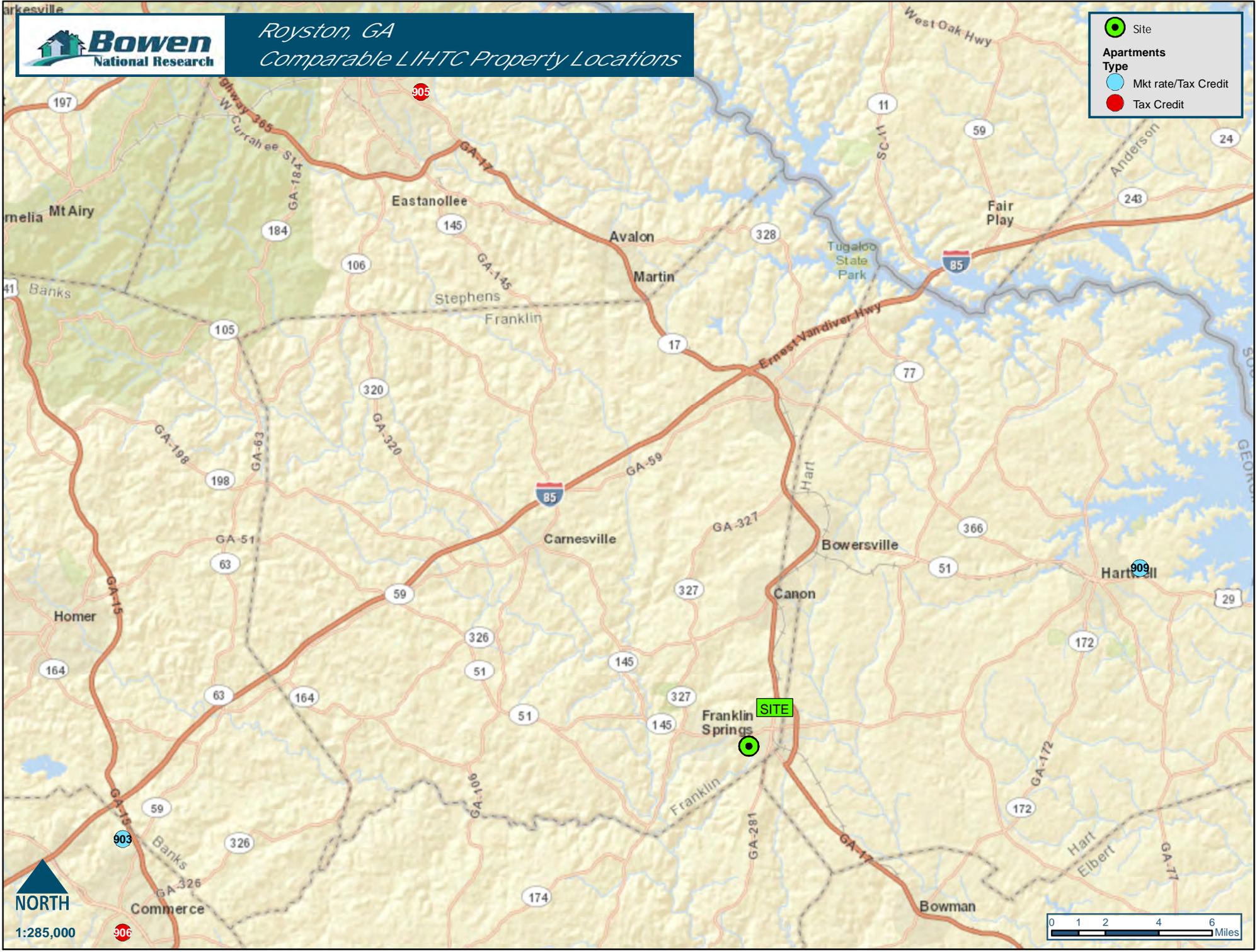
The four LIHTC projects have a combined occupancy rate of 94.6%, indicating a strong demand for affordable LIHTC housing in the region. It should be noted that the one comparable age-restricted LIHTC project in the region, Juniper Court (Map ID 909) is 100.0% occupied and maintains a waitlist of 40 households for its next available units. The high occupancy rates and waitlists maintained at both the subject project and the one comparable age-restricted project in the region demonstrate that there is pent-up demand for affordable senior-oriented rental housing within the market and the region. It is also of note that the less than stable occupancy rate of 85.0% reported at Heritage Hills (Map ID 906) has been attributed to multiple recent evictions at this property and tenants who have recently experienced job transfers and were forced to relocate, according to management of this project.

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



*Royston, GA  
Comparable LIHTC Property Locations*

● Site  
● Apartments Type  
● Mkt rate/Tax Credit  
● Tax Credit



NORTH  
1:285,000

0 1 2 4 6 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.	
Site	<b>Crestview Manor Apartments</b>	<b>\$534/60% (22)</b>	<b>\$611/60% (3)</b>	-	-
903	Heritage Crossing	\$569/50% (4/0) \$673/60% (4/0)	\$682/50% (31/0) \$762/60% (28/1)	\$789/50% (14/0) \$854/60% (15/1)	None
905	Fern Point Apts.	\$441/50% (2/0) \$526/60% (8/0)	\$537/50% (4/0) \$637/60% (24/0)	\$643/50% (2/0) \$763/60% (8/0)	None
906	Heritage Hills	\$553/50% (5/0) \$603/60% (5/0)	\$671/50% (25/2) \$721/60% (25/7)	\$767/50% (10/1) \$832/60% (10/2)	None
909	Juniper Court	\$473/50% (9/0) \$501/60% (5/0)	\$538/50% (13/0) \$553/60% (9/0)	-	None

900 Series Map IDs are located outside of the Site PMA

The proposed subject gross rents of \$534 and \$611 for the one- and two-bedroom units, respectively, are considered competitive with those charged among similar bedroom types targeting similar income levels at the comparable LIHTC projects in the region. However, it should be noted that the proposed gross Tax Credit rents at the subject project are higher slightly higher than those charged at the one comparable age-restricted project in the region, Juniper Court (Map ID 909). Regardless, the subject project is anticipated to retain Rental Assistance (RA) on 24 of the 25 subject units which will allow tenants of these units to pay up to 30% of their adjusted gross income towards rent. Further, a Private Rental Assistance (PRA) subsidy will also be available to all current unassisted residents at the subject project, preventing a rent increase on all current unassisted residents of the subject project. Considering the retention of RA and the available PRA subsidy, the subject project will remain a substantial value within the region.

