

NEED AND DEMAND ANALYSIS
FOR THE VILLAGES OF CASTLEBERRY HILL APARTMENTS
PHASE I
IN
ATLANTA, GEORGIA

**Prepared for the
H.J. Russell Company
for submission to
the U.S. Department of Housing and Urban Development
and
the Georgia Department of Community Affairs
Office of Affordable Housing**

April 26, 2016

T Ronald Brown: Research & Analysis
P.O. Box 1294
Cary, NC 27512-1294

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INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the Villages of Castleberry Hills Apartments, Phase I in Atlanta, Georgia. This project was originally developed under the HUD HOPE VI and Low Income Housing Tax Credit programs. There is a total of 166 units at this property: 47 one-bedroom units, 99 two-bedroom units, and 20 three-bedroom units. The apartments will offer apartments at mixed incomes - with 64 market rate units, 36 units that rent to households whose incomes qualify their apartments for tax credit status, and 66 units with project based rental assistance for very low income tenants.

ASSUMPTIONS AND CONDITIONS

The findings of this study are predicated upon the assumption that the proposed development, as presented to us, will be located at the site described in the report, that it will be funded through the program under which it was prepared, and within the stated projection period.

Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed, and professionally managed.

The data and analysis in this study are based on information relating to conditions in the town, market area, county, and state in which the project is to be located, and has been obtained from the most pertinent and current available sources. Likewise, every effort has been made to ensure its accuracy and reliability. However, we can assume no responsibility for inaccuracies in reporting by any local, regional, state, or federal agency cited, nor for any information withheld or erroneously reported by the sources cited during the normal course of our professional research. Consequently, we reserve the right to alter our findings and conclusions, if necessary, on the basis of any discovered material inaccuracies.

The site of the proposed apartments was visited. In addition, interviews were held with persons with particular knowledge pertinent to the study.

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings. Additionally, given that some Census data are yet to be published (and are less comprehensive than before) third parties - such as State data centers and others - have not had the opportunity to derive projections utilizing those more recent data at this time. Here, we will employ established, reliable, and conservative methods and assumptions in our analysis.

The site of the proposed apartments was visited (on March 23, 2016). In addition, where appropriate, interviews are held with persons with particular knowledge pertinent to the study.

The report is designed to satisfy the underwriting criteria of the reviewing agency for which it was performed, and the conclusions, based on the results of our research, experience, and expertise reflect the predicted ability of the project, as presented to us, to meet or exceed that reviewing agency's guidelines. Thus, a positive conclusion does not necessarily imply that the project would be found to be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted professional market study standards and elements pre-empted by the guidelines set out by the reviewing agency.

It is stated that we have no responsibility for opinions requiring expertise in other fields of expertise - these would include, for example, legal, environmental, architectural, and engineering matters.

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

It is stated that we do not have, nor will have in the future, any material interest in the proposed development, and that there is no identity of interest between us and the party for whom the project was prepared. Further, we state that the payment of the fee is not contingent upon a favorable conclusion, nor approval of the project by any agency before or after the fact. The payment of the fee does not include payment for testimony nor further consultation.

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 1294
Cary, North Carolina 27512-1294
919. 233.0670 or 919.342.9380



Date: April 26, 2016

A.. EXECUTIVE SUMMARY

The following provides a brief summary of the market analysis, and is based on the Georgia DCA market study guidelines.

1. Project Description:

The Villages at Castleberry Hill (phase I) is at 600 Greensferry Avenue, off Northside Drive, to the south and west of downtown Atlanta.

The project will be the rehabilitation of eleven two- and three- story residential, walk-up, buildings. The project is available to very low, low, and moderate income family renters, with 64 unrestricted units.

One bedroom units are 710 square feet, two bedroom units range from 890 to 1,134 square feet (averaging 955 square feet), and the three-bedroom units are 1,138 square feet.

The project is to be configured as follows:

<u>Unit type</u>	<u>No. of units</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	19	boi	\$82	less than 50 percent
1 bedroom/1 bath	10	\$686	\$82	less than 60 percent
1 bedroom/1 bath	18	\$845	\$82	unrestricted
2 bedroom/1 bath	11	boi	\$109	less than 50 percent
2 bedroom/1 bath	7	\$812	\$109	less than 60 percent
2 bedroom/1 bath	10	\$915	\$109	unrestricted
2 bedroom/2 bath	28	boi	\$109	less than 50 percent
2 bedroom/2 bath	14	\$812	\$109	less than 60 percent
2 bedroom/2 bath	29	\$915-1,200	\$109	unrestricted
3 bedroom/2 bath	8	boi	\$136	less than 50 percent
3 bedroom/2 bath	5	\$928	\$136	less than 60 percent
3 bedroom/2 bath	7	\$1,100	\$136	unrestricted

* Percent of area median
boi - based on income

There are 66 units of rental assistance at this property.

The development features the following unit amenities: kitchen, with stove, refrigerator, garbage disposal, and dishwasher. Other amenities include: in-unit washer and dryers, window coverings, and walk-in closets. There will be carpet and vinyl and tiled flooring throughout. The units will have heat pumps, with central air-conditioning. The units include an alarm system and cable/satellite provision. Project amenities include an onsite office, community center (with after school and weekend programs), fitness center, and swimming pool(s). There is a playground, gazebo, and picnic area.

1. Project Description:, continued

Based on information supplied by the developer, the proposed renovation will include basic appliance upgrades, painting, flooring, and HVAC upgrades as necessary; as well as significant landscaping and parking lot and driveway improvements.

The features and amenities that the Villages at Castelberry Hills offer are typical of complexes of this type - mixed-income properties developed through the HUD HOPE VI program that replaced obsolete Atalanta Housing Authority properties. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

2. Site Description/Evaluation:

The site is relatively flat and is developed and offers eleven residential buildings (with two or three story buildings), and an office/community, swimming pool, playground, gazebo, and picnic area.

Adjacent properties include the second phase of the subject property (both across Greensferry Avenue and Northside Drive - to the north and south. Areas to the north (beyond phase two) and to the west of the site are parts of the adjacent universities.

Access to the site is from Greensferry Avenue, off Northside Drive. The property is visible from both those thoroughfares.

There are no significant positive or negative aspects with respect to the site.

Access from the site to major thoroughfares, sources of employment, schools, shopping, health, and other local services is good - a function of the site's urban location and its relative proximity to downtown Atlanta.

Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area on the part of potential tenants, would impact the project's marketability. The property maintains high occupancy levels which reflect the lack of any such constraints upon marketability.

There are no apparent physical, environmental, or other constraints upon the rehabilitation and ongoing marketing of the proposed project at this location.

3. Market Area Definition:

The market area for the proposed development is the area located to the south and west of downtown Atlanta that is focused on the site of the proposed development. The property is in the Castleberry area and the market area includes, for example, the Atlanta University Center District, to the west, and the Westview and West End neighborhoods to the south and west. This area is focused on the site of the proposed development and extends to an approximately ten-to-20 mile urban hinterland.

4. Community Demographic Data:

The population of the project market area is projected to increase from 67,328 in 2010 to 70,867 in 2016, and 73,293 in 2018. The number of households is projected to increase from 25,099 in 2010, to 28,904 in 2016, and 29,974 in 2018. The number of renter households in the market area in 2010 was 15,649. This is projected to increase to 18,515 in 2015, and to 19,375 in 2018. The latter reflects not just population and household growth but increases in the proportion of local households that will rent - from 62.3 percent in 2010, to 64.1 percent in 2016, to 64.6 percent by 2018.

The median household income for Atlanta is around \$46,439 and that for Fulton County is around \$56,642.

It is our opinion that the impact of foreclosed, etc., properties in the market area would not have any appreciable impact on the marketability of the proposed development, which is largely a function of the fact that the proposed development is the rehabilitation of an existing fully occupied property.

5. Economic Data:

Covered private employment, as reported, rose from 745,274 in 2013 to 767,899 in 2014 in Fulton County. In that County it is seen that the largest employment sector is professional and technical services - which accounted for 11.7 percent of the total in 2014. Other significant sectors include healthcare and accommodation and food services.

In 2014, the Fulton County labor force comprised an estimated 511,786 persons. Of this total, 474,995 were employed, and 36,791, or 7.2 percent, were unemployed. Labor force has shown net growth over the last decade, but has fluctuated over that period - with growth in the early part of the decade, decreases from 2008 to 2010, and subsequent increases in recent years. Employment levels also showed growth in the early part of the decade and decreased thereafter, with a net increase since 2010, and improving unemployment rates in recent years.

Information made available to us by the Fulton County Chamber of Commerce suggest that there are no noteworthy business expansions, closings or layoffs in the Atlanta area.

Unemployment was recorded at 7.2 percent in 2016, having been 10.5 percent in 2010, and 5.8 percent in 2005.

Growth in labor force and employment can serve as a foundation for ongoing population and housing growth, which can translate into a need for more housing. Information from the above shows that Fulton County has a pattern of labor force growth and employment growth, which will result in an ongoing need for more housing options.

6. Project-Specific Affordability and Demand Analysis:

Our calculations show that there will be a total of 16,863 renter households in the qualifying income range the proposed development in the project market area - with 13,602 qualifying for assisted units, 1,353 qualifying for tax credit units, and 2,102 qualifying for market rate units.

Total demand for the proposed development based on the Georgia DCA market study methodology is determined to be for 11,922 units. The net demand is for 11,922 units - of this total, 10,743 are rent-assisted and designated for very low income households. Thus, a 166-unit development amounts to 1.4 percent of the total net need. This suggests a capture rate of 0.7 percent for 66 rent-assisted units at 50 percent of the median, a capture rate 5.6 percent for 36 tax credit at 60 percent of the median, and a capture rate of 12.3 percent for 64 market rate units.

The capture rates for one-, two-, and three-bedroom units are calculated to be 1.3 percent, 2.1 percent, and 0.6 percent, for the 47 one-bedroom units, 99 two-bedroom units, and 20 three-bedroom units, respectively. These various capture rates suggest that the project, as proposed, is very marketable based on DCA criteria.