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

Weighted Average Collected Rent Of Comparable LIHTC Units	
One-Br.	Two-Br.
\$433 (60%)	\$530 (60%)

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

Bedrooms	Weighted Avg. Rent	Proposed Rent (% AMHI)	Difference	Proposed Rent (% AMHI)	Rent Advantage
One-Br.	\$433	- \$490	-\$57	/ \$490	-11.6%
Two-Br.	\$530	- \$540	-\$10	/ \$540	-1.9%

As the preceding table illustrates, the subject’s proposed rents represent negative rent advantages of 11.6% and 1.9% for the one- and two-bedroom units, respectively. Regardless, as noted throughout this report, the subject project is anticipated to retain RA on 24 of its 25 units, requiring tenants to pay up to 30% of their adjusted gross income towards housing costs. As such, the subject units 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 market are compared with the subject development in the following table:

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Crestview Manor Apartments</b>	<b>600</b>	<b>800</b>	<b>-</b>
903	Heritage Crossing	975	1,175	1,350
905	Fern Point Apts.	720	1,100	1,150
906	Heritage Hills	900	1,150	1,270
909	Juniper Court	853	1,181	-

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.
<b>Site</b>	<b>Crestview Manor Apartments</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>
903	Heritage Crossing	1.0	2.0	2.0
905	Fern Point Apts.	1.0	2.0	2.0
906	Heritage Hills	1.0	2.0	2.0
909	Juniper Court	1.0	1.0	-

900 Series Map IDs are located outside of the Site PMA

As the preceding illustrates, the subject project will offer the smallest unit sizes in the region in terms of square footage, as compared to similar unit types at the comparable LIHTC projects in the region. It should be noted however, that the subject project is 100.0% occupied and maintains a wait list for its next available units, indicating that the unit sizes (square feet) offered are appropriate for the targeted senior population (age 62 and older) and have not and should not adversely impact marketability of the subject project. The number of bathrooms offered at the subject project is also considered appropriate for the targeted tenant population, seniors age 62 and older.

The following table compares the amenities of the subject development with the other LIHTC projects in the region.

# COMPARABLE PROPERTIES AMENITIES - ROYSTON, 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			X		C		X	X	X				B	X	S	Storage
903	X	X		X	X		X		C		X	X					B		S	Exterior Storage
◆ 909	X	X	X	X	X	X	X		C	X	X	X	X				B	X	S	Storage
905	X	X		X	X	X	X		C		X						B		S	
906	X	X		X	X		X		C		X	X					B		S	Exterior Storage

MAP ID	PROJECT AMENITIES																		
	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	OTHER
◆ SITE		X	X		X											X			
903	X	X	X	X		X		X					X			X			
◆ 909		X		X	L	X			S			X		X		X			
905		X	X		A	X		X					X						Walking Trail
906	X	X	X	X			X	X	B						X				

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

X - All Units
S - Some Units
O - Optional

<b>Window Treatments</b>
B - Blinds
C - Curtains
D - Drapes

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

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

<b>Floor Covering</b>
C - Carpet
H - Hardwood
V - Vinyl
W - Wood
T - Tile

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

The subject project offers a unit amenity package which is generally considered to be competitive with those offered among the comparable LIHTC projects in the region. However, it should be noted that the one comparable age-restricted LIHTC project in the region, Juniper Court (Map ID 909) offers a microwave oven and in-unit washer/dryers in each of its units, which the subject project does not offer. Further, the project amenities package offered at the subject project is considered somewhat limited as compared to those offered among the comparable LIHTC projects in the region. Regardless, the amenity packages offered at the subject project are considered typical of older subsidized age-restricted rental product and are considered appropriate for the targeted senior tenant population (age 62 and older) at the subject project. The appropriateness of these amenity packages offered at the subject project is further evident by the 100.0% occupancy rate and waiting list maintained at the subject project, indicating that the project does not lack any key amenities that have or would adversely impact marketability of the subject project.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the subject development will be competitive. Specifically, the retention of Rental Assistance (RA) on 24 of the 25 subject units will ensure the subject project remains a substantial value within the region. Further, the subject project will continue to offer unit sizes (square feet) and amenity packages which are considered appropriate for the targeted tenant population (seniors age 62 and older), which should contribute to its continued marketability following renovations.

#### Comparable/Competitive Housing Impact

There were no non-subsidized Tax Credit projects identified within the Site PMA and all affordable subsidized rental projects in the market reported 100.0% occupancy rates and most also maintain waiting lists for their next available units. Further, the renovations to the subject project will not introduce any new units into the Royston market. 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 of the existing affordable rental housing product 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 \$121,220. At an estimated interest rate of 4.7% and a 30-year term (and 95% LTV), the monthly mortgage for a \$121,220 home is \$743, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$121,220
Mortgaged Value = 95% of Median Home Price	\$115,159
Interest Rate - Bankrate.com	4.7%
Term	30
Monthly Principal & Interest	\$594
Estimated Taxes and Insurance*	\$149
Estimated Monthly Mortgage Payment	\$743

\*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$490 to \$540 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is \$203 to \$253 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 24 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.

## SECTION I – ABSORPTION & STABILIZATION RATES

According to management, the subject project is currently 100.0% occupied and maintains a seven household waiting list. It should also be noted that while residents will be relocated temporarily during renovations, they will not be permanently displaced. Therefore, few if any, of the subject units 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 24 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 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 age- and/or 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 24 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 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 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 Royston Site PMA.

- Nancy Dove, a representative with the Georgia Department of Community Affairs' Rental Assistance Division, stated that there is a huge need for affordable housing in the north Georgia region. Due to recent budget cuts they have closed all waiting lists in the counties that the Athens Office serves, and are not maintaining waiting lists until they receive more funding. Ms. Dove stated that they are not sure they will have the funding to pay for the vouchers that are already in use. The Department of Justice was awarded a settlement from HUD to distribute Housing Choice Vouchers (HCV) to the many individuals that are due to be released from state mental hospitals because of the mental institutions lack of funding. Any future available funding allotted to the Georgia Department of Community Affairs for the HCV Program will go towards assistance for this population.
- According to Charity Hallford, Director of the Royston Housing Authority, there is a need for additional low-income housing of all types within the Royston area. However, according to Ms. Hallford, the greatest need is for affordable one-, two- and three-bedroom units within the area.

## 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 Crestview Manor Apartments following renovations, assuming it is 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.

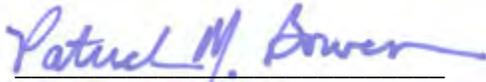
Given the 100.0% occupancy rates reported among all affordable (subsidized Tax Credit and government-subsidized) rental projects in the Site PMA, the subject project will continue to offer an affordable rental housing alternative that is in high demand within the market. Additionally, as shown in the Project Specific Demand Analysis section of this report, there is sufficient support for the subject development to operate as proposed, with the retention of Rental Assistance. Considering that the subject project will retain Rental Assistance on 24 of its 25 units and a Private Rental Assistance subsidy will be available to all current unassisted residents, the subject project will remain a value within the market. Further, given that the project is 100.0% occupied and will not introduce new units to the market as part of the proposed renovations, it is our opinion that the subject project will not have any significant (if any) impact on the existing affordable rental alternatives within 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.

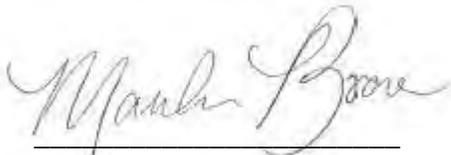
## SECTION L - SIGNED STATEMENT

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  
President/Market Analyst  
Bowen National Research  
155 E. Columbus St., Suite 220  
Pickerington, OH 43147  
(614) 833-9300  
[patrickb@bowennational.com](mailto:patrickb@bowennational.com)  
Date: September 20, 2013



Marlon Boone  
Market Analyst  
[marlonb@bowennational.com](mailto:marlonb@bowennational.com)  
Date: September 20, 2013



Craig Rupert  
Market Analyst  
[craigr@bowennational.com](mailto:craigr@bowennational.com)  
Date: September 20, 2013

## SECTION M – MARKET STUDY REPRESENTATION

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

## SECTION N - QUALIFICATIONS

### The Company

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

### The Staff

**Patrick Bowen** is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, for 15 years. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

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

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

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

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

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

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

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

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

**Marlon Boone**, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Boone graduated from The Ohio State University with a Bachelor of Science in City and Regional Planning, with a concentration in Housing, Development and Real Estate.

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

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

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

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

## ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

### ROYSTON, 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.



# MAP IDENTIFICATION LIST - ROYSTON, GEORGIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
◆ 1	Crestview Manor Apts. (Site)	TGS	B-	1994	25	0	100.0%	-
2	Cobb Place	GSS	B	1984	24	0	100.0%	0.1
◆ 3	Cobb Center	GSS	C-	1981	24	0	100.0%	0.7
4	Royston Townhouses	GSS	C	1982	24	0	100.0%	1.4
◆ 5	Lavonia Garden Apts.	GSS	B-	1985	24	0	100.0%	12.3
6	Lavonia Village Apts.	GSS	C	1986	24	0	100.0%	12.3
7	Willow Lane Apts.	GSS	B	1988	18	0	100.0%	8.4
8	Ridgewood Hills	TGS	C	1975	24	0	100.0%	12.7

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
TGS	2	49	0	100.0%	0
GSS	6	138	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)