7. Competitive Rental Analysis:

At present there are many apartment complexes located in the project market area. These comprise a significant number of mixed income properties - similar to the subject property - which offer a mix of rent-assisted, tax credit, and market rate units. In addition, there are several subsidized properties, for example, those developed through the HUD Section 8 program, and other conventionally-financed market rate complexes.

Those properties that are located in the market area, are typically relatively new, and offer modern amenities, have high occupancy levels, and are typically in good physical condition.

Our survey shows that of the 3,880 units in our survey, almost 2,400 - or 61.5 percent - were in effectively mixed-income complexes comparable to the subject property. Occupancy for those units is seen to be 96.2 percent.

Information for the 22 complexes for which useful occupancy data were provided suggests an overall occupancy level of 96.2 percent.

The eleven mixed-income properties that can be considered comparable to the subject property (and excluding the subject) are seen to be 96.0 percent occupied.

The three subsidized complexes report two vacancies in 492 units: 99.6 percent occupancy.

The five market rate properties are seen to be 96.4 percent occupied.

Based on our survey, market rents for one-bedroom units range from \$700 to \$1,413, and average around \$837. Market rents for two-bedroom units range from \$724 to \$1,673 and are seen to average around \$1,026. The corresponding rents for three bedroom units range from \$850 to \$1,640, with an average of around \$1,108.

Again, based on our survey, rents for tax credit units range from \$531 to \$719 for one-bedroom units, and average around \$679. Rents for two-bedroom units that are tax credit financed are in the \$571 to \$890 range, with an average of around \$742. Tax credit units that have three-bedrooms are in the \$675 to \$1,095 range, and average around \$984.

Georgia DCA market study guidelines require the determination of average market rents. Here it is seen that, overall, one-bedroom units in the market area average \$777 per month, with the corresponding figures for two- and three-bedroom units being \$907 and \$984, respectively.

8. Absorption/Stabilization Estimate:

Our review of the capture rates for the proposed development suggest that the project is realistic, as proposed.

Given that the rehabilitation schedule is a function of the rehabilitation process, not market forces, and given that the project is the rehabilitation of an existing - fully occupied - property, it is difficult to suggest an absorption rate in the conventional sense of that concept. Based on our analysis, the proposed rent-assisted project could expect to lease-up (to a sustained occupancy level of 93 percent) over a period dictated by the rehabilitation schedule, plus 60 days, or so.

As an existing, fully leased, property the proposed rehabilitation will not have an impact on existing housing in the area.

9. Overall Conclusion:

It is our recommendation that, based upon our analysis, the proposed apartments should be rehabilitated as proposed. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the following report.

Summary Table:

Development Name: Villages of Castleberry Hills, Phase I Total Units: 166
 Location: 600 Greensferry Avenue, SW, Atlanta, GA 31055 LIHTC Units: 36
 PMA Boundary: Portion of Fulton County south and west of downtown Atlanta
 Farthest Boundary Distance to Subject: 5 miles

RENTAL HOUSING STOCK (found on page 53-81)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	22	3,880	146	96.2%
Market-Rate Housing	5	614	22	96.0%
Assisted/Subsidized Housing excluding LIHTC	3	492	2	99.6%
LIHTC only	0	0	0	
Stabilized Comps	11	2,222	88	96.0%
Properties in Construction & Lease Up	n/a	n/a	n/a	n/a

Subject Development					Average Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
19	1	1	710	boi	\$777	\$1.09	n/a	\$1,413	\$1.13
10	1	1	710	\$686	\$777	\$1.09	13.3%	\$1,413	\$1.13
18	1	1	710	\$845	\$777	\$1.09	-7.8	\$1,413	\$1.13
39	2	1-2	955*	boi	\$907	\$0.95	n/a	\$1,673	\$1.23
21	2	1-2	955*	\$812	\$907	\$0.95	11.7%	\$1,673	\$1.23
39	2	1-2	955*	\$952*	\$907	\$0.95	-5.0%	\$1,673	\$1.23
8	3	2	1,138	boi	\$984	\$0.86	n/a	\$1,640	\$1.22
5	3	2	1,138	\$928	\$984	\$0.86	6.0%	\$1,640	\$1.22
7	3	2	1,138	\$1,100	\$984	\$0.86	-10.5%	\$1,640	\$1.22

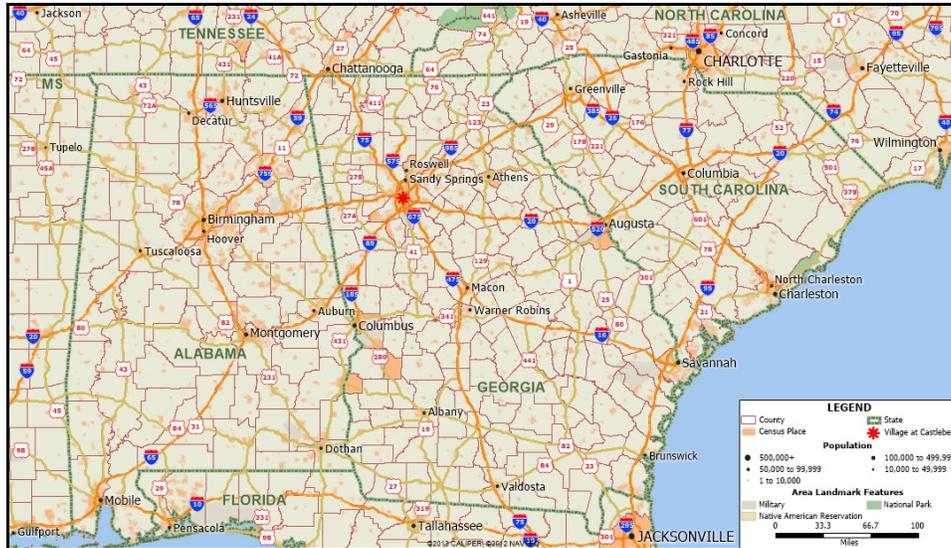
* average

DEMOGRAPHIC DATA (found on pages 31 and 43-47)						
	2010		2016		2018	
Renter Households	15,649	62.3%	18,515	64.1%	19,375	64.6%
Income-Qualified Renter HHs (assisted)		%		%	12,263	70.2%
Income-Qualified Renter HHs (LIHTC)					2,577	7.0% (of renters)
Income-Qualified Renter HHs (MR)		%		%	2,066	10.9%
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 49)						
Type of Demand	30%	50% assisted	60%	Market-rate	Other:	Overall
Renter Household Growth		603	60	93		748
Existing Household (Overburdened + Substandard)		10,140	584	429		11,175
Homeowner conversation (Seniors)						
Less Comparable/Competitive Supply		0	0	0		0
Net Income-qualified Renter HHs		10,743	645	522		11,922
CAPTURE RATES (found on page 50)						
Targeted Population	30%	50% assisted	60%	Market-rate	Other:	Overall
Capture Rate		0.6%	5.6%	12.3%		1.4%

B. PROJECT DESCRIPTION

Project Location

The proposed development is located at on Greensferry Avenue, off Northside Drive, to the south and west of downtown Atlanta, in Fulton County, in north-central Georgia.



Construction type: Rehabilitation of residential buildings - eleven two- and three- story walk-up apartment buildings.

Occupancy type :Family

Target income group: Mixed income: very low, low, and moderate incomes, with unrestricted units.

Special population target: Not Applicable

Proposed unit mix, etc.

One bedroom units are 710 square feet, two bedroom units range from 890 to 1,134 square feet (averaging 955 square feet), and the three-bedroom units are 1,138 square feet.

The project is to be configured as follows:

<u>Unit type</u>	<u>No. of units</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	19	boi	\$82	less than 50 percent
1 bedroom/1 bath	10	\$686	\$82	less than 60 percent
1 bedroom/1 bath	18	\$845	\$82	unrestricted
2 bedroom/1 bath	11	boi	\$109	less than 50 percent
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2 bedroom/2 bath	14	\$812	\$109	less than 60 percent
2 bedroom/2 bath	29	\$915-1,200	\$109	unrestricted
3 bedroom/2 bath	8	boi	\$136	less than 50 percent
3 bedroom/2 bath	5	\$928	\$136	less than 60 percent
3 bedroom/2 bath	7	\$1,100	\$136	unrestricted

* Percent of area median
boi - based on income

There are 66 units of rental assistance at this property.

Advertized features for the property (which includes those shared with the second phase) include:

Apartment features

- | | |
|------------------------|------------------------------------|
| Central air/heat | Alarm system |
| Cable/satellite | Carpet |
| Dishwashers | Fireplaces |
| Garbage disposal | patio/balconies |
| tiled floors | walk-in closet |
| In-unit washers/dryers | water/sewer/trash included in rent |
| Window coverings | |

Project features

Downtown views	Swimming pools
On-site courtesy officers	Gazebo with grills
Softball field	Fitness center
Gated access	ample parking
Business center	On-site clubhouse
On-site community center, with (free) after school and weekend programs	
Courtyard	Playground
Disability access	Freeway access

Rehabilitation information:

Based on information supplied by the developer, the proposed renovation will include basic appliance upgrades, painting, flooring, and HVAC upgrades as necessary; as well as significant landscaping and parking lot and driveway improvements.

The development is a 166-unit mixed income property: with 64 market rate units, 36 units that rent to households whose incomes qualify their apartments for tax credit status, and 66 units with project based rental assistance for very low income tenants.