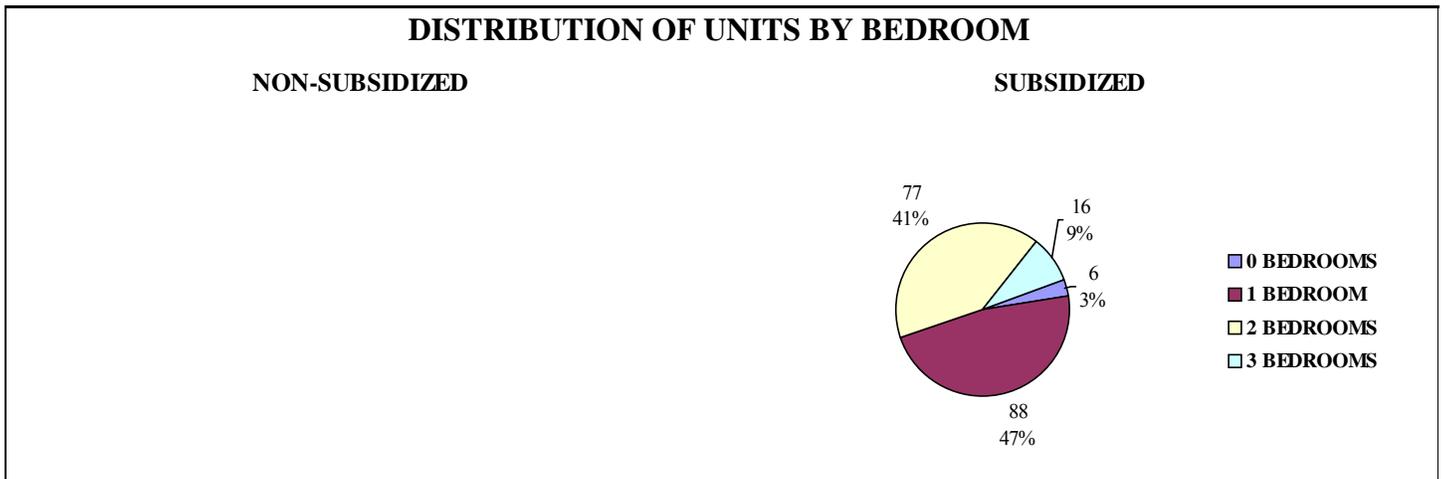
Survey Date: September 2013

# DISTRIBUTION OF UNITS - ROYSTON, GEORGIA

<b>TAX CREDIT, GOVERNMENT-SUBSIDIZED</b>						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	22	44.9%	0	0.0%	N.A.
2	1	3	6.1%	0	0.0%	N.A.
2	1.5	16	32.7%	0	0.0%	N.A.
3	1.5	8	16.3%	0	0.0%	N.A.
<b>TOTAL</b>		<b>49</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	

<b>GOVERNMENT-SUBSIDIZED</b>						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
0	1	6	4.3%	0	0.0%	N.A.
1	1	66	47.8%	0	0.0%	N.A.
2	1	30	21.7%	0	0.0%	N.A.
2	1.5	28	20.3%	0	0.0%	N.A.
3	1.5	8	5.8%	0	0.0%	N.A.
<b>TOTAL</b>		<b>138</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>187</b>	<b>-</b>	<b>0</b>	<b>0.0%</b>	



# SURVEY OF PROPERTIES - ROYSTON, GEORGIA

1 Crestview Manor Apts. (Site)			
	<b>Address</b> 401 Dovetown Rd. Royston, GA 30662	<b>Phone</b> (706) 245-5926 (Contact in person)	<b>Total Units</b> 25
	<b>Year Built</b> 1994	<b>Contact</b> Julia	<b>Vacancies</b> 0
	<b>Comments</b> 60% AMHI; RD 515, has RA (24 units); Accepts HCV (0 currently)		<b>Occupied</b> 100.0%
			<b>Floors</b> 1
			<b>Quality Rating</b> B-
			<b>Senior Restricted (62+)</b>
			<b>Waiting List</b>
			7 households
2 Cobb Place			
	<b>Address</b> 124 Hospital Rd. Royston, GA 30662	<b>Phone</b> (706) 245-5008 (Contact in person)	<b>Total Units</b> 24
	<b>Year Built</b> 1984	<b>Contact</b> Vickie	<b>Vacancies</b> 0
	<b>Comments</b> RD 515, has RA (15 units); HCV (2 units); Select units have ceiling fans		<b>Occupied</b> 100.0%
			<b>Floors</b> 1
			<b>Quality Rating</b> B
			<b>Waiting List</b>
			None
3 Cobb Center			
	<b>Address</b> 234 Turner St. Royston, GA 30662	<b>Phone</b> (706) 245-4323 (Contact in person)	<b>Total Units</b> 24
	<b>Year Built</b> 1981	<b>Contact</b> Randy	<b>Vacancies</b> 0
	<b>Comments</b> HUD Section 8; Year built & square footage estimated		<b>Occupied</b> 100.0%
			<b>Floors</b> 1
			<b>Quality Rating</b> C-
			<b>Senior Restricted (62+)</b>
			<b>Waiting List</b>
			1-2 years
4 Royston Townhouses			
	<b>Address</b> 135 Spring St. Royston, GA 30662	<b>Phone</b> (706) 245-6688 (Contact in person)	<b>Total Units</b> 24
	<b>Year Built</b> 1982	<b>Contact</b> Vickie	<b>Vacancies</b> 0
	<b>Comments</b> RD 515, has RA (21 units); Accepts HCV; Square footage estimated		<b>Occupied</b> 100.0%
			<b>Floors</b> 2
			<b>Quality Rating</b> C
			<b>Waiting List</b>
			1 household
5 Lavonia Garden Apts.			
	<b>Address</b> 55 Brickyard Rd. Lavonia, GA 30553	<b>Phone</b> (706) 356-3333 (Contact in person)	<b>Total Units</b> 24
	<b>Year Built</b> 1985	<b>Contact</b> Wendy	<b>Vacancies</b> 0
	<b>Comments</b> RD 515, has RA (24 units); Select units have ceiling fans; Year built & square footage estimated		<b>Occupied</b> 100.0%
			<b>Floors</b> 1
			<b>Quality Rating</b> B-
			<b>Senior Restricted (62+)</b>
			<b>Waiting List</b>
			2 households

## Project Type

<span style="color: blue;">■</span>	Market-rate
<span style="color: cyan;">■</span>	Market-rate/Tax Credit
<span style="color: pink;">■</span>	Market-rate/Government-subsidized
<span style="color: purple;">■</span>	Market-rate/Tax Credit/Government-subsidized
<span style="color: red;">■</span>	Tax Credit
<span style="color: orange;">■</span>	Tax Credit/Government-subsidized
<span style="color: yellow;">■</span>	Government-subsidized