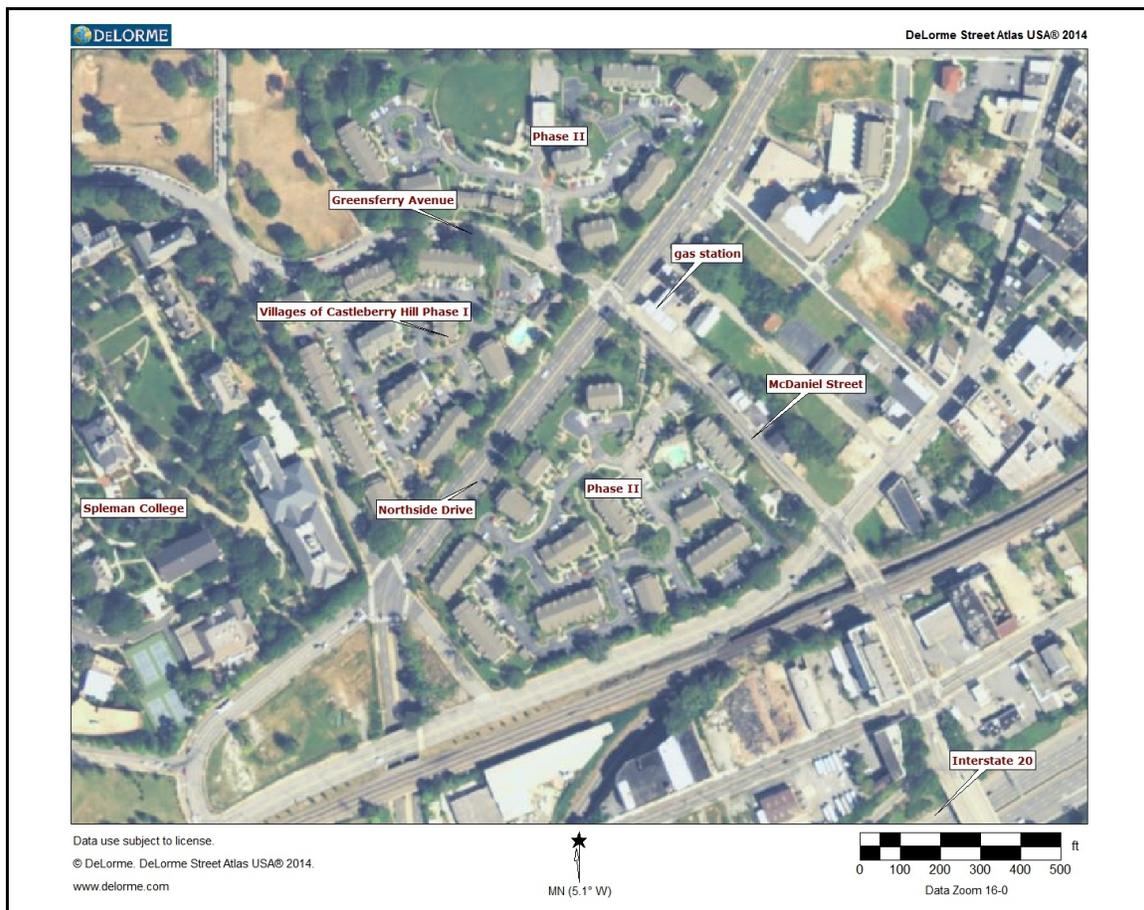
Occupancy is currently 96.7 percent, averaging just over 94 percent over the last six months or so) with a waiting list (for the rent-assisted units)

Based on the rent roll for the property, paid (net) rents for the tax credit units range from \$305 to \$890 - these are targeted to household with incomes up to 60 percent of the local area median income. Paid market rents are reported to be in \$550 to \$1,165 range. For the assisted units, paid rents range from \$16 to \$624 - with an average of \$245, per month.

It is understood that the rehabilitation program would commence in second quarter of 2017 and would be completed within 18 months, or less.

C. SITE EVALUATION

The site of the first phase of the Villages at Castleberry Hills is on the southern side of Greensferry Avenue, north of Northside Drive, in the Castleberry Hills neighborhood to the south and west of downtown Atlanta. Adjacent properties include the second phase of the subject property (both across Greensferry Avenue and Northside Drive - to the north and south). Areas to the north (beyond phase two) and to the west of the site are parts of the adjacent universities.



Aerial view of the site

The site visit was conducted by T. Ronald Brown on March, 23, 2016

The Villages at Castleberry Hills was developed in the late 1990's under the HUD HOPE VI program which replaced obsolete public housing authority properties of the Atlanta Housing Authority with new, mixed income, developments. The Villages of Castleberry Hills was developed to replace the 606-unit John Hope Homes, which was built in 1938.



John Hope Homes

Access from the site to major thoroughfares, sources of employment, schools, shopping, health, and other local services is good - a function of the site's urban location and its relative proximity to downtown Atlanta.

The site is located off Northside Drive, SW (US 19, 29, 41 and GA 3) - a major north-south route serving the area west of downtown Atlanta. The site is within one fourth of one mile of the intersection of McDaniel Street and Interstate 20 (one mile west of its intersection with Interstate 75).

Public bus service is available at the site and the site is within one and one-fourth miles of two MARTA stations

The site is within one fourth of a mile of a gas/convenience store at the intersection of Northside Drive and McDaniel Street. The site is within one mile or so of the Mall at West End and associated stores such as Save-A-Lot and CVS. The site is within one and one half-miles of a Wal-mart off the Martin Luther King Junior Drive at the James P. Brawley Drive, to the north. A Kroger grocery store is located two miles from the site at the western end of the Ralph David Abernathy Boulevard.

The Jones Elementary School is within one mile or so of the site, off Fair Street, to the north. The Brown Middle School is within one and one half miles of the site, and the Booker T. Washington High School is within one and one-third miles of the site. The site is located adjacent to the Spelman College, Clark Atlanta University and Morehouse College Campuses in the Atlanta University Center District - this are not merely schools but also sources of employment.

The site is within one and one fourth miles of the West End Medical Center, to the south, and is within two and one half-miles of the Grady Memorial Hospital which is located to the south and east of downtown Atlanta.

The site is within two miles or so of the vary many sources of employment in the downtown area - in addition to the wide variety of government, shopping, and other services located in that area..

There are no apparent physical, environmental, or other constraints upon the rehabilitation and ongoing marketing of the proposed project at this location.



Typical units



Typical units



Typical units



View on property



View on property



View on property



View at entrance to property



Leasing office/clubhouse



Swimming pool at clubhouse



Playground/gazebo



View to Northside Dr, on Greensferry Ave., at site



View across Greensferry Ave., to phase II, at site



View north, on Northside Dr., at site



View south, on Northside Dr., at site



View across Northside Dr., towards property

Driving distances to the various services and amenities offered in the market area are listed, below:

Shopping Areas:

Save-A-Lot: 0.9 miles

CVS: 1.1 miles

The Mall West End: 1.0 miles

Wal-mart*: 1.4 miles

Kroger*: 2.0 miles

Gas/convenience Store:

Texaco 0.2 miles

Schools

Elementary School:- 1.1 miles

Middle School: 1.5 miles

High school:- 1.3 miles

Clark Atlanta University: 0.4 miles

Morehouse College: 0.5 miles

Spelman College: 0.7 miles

Employment Centers**

Downtown Atlanta: 2.0 miles

Medical:

West End Medical Center: 1.1 miles

Grady Memorial Hospital: 2.4 miles

Other:

Post Office:- 1.3 miles

Library: 1.4 miles

City Hall: - 1.6 miles

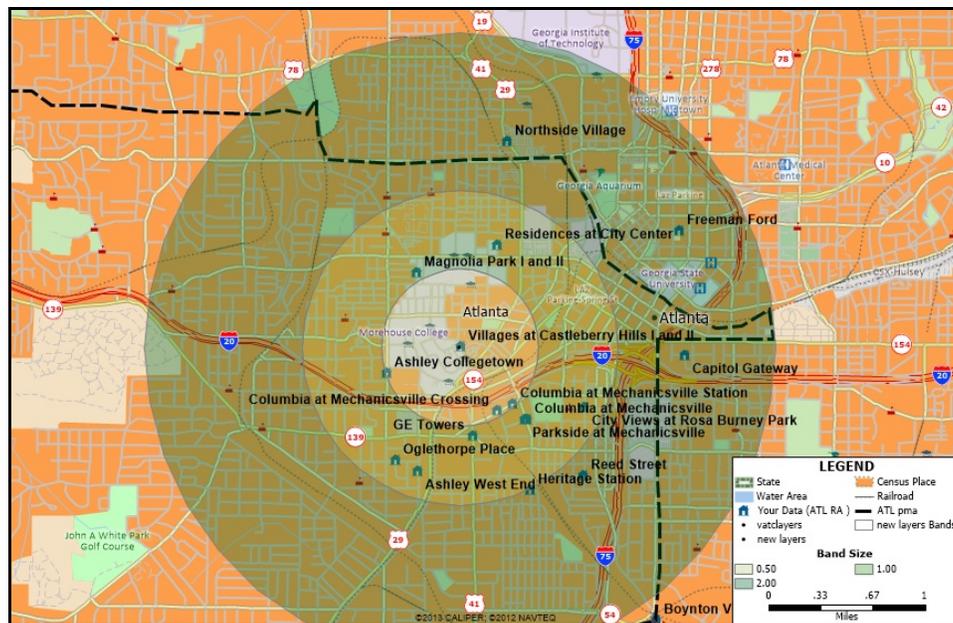
* includes pharmacy

** Shopping, schools, hospitals, etc. are also sources of local employment

The Villages at Castleberry Hills Apartments are located in a well-established urban neighborhood. Development in areas to the north and west of the site are part of the adjacent universities, with the subsequent phase of the subject apartments being located to both the north and south.

Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area on the part of potential tenants, would impact the project's marketability. The property maintains high occupancy levels which reflect the lack of any such constraints upon marketability.

A map showing the location of low income housing in the subject property's market area relative to the site of the proposed development is provided, below (with the areas within one-half and one- and two- miles of the site of the proposed development highlighted).



It is understood that the most significant infrastructure development in the immediate area is the construction of the Mercedes Benz Stadium, adjacent to the Georgia Dome, off Northside Drive, around one and one-fourth miles north of the site.

The Village at Castleberry Hills Apartments are visible from Greensferry Avenue and North side Drive, with easy access from Greensferry Avenue.

There are no apparent physical, environmental, or other constraints upon the rehabilitation and marketing of the proposed project at this location.

D. MARKET AREA

Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. Here, a combination of census county subdivisions (townships) may be used to define the market area. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census county subdivisions (townships) or combinations of census tracts, may be used to define the market area.

Atlanta is located in Fulton County and a portion of DeKalb County in north-central Georgia. The market area for the proposed development is the area located to the south and west of the downtown area that is focused on the site of the proposed development, as defined by several census tracts*. The property is in the Castleberry area and the market area includes, for example, the Atlanta University Center District, to the west, and the Westview and West End neighborhoods to the south and west. This area is focused on the site of the proposed development and extends to an approximately ten-to-20 mile urban hinterland. This area is that which constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character and with residents or potential residents likely to be interested in the proposed project.

* tracts 24, 25, 26, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 57, 58, 60, 61, 62, 63, 65, 66.01, 66.02, 80, 81,.01, 81.02, 83.01, 83.02, 84, and 120

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Fulton County was 816,006, and in 2010 the population was recorded as 920,577. Population projections for Fulton County are provided by the Atlanta Regional Commission. Based on these data, the population of the county is projected to be 979,631 by 2016, and to be around 998,584 by 2018.

Population projections for the project market area are based on the projections at the census tract level provided by the Atlanta Regional Commission. Based on those figures, the projection is that in 2016 the project market area will have a population of around 70,867 and around 73,293 in 2018. In 2010, the population of the market area was 67,328.

Information on population trends and changes between 2000 and 2018 are set out in Table 1, below..

Table 1 - Population

	Atlanta	Market Area	Fulton County
2000	416,474	82,403	816,006
2010	419,981	67,328	920,577
2016	n/a	70,867	979,631
2018	n/a	73,293	998,584
absolute change			
2000-2010	3,507	-15,075	104,571
2010-2016	n/a	3,539	59,054
2016-2018	n/a	2,426	18,953
annual change			
2000-2010	351	-1,508	10,457
2010-2016	n/a	590	9,842
2016-2018	n/a	1,213	9,477

Source: 2000 Census, 2010 Census, Atlanta Regional Commission; T Ronald Brown: Research & Analysis

AGE

The distribution of the population, by age, for Atlanta, the market area, and for Fulton County are set out in Table 2, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Atlanta was recorded as 32.9 years, with that for the county being 34.2 years.

The distribution for the market area illustrates the significant student population in the area.

Table 2 - Age Distribution

	Atlanta		Market Area		Fulton County	
	number	percent	number	percent	number	percent
Under 5 years	26,789	6.4	4,296	6.4	62,581	6.8
5 to 9 years	22,792	5.4	3,954	5.9	61,510	6.7
10 to 14 years	19,798	4.7	3,871	5.7	59,877	6.5
15 to 19 years	28,285	6.7	6,996	10.4	63,175	6.9
20 to 24 years	43,946	10.5	7,343	10.9	70,784	7.7
25 to 29 years	45,295	10.8	4,673	6.9	79,810	8.7
30 to 34 years	37,860	9.0	4,313	6.4	73,791	8.0
35 to 39 years	33,105	7.9	3,927	5.8	72,935	7.9
40 to 44 years	28,993	6.9	3,866	5.7	69,336	7.5
45 to 49 years	26,875	6.4	4,435	6.6	67,618	7.3
50 to 54 years	24,710	5.9	4,610	6.8	61,409	6.7
55 to 59 years	21,564	5.1	4,053	6.0	51,551	5.6
60 to 64 years	18,652	4.4	3,236	4.8	42,780	4.6
65 to 69 years	13,238	3.2	2,387	3.5	28,099	3.1
70 to 74 years	9,747	2.3	1,967	2.9	19,009	2.1
75 to 79 years	7,235	1.7	1,454	2.2	13,910	1.5
80 to 84 years	5,407	1.3	1,009	1.5	10,835	1.2
85 years and over	5,712	1.4	938	1.4	11,571	1.3
55 and older	81,555	19.4	15,044	22.3	177,755	19.3
65 and older	41,339	9.8	7,755	11.5	83,424	9.1
median	32.9		n/a		34.2	

Source: 2010 Census; T Ronald Brown: Research & Analysis

This project does not cater to, or target, a special needs population.

HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for Atlanta, the market area, and Fulton County are set out in Table 3 below. These projections are based on Atlanta Regional Commission data

The projection is that in 2016 the market area will have around 28,904 households, and around 29,974 in 2018. In 2010, there were 25,099 households in that area.

Table 3- Household Trends

	Atlanta	Market Area	Fulton County
2000	168,147	28,704	321,242
2010	185,133	25,099	376,375
2016	n/a	28,904	419,935
2018	n/a	29,974	429,267
absolute change			
2000-2010	16,986	-3,605	55,133
2010-2016	n/a	3,805	43,560
2016-2018	n/a	1,070	9,332
annual change			
2000-2010	1,699	-361	5,513
2010-2016	n/a	634	7,260
2016-2018	n/a	535	4,666

Source: 2000 Census, 2010 Census, Atlanta Regional Commission; T Ronald Brown: Research & Analysis

TENURE

Table 4, below, sets out the number and proportion of owner and renter households for Atlanta, the market area, and Fulton County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 62.3 percent of households in the market area were renters, compared with 55.1 percent for Atlanta and 46.3 percent for the County.

Table 4 - Tenure

Atlanta			persons per	Owner-occupied		Renter-occupied	
	population	households	household	number	percent	number	percent
2000	416,474	168,147	2.48	73,473	43.7	94,674	56.3
2010	419,981	185,133	2.27	83,145	44.9	101,988	55.1
Market Area			persons per	Owner-occupied		Renter-occupied	
	population	households	household	number	percent	number	percent
2000	82,403	28,704	2.87	11,596	40.4	17,108	59.6
2010	67,328	25,099	2.68	9,450	37.7	15,649	62.3
2016	70,867	28,904	2.45	10,389	35.9	18,515	64.1
2018	73,293	29,974	2.45	10,599	35.4	19,375	64.6
Fulton County			persons per	Owner-occupied		Renter-occupied	
	population	households	household	number	percent	number	percent
2000	816,006	321,242	2.54	167,119	52.0	154,123	48.0
2010	920,577	376,375	2.45	202,260	53.7	174,115	46.3
2016	979,631	419,935	2.33	229,868	54.7	190,067	45.3
2018	998,584	429,267	2.33	236,387	55.1	192,880	44.9

Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

Table 5 below, sets out household size, by tenure, for households in Atlanta, the market area, and Fulton County.

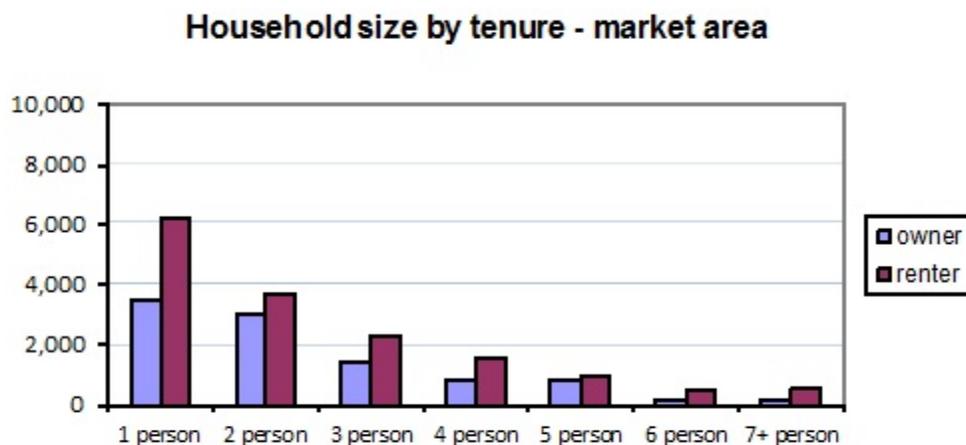
Table 5 - Household Size, by Tenure

	Atlanta		Market Area		Fulton County	
	owner	renter	owner	renter	owner	renter
1 person	31,111	50,444	3,458	6,231	56,404	76,903
2 person	27,976	25,860	3,044	3,668	66,211	44,044
3 person	10,872	11,232	1,373	2,257	32,330	22,463
4 person	8,020	6,763	795	1,501	29,420	14,953
5 person	3,266	3,827	795	950	11,766	8,188
6 person	1,083	1,941	183	475	3,868	3,930
7+ person	826	1,921	194	567	2,263	3,634

Source: 2010 Census; T Ronald Brown: Research & Analysis

With respect to trends in household sizes, by tenure, it is assumed that the distribution of household size for renter households will not change to where they could impact the demand for new units, by number of bedrooms in the short term.

The distribution of household sizes, by tenure, for the market area is illustrated, below.



INCOME

The distribution of household incomes for Atlanta, the project market area, and for Fulton County are set out in Table 6, below. These figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Atlanta is around \$46,439 and that for Fulton County is around \$56,642.

Table 6 - Household Income

	Atlanta		Market area		Fulton County	
	number	percent	number	percent	number	percent
less than \$10,000	24,354	13.4	4968	20.4	35,525	9.5
\$10,000 to \$14,999	11,928	6.6	2,852	11.7	19,248	5.1
\$15,000 to \$19,999	10,569	5.8	2,362	9.7	17,482	4.7
\$20,000 to \$24,999	9,394	5.2	2,173	8.9	17,460	4.7
\$25,000 to \$29,999	8,813	4.9	1,372	5.6	17,460	4.7
\$30,000 to \$34,999	9,209	5.1	1,623	6.7	17,314	4.6
\$35,000 to \$39,999	6,839	3.8	1,156	4.7	15,905	4.3
\$40,000 to \$44,999	7,819	4.3	1,054	4.3	15,140	4.0
\$45,000 to \$49,999	6,479	3.6	938	3.8	12,712	3.4
\$50,000 to \$59,999	12,539	6.9	1,561	6.4	27,444	7.3
\$60,000 to \$74,999	14,211	7.8	1,605	6.6	32,756	8.8
\$75,000 to \$99,999	16,731	9.2	1,524	6.3	38,457	10.3
\$100,000 to \$124,999	11,986	6.6	611	2.5	28,018	7.5
\$125,000 to \$149,999	6,856	3.8	234	1.0	18,663	5.0
\$150,000 to \$199,999	8,788	4.8	180	0.7	23,173	6.2
\$200,000 or more	15,166	8.3	160	0.7	37,431	10.0
median income	\$ 46,439		n/a		\$ 56,642	

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Atlanta, the project market area, and for Fulton County are set out in Table 7, below. These figures are also taken from the 2010 to 2014 American Community Survey.