Survey Date: September 2013

# SURVEY OF PROPERTIES - ROYSTON, GEORGIA

6 Lavonia Village Apts.			
	<b>Address</b> 120 Brickyard Rd. Lavonia, GA 30553	<b>Phone</b> (706) 202-1146 (Contact in person)	<b>Total Units</b> 24 <b>Vacancies</b> 0 <b>Occupied</b> 100.0%
	<b>Year Built</b> 1986 <b>Comments</b> RD 515, has RA (24 units); Square footage estimated	<b>Contact</b> Leslie	<b>Floors</b> 1 <b>Quality Rating</b> C  <b>Waiting List</b> 5 households
7 Willow Lane Apts.			
	<b>Address</b> 158 Adams Cir. Bowman, GA 30624	<b>Phone</b> (706) 245-0280 (Contact in person)	<b>Total Units</b> 18 <b>Vacancies</b> 0 <b>Occupied</b> 100.0%
	<b>Year Built</b> 1988 <b>Comments</b> RD 515, no RA	<b>Contact</b> Julia	<b>Floors</b> 1,2 <b>Quality Rating</b> B  <b>Waiting List</b> 4 households
8 Ridgewood Hills			
	<b>Address</b> 201 Poole St. Lavonia, GA 30553	<b>Phone</b> (706) 356-8191 (Contact in person)	<b>Total Units</b> 24 <b>Vacancies</b> 0 <b>Occupied</b> 100.0%
	<b>Year Built</b> 1975 <b>Comments</b> 60% AMHI; HUD Section 8; RD 515, no RA; Year built & square footage estimated	<b>Contact</b> Doug	<b>Floors</b> 1,2 <b>Quality Rating</b> C  <b>Waiting List</b> 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

# TAX CREDIT UNITS - ROYSTON, GEORGIA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 1	Crestview Manor Apts. (Site)	22	600	1	60%	\$430 - \$531
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 1	Crestview Manor Apts. (Site)	3	800	1	60%	\$450 - \$575
8	Ridgewood Hills	16	960	1.5	60%	\$650
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
8	Ridgewood Hills	8	1060	1.5	60%	\$740

◆ - Senior Restricted

# DISTRIBUTION OF UTILITIES - ROYSTON, GEORGIA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
<b>HEAT</b>			
LANDLORD			
GAS	1	24	12.8%
TENANT			
ELECTRIC	7	163	87.2%
			100.0%
<b>COOKING FUEL</b>			
LANDLORD			
ELECTRIC	1	24	12.8%
TENANT			
ELECTRIC	7	163	87.2%
			100.0%
<b>HOT WATER</b>			
LANDLORD			
GAS	1	24	12.8%
TENANT			
ELECTRIC	7	163	87.2%
			100.0%
<b>ELECTRIC</b>			
LANDLORD	1	24	12.8%
TENANT	7	163	87.2%
			100.0%
<b>WATER</b>			
LANDLORD	3	73	39.0%
TENANT	5	114	61.0%
			100.0%
<b>SEWER</b>			
LANDLORD	3	73	39.0%
TENANT	5	114	61.0%
<b>TRASH PICK-UP</b>			
LANDLORD	3	73	39.0%
TENANT	5	114	61.0%
			100.0%

# UTILITY ALLOWANCE - ROYSTON, 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

ADDENDUM B

COMPARABLE PROPERTY PROFILES

**901 Cambridge Apts.** 31.6 miles to site



<b>Address</b>	360 Picadilly Sq. Athens, GA 30605		
<b>Phone</b>	(706) 548-1199	<b>Contact</b>	Brittney
<b>Total Units</b>	180	<b>Vacancies</b>	3
		<b>Percent Occupied</b>	98.3%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	1977	<b>Renovated</b>	1989
		<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV; Rent range based on unit location, washer/dryer hookups & ceiling fans		

**Features and Utilities**

<b>Utilities</b>	No landlord paid utilities
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Tennis Court(s), Sports Court, Picnic Area, Pet Walk, Sundeck; WiFi

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	100	0	670 to 750	\$0.76 - \$0.82	\$550 to \$570
2	2	G	64	2	1025	\$0.64 - \$0.67	\$659 to \$689
3	2	G	16	1	1150	\$0.70 - \$0.72	\$800 to \$825

**902 Cross Creek**

24.5 miles to site



<b>Address</b>	Creekside Dr. Commerce, GA 30549		
<b>Phone</b>	(706) 886-3858	<b>Contact</b>	Karen
<b>Total Units</b>	20	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	1995	<b>Floors</b>	1,2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	2 households		
<b>Quality Rating</b>	B-	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV		

**Features and Utilities**

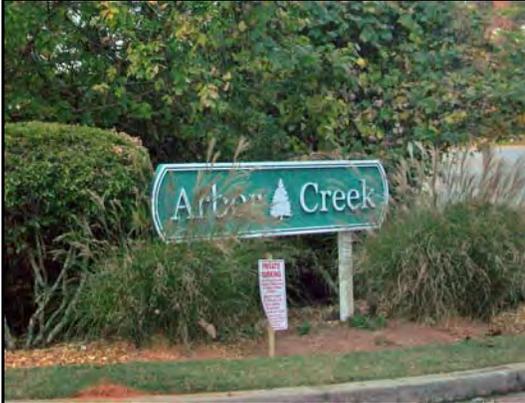
**Utilities** No landlord paid utilities  
**Unit Amenities** Refrigerator, Icemaker, Range, Dishwasher, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds  
**Project Amenities**

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
2	1	G	12	0	860	\$0.61	\$525
2	1.5	T	8	0	1020	\$0.54	\$550

**904 Arbor Creek**

32.4 miles to site



<b>Address</b>	155 International Dr. Athens, GA 30605		
<b>Phone</b>	(706) 353-6868	<b>Contact</b>	Allison
<b>Total Units</b>	128	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	1997	<b>Floors</b>	2,3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV; Phase II built in 2000		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
1	1	G	32	0	475	\$1.09	\$520
2	2	G	9	0	1100	\$0.62	\$685
2	2.5	T	87	0	1100	\$0.62	\$685