Table 7 - Household Income, Renter Households

	Atlanta		Market area		Fulton County	
	number	percent	number	percent	number	percent
less than \$10,000	20,473	34.3	4,270	27.1	28,366	29.8
\$10,000 to \$19,999	17,219	28.8	3,956	25.1	26,588	27.9
\$20,000 to \$34,999	10,662	17.9	3,306	21.0	17,901	18.8
\$35,000 to \$49,999	3,296	5.5	1,877	11.9	6,275	6.6
\$50,000 to \$74,999	3,535	5.9	1,436	9.1	7,054	7.4
\$75,000 to \$99,999	4,318	7.2	511	3.2	8,655	9.1
\$100,000 or more	220	0.4	374	2.4	427	0.4

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

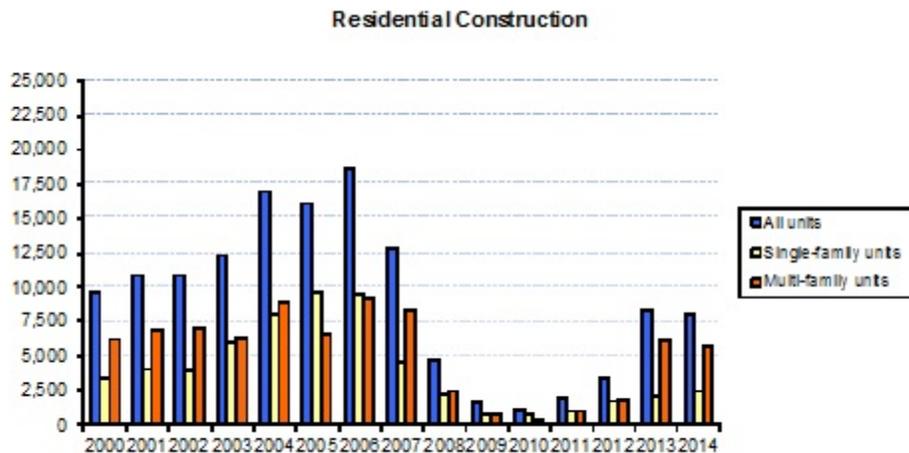
RESIDENTIAL CONSTRUCTION SINCE 2000

Table 8 below gives details of residential construction in Fulton County since 2000. Where the data exist, it can be seen that a total of 80,407 units were permitted in Atlanta and 131,175 units were permitted throughout the county as a whole. This table also illustrates how construction levels dropped-off very significantly from 2008.

Table 8 - Residential Construction Since 2000

	Fulton County			Atlanta		
	Total	single-family	multi-family	Total	single-family	multi-family
2000	9,621	3,446	6,175	5,819	803	5,016
2001	10,855	4,019	6,836	6,794	781	6,013
2002	10,824	3,909	6,915	6,649	759	5,890
2003	12,296	6,014	6,282	6,893	980	5,913
2004	16,919	8,008	8,911	9,726	1,356	8,370
2005	16,114	9,581	6,533	7,974	1,564	6,410
2006	18,644	9,491	9,153	10,779	1,842	8,937
2007	12,863	4,552	8,311	9,297	1,247	8,050
2008	4,667	2,211	2,456	2,370	502	1,868
2009	1,529	775	754	919	169	750
2010	1,101	783	318	279	83	196
2011	1,954	961	993	737	227	510
2012	3,432	1,668	1,764	2,123	359	1,764
2013	8,258	2,121	6,137	5,543	473	5,070
2014	8,098	2,405	5,693	4,505	545	3,960
Total	137,175	59,944	77,231	80,407	11,690	68,717

Source: Current Construction Reports, C-40; Bureau of the Census; T Ronald Brown: Research & Analysis



F. EMPLOYMENT TRENDS

TOTAL JOBS

Total covered employment in Fulton County is set out in Table 9, below. Here it is seen that in 2014, the most recent year for which annual data are available, there were a total of 766,233 jobs in Fulton County. Over the last decade, the number of jobs reported ranged from 698,951 in 2009 to the 2014 total.

Table 9- Total Jobs, Fulton County

	Total covered employment
2005	741,524
2006	774,324
2007	758,950
2008	741,081
2009	698,951
2010	704,342
2011	724,059
2012	721,170
2013	745,613
2014	766,233

Source: U.S. Bureau of Labor Statistics: T Ronald Brown: Research & Analysis

EMPLOYMENT BY INDUSTRY

The distribution of covered private employment, by industry, for Fulton County in 2013 and 2014 are set out in Table 10, below. From this table it is seen that the largest (reported) employment sector is Professional and Technical Services - which accounted for 11.7 percent of the total in 2014. Other significant sectors include Healthcare and Accommodation and Food Services.

Table 10 - Employment by Industry, Fulton County

	2013		2014	
	number	percent	number	percent
Total	745,274	100.0	767,899	100.0
Agriculture, Forestry, etc	207	0.0	215	0.0
Mining	82	0.0	91	0.0
Utilities	3,217	0.4	3,088	0.4
Construction	14,150	1.9	16,056	2.1
Manufacturing	26,452	3.5	25,504	3.3
Wholesale trade	37,791	5.1	39,150	5.1
Retail trade	56,828	7.6	58,045	7.6
Transp. and Warehousing	41,092	5.5	43,779	5.7
Information	45,860	6.2	47,568	6.2
Financial and Insurance	47,190	6.3	47,551	6.2
Real estate	18,268	2.5	19,233	2.5
Professional and Technical services	84,665	11.4	90,219	11.7
Management	15,388	2.1	16,404	2.1
Administrative and Waste services	68,385	9.2	71,059	9.3
Educational services	48,113	6.5	47,874	6.2
Health Care and Social Assistance	80,611	10.8	80,644	10.5
Arts, Entertainment, Recreation	12,186	1.6	12,755	1.7
Accommodation and Food services	72,765	9.8	75,012	9.8
Other Services	20,949	2.8	21,901	2.9
Public Administration	48,958	6.6	48,784	6.4

Source: Georgia Department of Labor

EMPLOYMENT BY INDUSTRY, PROJECT MARKET AREA

This distribution of employment, by industry, for the Atlanta market area is set out in Table 11, below. This information is from the 2010 to 2014 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is Retail Trade which accounts for 13.5 percent of the total. Other important sectors include professional employment, education, and accommodation - each accounting for at least 10 percent of the total.

Table 11 - Employment by Industry, Atlanta Market Area

	number	percent
Agriculture, etc	93	0.4
Construction	1,000	4.0
Manufacturing	1,141	4.6
Wholesale Trade	641	2.6
Retail Trade	3,392	13.5
Transp, Warehousing	1,922	7.7
Utilities	68	0.3
Information	808	3.2
Finance, Insurance, Real Estate	1,389	5.5
Professional, scientific, management	3,083	12.3
Educational Services	2,857	11.4
Health care	2,216	8.9
Arts, entertainment, recreation	632	2.5
Accommodation and food services	2,797	11.2
Other services	1,759	7.0
Public Administration	1,240	5.0

Source: 2010 to 2014 American Community Survey: T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major employers in the Atlanta area are listed in Table 12, below. From this list it is seen that the area's largest single employer is Delta Air Lines, which employs around 31,000 persons. Other significant employers include, for example, health providers, and banks. Other significant sources of employment would include the local school systems, local colleges and universities, and city and county governments.

Table 12 - Major Employers

<u>Employer Name</u>	<u>Employees</u>
Delta Air Lines	31,327
Emory Healthcare	29,937
Home Depot	20,000
AT&T	17,882
Wellstar Health Systems	13,500
United Parcel Service	9,385
Northside Hospital	9,016
Piedmont Healthcare	8,707
Children's Healthcare of Atlanta	7,452
Cox Enterprises	7,255
Centers for Disease Control	7,000
Bank of America	6,800
SunTrust Banks	6,800
Georgia Institute of Technology	6,500
Southern Company	6,247
Southwest	6,008
Lockheed Martin Aeronautics	5,823
State Farm	5,747
Turner Broadcasting System	5,500
Wells Fargo	5,200
Coca-Cola	5,000
IBM Corp	4,450

Source: Georgia Department of Labor; Fulton County Chamber of Commerce

No recent information was found with respect to major new industries or expansions, or major closures and job losses. However, as can be expected in a large, dynamic employment center a certain number of businesses will be increasing and others potentially decreasing their employee base.

LABOR FORCE AND EMPLOYMENT

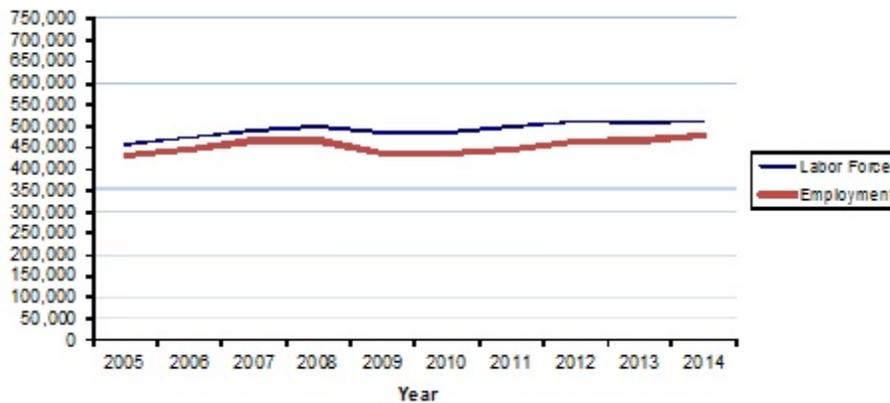
The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2014, the most recent year for which annualized data are available, the Fulton County labor force comprised an estimated 511,786 persons. Of this total, 474,995 were employed and 36,791 or 7.2 percent were unemployed. Labor force has shown net growth over the last decade, but has fluctuated over that period - with growth in the early part of the decade, decreases from 2008 to 2010, and subsequent increases in recent years. Employment levels also showed growth in the early part of the decade and decreased thereafter, with a net increase since 2010, and improving unemployment rates in recent years..

Table 13- Fulton County Labor Force and Employment

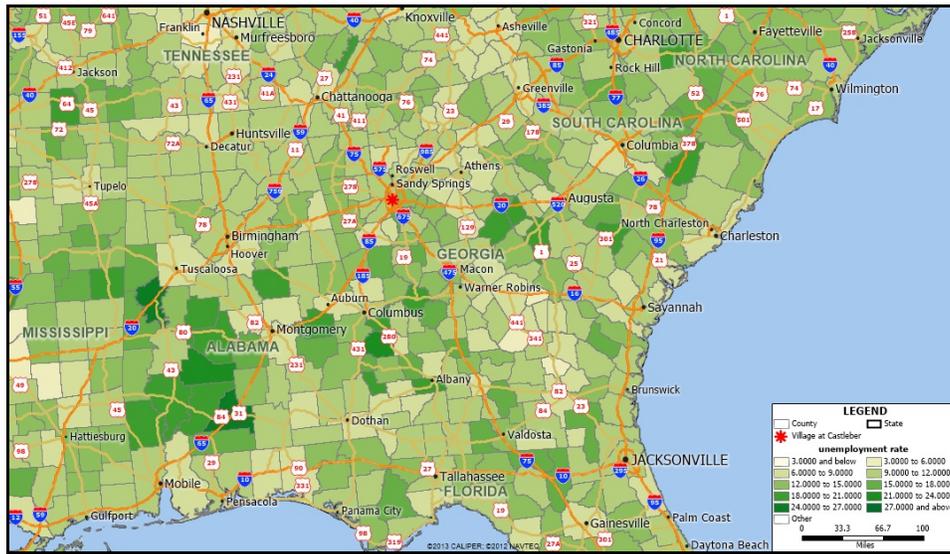
	<u>Labor Force</u>	<u>Employment</u>	<u>Total</u>	<u>Unemployment Rate (%)</u>
2005	457,326	430,634	26,692	5.8
2006	472,127	448,380	23,747	5.0
2007	488,891	465,409	23,482	4.8
2008	497,388	465,380	32,008	6.4
2009	486,983	437,746	49,237	10.1
2010	485,002	434,315	50,687	10.5
2011	498,945	447,939	51,006	10.2
2012	510,964	464,310	46,654	9.1
2013	508,873	467,366	41,507	8.2
2014	511,786	474,995	36,791	7.2

Source: U.S. Bureau of Labor Statistics

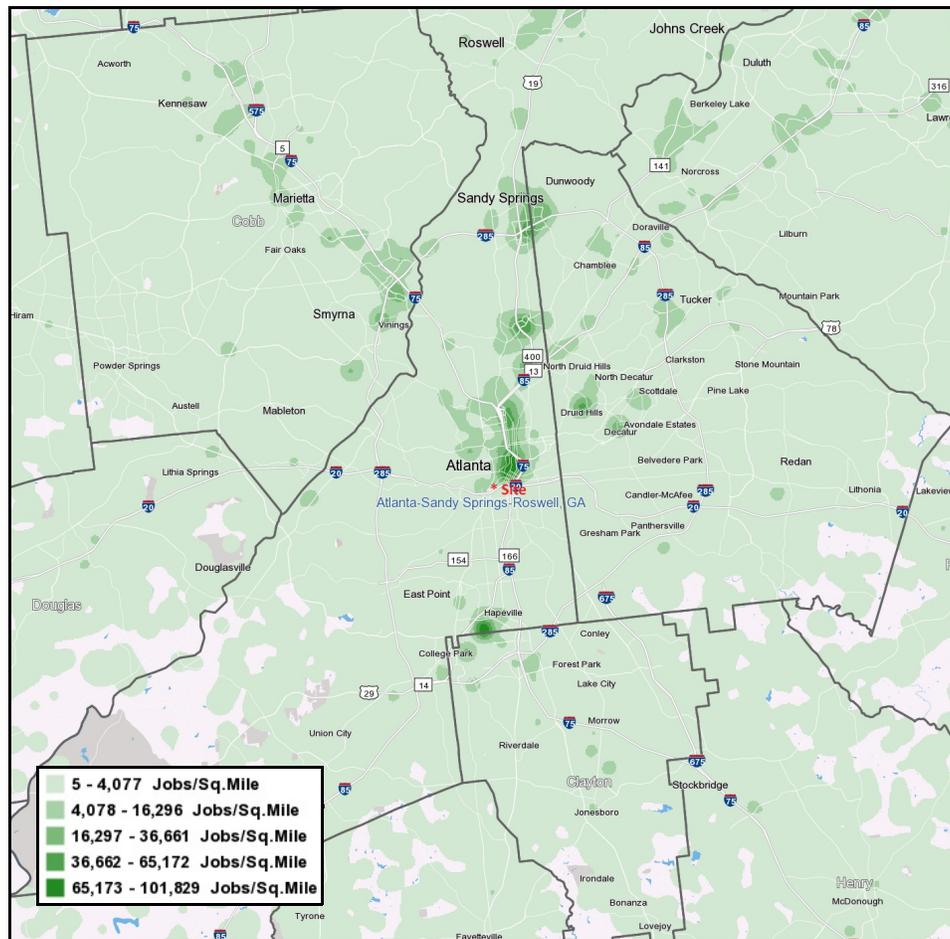
Labor force and employment trends for Fulton County are illustrated, below.



Current levels of unemployment throughout Georgia are illustrated, below.



The location of concentrations of employment in the Atlanta area, relative to the location of the Villages at Castleberry Hills are mapped, below.



Growth in labor force and employment can serve as a foundation for ongoing population and housing growth, which can translate into a need for more housing. Information from the above shows that Fulton County has a pattern of labor force growth and employment growth, which although that growth has slowed in recent years, will result in an ongoing need for more housing options.

G. PROJECT SPECIFIC AFFORDABILITY AND DEMAND ANALYSIS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from households currently living in the area who would move to the units were they made available.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 166 units to be rehabilitated, 66 will be rent-assisted and will be targeted to households at 50 percent of the median, 36 will be tax credit units that will be targeted to households at 60 percent of the local area median income, and therefore qualify their apartments for low income housing tax credit status, and 64 will be unrestricted, market rate apartments. The income limits for Fulton County (Atlanta -Sandy Springs -Marietta MSA), as of January 1,2016, are as follows:

Table 14 - Income Limits

	<u>50 percent</u>	<u>60 percent</u>
1 person	\$23,900	\$28,680
2 person	\$27,300	\$32,760
3 person	\$30,700	\$36,840
4 person	\$34,100	\$40,920
5 person	\$36,850	\$44,220
6 person	\$39,600	\$47,520

Source: HUD

The tax credit-financed units are subject to mandated maximum housing expenses. These are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities). These figures, for the tax credit units, are as follows:

Table 15 - Maximum Housing Expense

	<u>60 percent</u>
1 bedroom	\$768
2 bedroom	\$921
3 bedroom	\$1,064

Source: T.Ronald Brown: Research & Analysis

The proposed utility allowances, rents and income targeting at the proposed apartments are set out in Table 16 below. From this it can be seen that housing expenses for the unassisted tax credit units fall at the maximum allowable.

Table 16 - Proposed Utility Allowances, Rents and Income Targeting

Utility allowance

1 bedroom	\$82
2 bedroom	\$109
3 bedroom	\$136

proposed units

	<u>assisted</u>	<u>LIHTC</u>	<u>market</u>
1 bedroom	19	10	18
2 bedroom	39	21	39
3 bedroom	8	5	7

proposed rents

	<u>assisted</u>	<u>LIHTC</u>	<u>market</u>
1 bedroom	boi	\$686	\$845
2 bedroom	boi	\$812	\$915-1,200
3 bedroom	boi	\$928	\$1,100

proposed rents as a proportion of maximum

	<u>assisted</u>	<u>LIHTC</u>	<u>market</u>
1 bedroom		100.0	
2 bedroom		100.0	
3 bedroom		100.0	

Source: Applicant; T Ronald Brown: Research & Analysis

AFFORDABILITY

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits (where applicable). The various units proposed for mixed-income properties exhibit a variety of qualifying income ranges, subject to financing criteria.

With respect to the rent-assisted units, the lower income limit is effectively zero dollars, with an upper limit set at 50 percent of the local area median, based on household size (which, following Georgia DCA market study guidelines is based on 1.5 persons per household, rounded-up to the nearest whole number). It should be noted that where potential tenants can afford the proposed tax credit rent, then that tenant does not need that assistance and the upper income limit is capped at that income level.

For the tax credit units, there is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). Here, the upper limits are the 60 percent income limits, and again are a function of household size - based on a standard of one and one-half persons per bedroom, rounded-up. Where there is more than one unit type by number of bedrooms, a weighted average is employed.

With respect to the unrestricted, market rate units there are no mandated lower or upper qualifying income limits. Here, the lower qualifying limits are, again, based on a 35 percent housing cost-to-income ratio. With respect to an upper income limit, it is our practice when analyzing market rate units in mixed income properties, to cap the upper income at a figure equivalent to 80 percent of the local area median (again, based on household size). It should be noted that where potential tenants have incomes below 60 percent of the median and can afford the unrestricted rents, those incomes can fall in both the tax credit and market rate categories. This slight overlap will be accounted for in the calculation of total demand for the project. Again, where there is more than one unit type by number of bedrooms, a weighted average is employed.

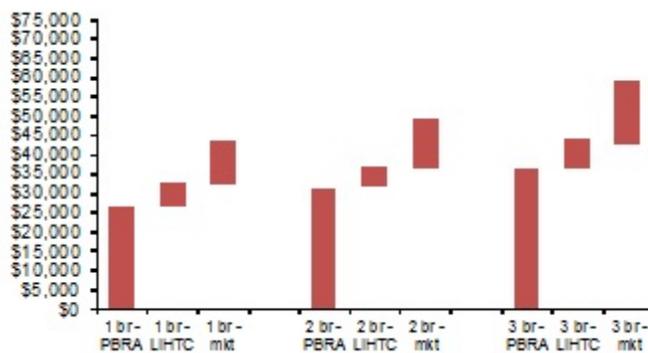
The qualifying income ranges for the proposed development can be summarized below. (Where target income ranges for combinations of targeting and bedroom mix that are not proposed for the subject - for example, four-bedroom units - being based on housing costs that are equivalent to those that are proposed).