**903 Heritage Crossing**

24.4 miles to site



<b>Address</b>	1000 Crossing Pl. Commerce, GA 30529		
<b>Phone</b>	(706) 335-2394	<b>Contact</b>	Kellie
<b>Total Units</b>	120	<b>Vacancies</b>	6
		<b>Percent Occupied</b>	95.0%
<b>Project Type</b>	Market-Rate & Tax Credit		
<b>Year Open</b>	2002	<b>Floors</b>	3
<b>Concessions</b>	50% off 1st month's rent		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A-	<b>Neighborhood Rating</b>	A
<b>Remarks</b>	Market-rate (24 units); 50% & 60% AMHI (96 units); HCV (1 unit)		

**Features and Utilities**

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

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	2	0	975	\$0.68	\$660	
1	1	G	4	0	975	\$0.57	\$555	60%
1	1	G	4	0	975	\$0.46	\$451	50%
2	2	G	15	1	1115	\$0.69	\$770	
2	2	G	28	1	1175	\$0.52	\$610	60%
2	2	G	31	0	1175	\$0.45	\$530	50%
3	2	G	7	3	1350	\$0.62	\$840	
3	2	G	15	1	1350	\$0.50	\$670	60%
3	2	G	14	0	1350	\$0.45	\$605	50%

**909** Juniper Court

14.8 miles to site



<b>Address</b>	283 Nancy Dr. Hartwell, GA 30643		
<b>Phone</b>	(706) 376-2589	<b>Contact</b>	Kasey
<b>Total Units</b>	52	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Market-Rate & Tax Credit		
<b>Year Open</b>	2009	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	40 households		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Market-rate (16 units); 50% & 60% AMHI (36 units); HCV (2 units); HOME Funds (52 units)		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, E-Call Button, Storage
<b>Project Amenities</b>	On-site Management, Club House, Meeting Room, Fitness Center, Sports Court, Elevator, Computer Lab, Picnic Area, Social Services

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	10	0	853	\$0.46	\$395	
1	1	G	5	0	853	\$0.43	\$370	60%
1	1	G	9	0	853	\$0.40	\$342	50%
2	1	G	6	0	1181	\$0.34	\$400	
2	1	G	9	0	1181	\$0.33	\$385	60%
2	1	G	13	0	1181	\$0.31	\$370	50%

**905 Fern Point Apts.**

26.9 miles to site



<b>Address</b>	280 Fern Point Dr. Toccoa, GA 30577		
<b>Phone</b>	(706) 886-0349	<b>Contact</b>	Debra
<b>Total Units</b>	48	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2012	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	A-
<b>Remarks</b>	50% & 60% AMHI; Accepts HCV (0 currently)		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Blinds
<b>Project Amenities</b>	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Computer Lab, Walking Trail

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	8	0	720	\$0.52	\$375	60%
1	1	G	2	0	720	\$0.40	\$290	50%
2	2	G	24	0	1100	\$0.40	\$445	60%
2	2	G	4	0	1100	\$0.31	\$345	50%
3	2	G	8	0	1150	\$0.46	\$525	60%
3	2	G	2	0	1150	\$0.35	\$405	50%

**906 Heritage Hills**

23.5 miles to site



<b>Address</b>	100 Heritage Hills Dr. Commerce, GA 30529		
<b>Phone</b>	(706) 335-9550	<b>Contact</b>	Jessica
<b>Total Units</b>	80	<b>Vacancies</b>	12
		<b>Percent Occupied</b>	85.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2000	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B+	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	50% & 60% AMHI; HCV (3 units); Vacancies due to evictions & job transfers		



**Features and Utilities**

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

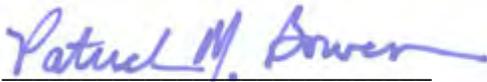
**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	5	0	900	\$0.54	\$489	60%
1	1	G	5	0	900	\$0.49	\$439	50%
2	2	G	25	7	1150	\$0.50	\$575	60%
2	2	G	25	2	1150	\$0.46	\$525	50%
3	2	G	10	2	1270	\$0.52	\$655	60%
3	2	G	10	1	1270	\$0.46	\$590	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.



Patrick M. Bowen  
President/Market Analyst  
Bowen National Research  
155 E. Columbus St., Suite 220  
Pickerington, OH 43147  
(614) 833-9300  
[patrickb@bowennational.com](mailto:patrickb@bowennational.com)  
Date: September 20, 2013



Craig Rupert  
Market Analyst  
[craigr@bowennational.com](mailto:craigr@bowennational.com)  
Date: September 20, 2013

Note: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting <http://www.housingonline.com/MarketStudiesNCAHMA/AboutNCAHMA/tabid/234/Default.aspx>

## ADDENDUM-MARKET STUDY INDEX

### **A. INTRODUCTION**

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

### **B. DESCRIPTION AND PROCEDURE FOR COMPLETING**

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

### **C. CHECKLIST**

		Section (s)
<b>Executive Summary</b>		
1.	Executive Summary	A
<b>Project Description</b>		
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
<b>Location and Market Area</b>		
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)
<b>Employment and Economy</b>		
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
<b>Demographic Characteristics</b>		
24.	Population and household estimates and projections	E
25.	Area building permits	E
26.	Distribution of income	E
27.	Households by tenure	E
<b>Competitive Environment</b>		
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
<b>Analysis/Conclusions</b>		
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)**

<b>Other Requirements</b>		<b>Section (s)</b>
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.