Table 17 - Qualifying Income Ranges

assisted		
	lower	upper
1 bedroom	\$0	\$ 26,331
2 bedroom	\$0	\$ 30,700
3 bedroom	\$0	\$ 36,480
4 bedroom	\$0	\$ 39,600
LIHTC		
	lower	upper
1 bedroom	\$26,331	\$32,760
2 bedroom	\$31,577	\$36,840
3 bedroom	\$36,480	\$44,220
4 bedroom	\$40,731	\$47,520
market		
	lower	upper
1 bedroom	\$31,783	\$43,680
2 bedroom	\$36,361	\$49,120
3 bedroom	\$42,377	\$58,960
4 bedroom	\$39,394	\$63,360

Source: T Ronald Brown: Research & Analysis

Based on the previous table it is seen that a variety of qualifying Income ranges define this mixed income project. Thus, incomes for households qualifying for rent-assisted units range from \$0 to \$36,480. The range for tax credit units at the proposed project are seen to range from \$26,331 to \$44,220, and the range for the market rate units is seen to be \$31,783 to \$58,960. These ranges are illustrated, as follows:



In the analysis of demand, the major variables to be examined are tenure and income. These data are no longer available from the Decennial Census. Nonetheless, data can be obtained from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

Table 18 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Up to \$10,000	4,270	27.1	2,738	33.2
\$10,000 - \$19,999	3,956	25.1	3,034	36.8
\$20,000 - \$34,999	3,306	21.0	2,078	25.2
\$35,000 - \$50,000	1,877	11.9	375	4.5
\$50,000 - \$75,000	1,436	9.1	13	0.2
\$75,000 - \$100,000	511	3.2	4	0.0
\$100,000 and over	374	2.4	0	0.0

Source: 2010 to 2014 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2010 to 2014 - and not for a specific year. Thus, it is not possible to project these incomes forward.

From this table it can be seen that 27.1 percent of the market area households have incomes less than \$10,000, and a further 25.1 percent have incomes between \$10,000 and \$20,000. Around 21.0 percent of renters are in the \$20,000 to \$35,00 income range. Around 52 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 17 and the income distribution set out in Table 18, it is found that as many as 70.2 percent of market area renter households qualify for rent-assisted units. Around 7.0 percent qualify for tax credit units at 60 percent of the median, and 10.9 percent qualify for market rate units.

NEW HOUSEHOLDS

Based on the projections set out in Table 4, a total of 859 new rental units are needed between 2016 and 2018. A total of 748 of these will be for households eligible for the proposed units: with 603 qualifying for rent-assisted units, 60 qualifying for tax credit units at 60 percent of the median, and 93 will qualify for market rate units.

EXISTING HOUSEHOLDS

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing renter households who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development, the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of 16,863 renter households in the qualifying income range the proposed development in the project market area - with 13,602 qualifying for assisted units, 1,353 qualifying for tax credit units, and 2,102 qualifying for market rate units. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 72.7 percent of renters qualifying for assisted units, 41.4 percent of those qualifying for tax credit units, and 18.6 percent of those qualifying for market rate units, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the project market area, this translates to a need for an additional 305 units, overall.

These calculations are summarized in the following table.

Table 19 - Demand Calculations

	<u>Assisted</u>	<u>Tax credit</u>	<u>Market rate</u>	<u>Total</u>
(i) New renter households	603	60	93	748
(ii) Existing renter households	13,602	1,353	2,102	16,863
(iii) Existing renter households, likely to move	9,894	560	391	10,870
(iv) Replacement of obsolete rental units	246	24	38	305
Total demand (i) + (iii) + (iv)	10,743	645	522	11,922

Note: totals may not add due to rounding

Source: T.Ronald Brown: Research & Analysis

From the above, it is important to note that 10,743 of the total demand for 11,922 units is seen to be for rent-assisted units - that is 90.1 percent of demand, as calculated.

DEMAND

Total demand is therefore seen to amount to 11,922 units. This total demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 29 percent of the total, two-bedroom units should account for 39 percent of the total, three-bedroom units should account for 26 percent of the total (with four- or more bedroom units accounting for 5 percent).

SUPPLY

These figures are based on a 2016 to 2018 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been developed in the market area over the projection period, nor have any been funded and/or approved for future development. The net overall need is for 11,922 units. These various calculations are summarized as set out in Table 20, on the following page.

Table 20 - Demand Calculations and Capture Rates

Overall Demand	<u>Assisted</u>	<u>Tax credit</u>	<u>Market</u>	<u>Total</u>
1 bedroom	3,155	189	153	3,501
2 bedroom	4,234	254	206	4,699
3 bedroom	2,783	167	135	3,089
4 bedroom	571	34	28	634
Total	10,743	645	522	11,922
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
3 bedroom	0	0	0	0
4 bedroom	0	0	0	0
Total	0	0	0	0
Net Demand				
1 bedroom	3,155	189	153	3,501
2 bedroom	4,234	254	206	4,699
3 bedroom	2,783	167	135	3,089
4 bedroom	571	34	28	634
Total	10,743	645	522	11,922
Units proposed				
1 bedroom	19	10	18	47
2 bedroom	39	21	39	99
3 bedroom	8	5	7	20
4 bedroom	0	0	0	0
Total	66	36	64	166
Capture rates				
1 bedroom	0.6%	5.3%	11.7%	1.3%
2 bedroom	0.9%	8.3%	19.0%	2.1%
3 bedroom	0.3%	3.0%	5.2%	0.6%
4 bedroom	0.0%	0.0%	0.0%	0.0%
Total	0.6%	5.6%	12.3%	1.4%

Source: T.Ronald Brown: Research & Analysis

CAPTURE RATES¹

Given the calculated demand, the proposed 166-unit development amounts to 1.4 percent of the total net demand.

The demand for the 66 rent-assisted units amounts to 0.6 percent of the demand for rent-assisted units. The demand for the 36 tax credit units at 60 percent of the median amounts to 5.6 percent of that demand. The demand for the 64 market rate units translates to a 12.3 percent capture rate of that demand (which is somewhat conservative given that the calculations focused on households with incomes below 80 percent of the median).

The demand for the 47 one-bedroom units amounts to 1.3 percent of the demand for one-bedroom units. The demand for the 99 two-bedroom units and 20 three-bedroom units amount to 2.1 percent and 0.6 percent of demand for those units, respectively.

Based on these capture rates, the proposed development is considered very marketable.

¹ Project feasibility will be based on market capture rates less than 30 percent for all efficiency, one - and two - bedroom units, less than 40 percent for all three-bedroom units, less than 50 percent for all four-bedroom units in the project.

In rural counties, (as defined), project feasibility will be based on market capture rates of 35 percent or less for all efficiency, one -bedroom units, 35 percent or less for all efficiency, one- and two-bedroom units, 40 percent or less for all three-bedroom units and 50 percent or less for all four- or more bedroom units in the project.

The overall capture rate for all tax credit and market rate units shall not exceed 30 percent for urban counties and 35 percent for rural areas.

Market capture rates for each target income range shall not exceed 70 percent for all proposed bedroom types, (for example, the capture rate for all efficiency, 1, 2, 3, and 4 bedroom units at 50 percent proposed should be less than 70 percent.)

Capture Rate Analysis Chart

Unit Size	Income Limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate (%)	Absorption (approx)	Average Market Rent	Market Rents Band Min-Max	Proposed Rents
Assisted	1 Bdrm	19	3,155	0	3,155	0.6	n/a	\$777	\$700-1,413	boi
	2 Bdrm	39	4,234	0	4,234	0.9	n/a	\$907	\$724-1,673	boi
	3 Bdrm	8	2,783	0	2,783	0.3	n/a	\$984	\$850-1,640	boi
	4 Bdrm	0	571	0	571	0.0	n/a			
50% AMI	1 Bdrm									
	2 Bdrm									
	3 Bdrm									
	4 Bdrm									
60% AMI	1 Bdrm	10	189	0	189	5.3	n/a	\$777	\$700-1,413	\$686
	2 Bdrm	21	254	0	254	8.3	n/a	\$907	\$724-1,673	\$812
	3 Bdrm	5	167	0	167	3.0	n/a	\$984	\$850-1,640	\$928
	4 Bdrm	0	34	0	34	0.0	n/a			
Market	1 Bdrm	18	153	0	153	11.7	n/a	\$777	\$700-1,413	\$845
	2 Bdrm	39	206	0	206	19.0	n/a	\$907	\$724-1,673	\$915+
	3 Bdrm	7	135	0	135	5.2	n/a	\$984	\$850-1,640	\$1,100
	4 Bdrm	0	28	0	28	0.0	n/a			
TOTAL	Assisted	66	10,743	0	10,743	0.6	n/a			
For Project	50% AMI									
	60% AMI	36	645	0	645	5.6	n/a			
	Market	64	522	0	522	12.3	N/a			

H. COMPETITIVE RENTAL ANALYSIS (EXISTING COMPETITIVE RENTAL ENVIRONMENT)

At present there are many apartment complexes located in the project market area. These comprise a significant number of mixed income properties - similar to the subject property - which offer a mix of rent-assisted, tax credit and market rate units. In addition, there are several subsidized properties, for example, those developed through the HUD Section 8 program, and other conventionally-financed market rate complexes. These (relatively larger [40 or more units] and newer [post-1990]) complexes have been identified and surveyed, and where useful information was made available to us, this is presented, below.

Those properties that are located in the market area, are typically relatively new, and offer modern amenities, have high occupancy levels, and are typically in good physical condition.

The proposed development is the rehabilitation of the Villages at Castleberry Hills Apartments, phase one. This is a 166-unit mixed-income property that was developed in 1999 through the HUD HOPE VI program. There are 47 one bedroom units, 99 two-bedroom units, and 20 three-bedroom units. Of the 166 unit total, 66 have project based rental assistance, 36 units are tax credit financed, and 64 are market rate. At present, three units are reported to be vacant, with typical occupancy understood to be 100 percent on an ongoing basis (with a waiting list for the rent-assisted units).