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

### **4. SOURCES**

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

- The 2000 and 2010 Census on Housing
- American Community Survey
- Urban Decision Group (UDG)
- ESRI
- Area Chamber of Commerce
- Georgia Department of Community Affairs
- U.S. Department of Labor
- U.S. Department of Commerce
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives
- HISTA Data (household income by household size, tenure and age of head of household) by Ribbon Demographics

## Addendum E - Achievable Market Rent Analysis

### A. INTRODUCTION

Due to the lack of comparable market-rate properties within the Site PMA, we identified and surveyed four market-rate properties outside of the Site PMA but within the region in the nearby towns of Athens and Commerce, Georgia. Note that the Athens and Commerce areas are considered to be socioeconomically different as compared to the Royston area in terms of household income, home values, rents charged and services offered. 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 subject development and the four 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	<b>Crestview Manor Apartments</b>	<b>1996 / 2014</b>	<b>25</b>	<b>100.0%</b>	<b>22 (100.0%)</b>	<b>3 (100.0%)</b>	<b>-</b>
901	Cambridge Apts.	1977 / 1989	180	98.3%	100 (100.0%)	64 (96.9%)	16 (93.8%)
902	Cross Creek	1995	20	100.0%	-	20 (100.0%)	-
903	Heritage Crossing	2002	24*	83.3%	2 (100.0%)	15 (93.3%)	7 (57.1%)
904	Arbor Creek	1997	128	100.0%	32 (100.0%)	96 (100.0%)	-

\*Market-rate units only

900 Map IDs are located outside of the Site PMA

The four selected market-rate projects have a combined total of 352 units with an overall occupancy rate of 98.0%. None of the comparable properties has an occupancy rate below 83.3%.

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 → **TWO BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>		<b>Comp #5</b>	
Crestview Manor Apartments		Cambridge Apts.		Cross Creek		Heritage Crossing		Arbor Creek			
401 Dovetown Rd.		360 Picadilly Sq.		Creskide Dr.		1000 Crossing Pl.		155 International Dr.			
Royston, GA		Athens, GA		Commerce, GA		Commerce, GA		Athens, GA			
<b>A.</b>	<b>Rents Charged</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$659		\$525		\$770		\$685			
2	Date Surveyed	Sep-13		Sep-13		Sep-13		Sep-13			
3	Rent Concessions	None		None		Yes (\$32)		None			
4	Occupancy for Unit Type	97%		100%		93%		100%			
5	Effective Rent & Rent/ sq. ft	\$659	0.64	\$525	0.61	\$738	0.66	\$685	0.62		
<b>B.</b>	<b>Design, Location, Condition</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	R/1		WU/2		WU/3		WU/2,3			
7	Yr. Built/Yr. Renovated	1996/2014		1977/1989	\$22	1995	\$10	2002	\$3	1997	\$8
8	Condition /Street Appeal	G		G		E	(\$15)	G			
9	Neighborhood	G		G		E	(\$10)	G			
10	Same Market?	No	(\$99)	No	(\$79)	No	(\$101)	No	(\$103)		
<b>C.</b>	<b>Unit Equipment/ Amenities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	2		2		2		2			
12	# Baths	1	(\$30)	2		2	(\$30)	2	(\$30)		
13	Unit Interior Sq. Ft.	800	(\$36)	1025		860	(\$10)	1115	(\$51)	1100	(\$48)
14	Balcony/ Patio	Y		Y		Y		Y			
15	AC: Central/ Wall	C		C		C		C			
16	Range/ refrigerator	R/F		R/F		R/F		R/F			
17	Microwave/ Dishwasher	N/Y		N/Y		N/Y		N/Y			
18	Washer/Dryer	HU/L	\$10	L	\$10	HU	\$5	HU/L	(\$25)	W/D	
19	Floor Coverings	C		C		C		C			
20	Window Coverings	B		B		B		B			
21	Intercom/E-Call Buttons	N/Y	\$5	N/N	\$5	N/N	\$5	N/N	\$5		
22	Garbage Disposal	N	(\$5)	Y		N		Y	(\$5)	N	
23	Ceiling Fan	Y	\$5	N	\$5	N	\$5	Y		N	\$5
<b>D.</b>	<b>Site Equipment/ Amenities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0			
25	On-Site Management	Y		Y		N	\$5	Y		Y	
26	Security Gate	N		N		N		Y	(\$5)	N	
27	Clubhouse/ Meeting Rooms	N/Y		Y/N	\$5	N/N	\$5	Y/N		N/N	\$5
28	Pool/ Recreation Areas	N	(\$18)	P/F/S		N		P/F	(\$15)	P	(\$10)
29	Computer Center	N		N		N		N		N	
30	Picnic Area	Y		Y		N	\$3	Y		N	\$3
31	Library	N		N		N		N		N	
32	Additional Storage	Y	\$5	N	\$5	N	\$5	Y		N	\$5
<b>E.</b>	<b>Utilities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/E		N/G		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/G		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y	\$40	N/N	\$40	N/N	\$40	Y/Y		N/N	\$40
39	Trash /Recycling	Y/N	\$20	N/N	\$20	N/N	\$20	Y/N		Y/N	
<b>F.</b>	<b>Adjustments Recap</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>
40	# Adjustments B to D	5	5	8	2	2	8	6	5		
41	Sum Adjustments B to D	\$47	(\$188)	\$43	(\$89)	\$8	(\$232)	\$31	(\$216)		
42	Sum Utility Adjustments	\$60		\$60				\$40			
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>
43	Net/ Gross Adjmts B to E	(\$81)	\$295	\$14	\$192	(\$224)	\$240	(\$145)	\$287		
<b>G.</b>	<b>Adjusted &amp; Market Rents</b>	<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44	Adjusted Rent (5+ 43)	\$578		\$539		\$514		\$540			
45	Adj Rent/Last rent		88%		103%		70%		79%		
46	Estimated Market Rent	\$540	\$0.68	← 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 \$490 for a one-bedroom unit and \$540 for a two-bedroom unit, which are illustrated as follows:

Bedroom Type	Proposed Collected Rent	Achievable Market Rent (CRCU)	Market Rent Advantage
One-Bedroom	\$483*	\$490	1.4%
Two-Bedroom	\$540	\$540	0.0%

\*2013 maximum allowable LIHTC gross rent less the value of tenant-paid utilities  
 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 location, a market rent advantage near 0.0% is acceptable as Tax Credit product often represents some of the most desirable rental housing opportunities available. Regardless, the proposed collected Tax Credit rents represent market rent advantages of 1.4% and 0.0% for the one- and two-bedroom units at the subject project, respectively. Therefore, the collected Tax Credit rents are positioned appropriately within the market, in the unlikely event the project were to ever lose its project-based Rental Assistance.

However, as stated throughout this report, Rental Assistance (RA) is anticipated to be retained on 24 of the 25 subject units. This RA will allow tenants of these units to pay up to 30% of their adjusted gross income towards housing costs (rent plus tenant-paid utilities). Additionally, a Private Rental Assistance (PRA) subsidy will be available to all current unassisted residents. This subsidy will prevent a rent increase on any current unassisted residents. Considering the retention of RA and the available PRA subsidy, the subject project 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.

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.
5. The effective rent is the reported rent when considering rent concessions or special promotions. One of the selected properties, Heritage Crossing, offers a rent concession on its two-bedroom units which has been prorated and subtracted from the collected 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 1977 and 2002. It should further be noted that one of the selected properties was renovated in 1989. 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 subject project will have an improved quality and aesthetic appeal following renovations, one of the selected market-rate properties is considered to be of superior quality as compared to the subject project. As such, we have made an adjustment to this property that we consider to be of superior quality to the subject development.
9. One of the selected market-rate properties (Heritage Crossing) 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, all of the selected properties are located outside of the Site PMA in areas that are considered socioeconomically different than the Royston market. As such, an adjustment of 15% was applied to the selected properties located outside of the Site PMA in the towns of Athens and Commerce 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 competitive with those offered at the selected properties. 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 considered to be somewhat limited as compared 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: Crestview Manor (187) 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.
<b>Crestview Manor (187)</b>																	
01	187s1	650	1	Hickman, Joyce	Rental		AR	03/01/13	531	481	430	430	279	151	51	202	0
02	187s1	650	1	BURNETTE, RITA	Assistance(RA) Rental		RA	07/03/13	531	481	430	430	221	209	51	260	0
03	187s2	800	2	Stowers, Leonard	Assistance(RA) Rental		AR	09/01/12	575	521	450	450	302	148	71	219	0
04	187s2	800	2	Hall, Cynthia	Assistance(RA) Rental		AR	08/01/13	575	521	450	450	297	153	71	224	0
05	187s1	650	1	Eubanks, Janet	Assistance(RA) Rental		AR	12/01/12	531	481	430	430	170	260	51	311	0
06	187h1	650	1	Saylors, Blondine	Assistance(RA) Rental		AR	06/01/13	531	481	430	430	107	323	51	374	0
07	187s1	650	1	Roach, James	Assistance(RA) Rental		AR	09/01/12	531	481	430	430	191	239	51	290	0
08	187s1	650	1	Coots, David	Assistance(RA) Rental		MI	02/01/13	531	481	430	430	121	309	51	360	0
09	187s1	650	1	Key, Betty	Assistance(RA) Rental		AR	11/01/12	531	481	430	430	290	140	51	191	0
10	187s1	650	1	Cape, Helen	Assistance(RA) Rental		AR	11/01/12	531	481	430	430	267	163	51	214	0
11	187s1	650	1	Saddler, Mary	Assistance(RA) Rental		AR	02/01/13	531	481	430	430	124	306	51	357	0
12	187h1	650	1	Stowe, Nancy	Assistance(RA) Rental		AR	06/01/13	531	481	430	430	272	158	51	209	0
13	187s1	650	1	Lewallen, Reba	Assistance(RA) Rental		AR	09/01/12	531	481	430	430	267	163	51	214	0
14	187s1	650	1	Roach, Julian	Assistance(RA) Rental		AR	06/01/13	531	481	430	430	244	186	51	237	0
15	187s1	650	1	Thomason, Linda	Assistance(RA) Rental		AR-1	12/01/12	531	481	430	430	289	141	51	192	0
16	187s1	650	1	Carey, Barbara	Assistance(RA) Rental		MI	11/29/12	531	481	430	430	237	193	51	244	0
17	187s1	650	1	Skelton, George	Assistance(RA) Rental		AR	06/01/13	531	481	430	430	199	231	51	282	0
18	187s1	650	1	Witcher, Stacy	Assistance(RA) No Deep Tenant Subsidy		MI	07/19/13	531	481	430	430	0	430	51	481	0
19	187s1	650	1	King, Wanda	Assistance(RA) Rental		AR	06/01/13	531	481	430	430	280	150	51	201	0
20	187s1	650	1	Bolmon, Hubert	Assistance(RA) Rental		AR	04/01/13	531	481	430	430	22	408	51	459	0
21	187s1	650	1	Hyde, Kathleen	Assistance(RA) Rental		AR	04/01/13	531	481	430	430	366	64	51	115	0
22	187s1	650	1	Blackwell, Lorene	Assistance(RA) Rental		AR	05/01/13	531	481	430	430	107	323	51	374	0
23	187s1	650	1	Presley, Brenda	Assistance(RA) Rental		AR	11/01/12	531	481	430	430	288	142	51	193	0

# Affordable Rent Roll

Property: Crestview Manor (187) 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.
<b>Crestview Manor (187)</b>																	
24	187s1	650	1	Fleeman, Lula	Rental Assistance(RA)		AR	06/01/13	531	481	430	430	135	295	51	346	0
25	187s2	800	2	Peeples, Jean	Rental Assistance(RA)		AR	05/01/13	575	521	450	450	386	64	71	135	0
<b>Total :</b>		16,700	28	<b>Number of Units:</b>	<b>25</b>				13,407	12,145	10,810	10810	5,461	5,349	1,335	6,684	0
<b>Grand Total :</b>		16,700	28	<b>Total Units:</b>	<b>25</b>				13,407	12,145	10,810		5,461	5,349	1,335	6,684	0