The second phase of the Villages at Castleberry Hills opened in 2000 - and offers 295 units - again a mix of one-, two-, and three- bedroom units. This is also a mixed income community with rent-assisted, tax credit, and market rate units. Currently, there are six vacant units (98 percent occupancy), with typical occupancy effectively at 100 percent with a waiting list for the rent-assisted units.

As noted, the subject property was developed under the HUD HOPE VI program and is the redevelopment of the John Hope Homes property. Those properties in the market area which are considered the most comparable to the proposed development are similarly mixed-income properties developed under the HOPE VI program - replacing former Atlanta Housing Authority properties. These include Magnolia Park (which replaced Eagan Homes), Ashley Collegetown (which replaced Harris Homes, and the various properties in Mechanicsville which replaced McDaniel-Glenn. Additionally, Capitol Gateway, for example - which is within two miles of the site, but outwith the market area as defined - was replaced by Capitol Gateway.

Our survey shows that of the 3,880 units in our survey, almost 2,400 - or 61.5 percent - were in effectively mixed-income complexes comparable to the subject property. Occupancy for those units is seen to be 96.2 percent.

Housing vouchers in Atlanta are administered by the Atlanta Housing Authority. Ms Bolden of that Authority reported to us that AHA serves 9,542 households in its Housing Choice Tenant-based Program. The Authority administers a waiting list for participation in this program - that waiting list is currently closed. In January 2015, AHA opened its Housing Choice waiting list - with 10,000 households applying - as of June 2015, there were 6,000 applicants on this waiting list.

The amenities that the first phase of the Villages at Castleberry Hills Apartments offers are typical of complexes of this type - and are comparable to those offered in other local properties. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

As an existing, mixed-income complex that is effectively fully occupied and remains so on an ongoing basis, the proposed development will not have a negative impact on occupancy levels in existing low income housing the local market.

There are found to be no directly comparable developments in the construction phase in this market.

The tables, below, outline details of those projects surveyed as part of this report.

Information for the 22 complexes for which useful occupancy data were provided suggests an overall occupancy level of 96.2 percent.

The eleven mixed-income properties that can be considered comparable to the subject property (and excluding the subject) are seen to be 96.0 percent occupied.

The three subsidized complexes report two vacancies in 492 units: 99.6 percent occupancy.

The five market rate properties are seen to be 96.4 percent occupied.

Complex name	Financing/target market	Year built	Total units	PBRA	LIHTC	market	Vacant units	Occupancy (%)
Artist Square	conventional	2008	76				6	92.1
Ashley Collegetown	Mixed income	2004-2010	373	150	91	132	12	96.8
Ashley West End	Mixed income	2001	112	24	52	36	4	96.4
City Plaza	conventional	1997	164				0	100.0
City Views at Rosa Burney Park	HUD § 8	1972	180				0	100.0
Columbia Commons	Mixed income	2003	158	64	n/a	n/a	2	98.7
Columbia at Mechanicsville	Mixed income	2008	174	97	29	48	7	96.0
Columbia at Mechanicsville Station	Mixed income	2009	164	98	n/a	n/a	6	96.3
Columbia Parkside	Mixed income	2011	156				1	99.4
Crogman School Lofts	conventional	n/a	105				9	91.4
Enclave at Webster Park	Mixed income	2004	230	-	115	115	30	87.0
GE Tower	PBRA	2004	201	201			2	99.0
Intown Lofts	conventional	2000	142				4	97.2
Heritage Station	Mixed income	2007	220	80	129	91	5	97.7
Magnolia Park I	Mixed income	1999	220		45	175	19	91.4
Magnolia Park II	Mixed income	2001	180		73	107	27	85.0
Northside Plaza	conventional	1993	127				3	97.6
Oakland City/ West End	HUD § 8	1942	111				0	100.0
Oglethorpe Place	Mixed income	1996	144		30	114	0	100.0
Residences at City Center	Mixed income	1993	182		52	130	0	100.0
Villages at Castleberry Hill I	Mixed income	1999	166	66	36	64	3	98.2
Villages at Castleberry Hill II	Mixed income	2000	295	114	36	145	6	98.0

	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Artist Square				39	746-1,020	\$983-1,309
Ashley Collietown LIHTC				29	802	\$645-718
Ashley Collietown market				50	802	\$895
Ashley West End LIHTC				23	689	\$719
Ashley West End market				21	689	\$850
City Plaza				69	715-777	\$960
City Views at Rosa Burney Park				111	590	boi
Columbia Commons LIHTC						
Columbia Commons market						
Columbia at Mechanicsville LIHTC				n/a	750	\$577-716
Columbia at Mechanicsville market				7	750	\$865
Columbia at Mechanicsville Station market				n/a	790	\$865
Columbia Parkside LIHTC				n/a	762-780	\$623
Columbia Parkside market				n/a	762-780	\$865
Crogman School Lofts	6	540	\$599	56	707-743	\$632-707
Enclave at Webster Park LIHTC				n/a	803	\$703
Enclave at Webster Park market				n/a	803	\$785
GE Tower				68	700	boi
Intown Lofts	n/a	631-935	\$713-1,057	n/a	730-1,250	\$825-1,413
Heritage Station LIHTC				n/a	864	\$592-675
Heritage Station market				n/a	864	\$770
Magnolia Park I LIHTC				n/a	600-702	\$625-650
Magnolia Park I market				n/a	600-702	\$700-750
Magnolia Park II LIHTC				n/a	597-710	\$625-650
Magnolia Park II market				n/a	597-710	\$700-750
Northside Plaza				42	567-572	\$775
Oakland City/ West End				14	n/a	boi
Oglethorpe Place LIHTC				7	670	\$531
Oglethorpe Place market				29	670	\$818
Residences at City Center LIHTC						
Residences at City Center market				36	575-722	\$755-815
Villages at Castleberry Hill I LIHTC				n/a	710-799	\$690
Villages at Castleberry Hill I market				n/a	710-799	\$830
Villages at Castleberry Hill II LIHTC				n/a	710-799	\$690
Villages at Castleberry Hill II market				n/a	710-799	\$830

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Artist Square				33	1,122-1,360	\$1,395-1,673
Ashley Colliagetown LIHTC	9	1,090-1,107	\$736-830	46	1,176-1,223	\$736-830
Ashley Colliagetown market	27	1,090-1,107	\$1,025-1,065	30	1,176-1,223	\$1,065-1,130
Ashley West End LIHTC	11	847	\$799	18	989-1,015	\$813
Ashley West End market	25	847	\$1,050	14	989-1,015	\$1,150-1,200
City Plaza				95	967-1,209	\$1,195-1,340
City Views at Rosa Burney Park	10	775	boi			
Columbia Commons LIHTC				n/a	1,222	\$684
Columbia Commons market				n/a	1,222	\$790
Columbia at Mechanicsville LIHTC				n/a	1025	\$645-812
Columbia at Mechanicsville market				26	1,025-1,157	\$999-1,024
Columbia at Mechanicsville Station market				n/a	1,009-1,170	\$999
Columbia Parkside LIHTC				n/a	1,076-1,329	\$710
Columbia Parkside market				n/a	1,076-1,329	\$999-1,110
Crogman School Lofts	14	847-948	\$724-800	20	847-998	\$733-850
Enclave at Webster Park LIHTC				n/a	1,103	\$740
Enclave at Webster Park market				n/a	1,103	\$875
GE Tower	n/a	800	boi	n/a	850	boi
Heritage Station LIHTC	n/a	1,058	\$673-773			
Heritage Station market	n/a	1,058	\$940			
Intown Lofts				n/a	935-1,440	\$1,057-1,627
Magnolia Park I LIHTC	n/a	870	\$725	n/a	955	\$775
Magnolia Park I market	n/a	870	\$845	n/a	955	\$900
Magnolia Park II LIHTC	n/a	866	\$725	n/a	952	\$775
Magnolia Park II market	n/a	866	\$845	n/a	952	\$900
Northside Plaza				85	867	\$975
Oakland City/ West End	66	n/a	boi			
Oglethorpe Place LIHTC	10	903	\$571	13	1,083	\$571
Oglethorpe Place market	38	903	\$962	47	1,083	\$1,101
Residences at City Center LIHTC	10	848	\$735	42	968	\$795
Residences at City Center market	14	848	\$880-915	62	968	\$880-915
Villages at Castleberry Hill I LIHTC	n/a	890	\$715	n/a	940-1,188	\$750-890
Villages at Castleberry Hill I market	n/a	890	\$860	n/a	940-1,188	\$900-1,165
Villages at Castleberry Hill II LIHTC	n/a	890	\$715	n/a	940-1,188	\$750-890
Villages at Castleberry Hill II market	n/a	890	\$860	n/a	940-1,188	\$900-1,165

	3 br/1-1½ ba			3 br/2+ ba, (4 and 5br)		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Artist Square						
Ashley Collegetown LIHTC				7	1,349	\$811-916
Ashley Collegetown market				25	1,349	\$1,640
Ashley West End LIHTC						
Ashley West End market						
City Plaza						
City Views at Rosa Burney Park	36	900	boi	23	1,096-1,150	boi
Columbia Commons LIHTC				n/a	1,432	\$675
Columbia Commons market				n/a	1,432	\$890
Columbia at Mechanicsville LIHTC				n/a	1,200	\$689-881
Columbia at Mechanicsville market				15	1,200	\$1,199
Columbia at Mechanicsville Station market				n/a	1,204	\$1,199
Columbia Parkside LIHTC				n/a	1,474	\$781
Columbia Parkside market				n/a	1,474	\$1,199
Crogman School Lofts				9	1,048	\$850
Enclave at Webster Park LIHTC				n/a	1,277	\$820
Enclave at Webster Park market				n/a	1,277	\$999
GE Tower				23	1,009	boi
Heritage Station LIHTC				n/a	1,232	\$738-853
Heritage Station market				n/a	1,232	1,060
Intown Lofts						
Magnolia Park I LIHTC				n/a	1,080-1,240	\$850-945
Magnolia Park I market				n/a	1,080-1,240	\$975-1,050
Magnolia Park II LIHTC				n/a	1,077-1,287	\$850-995
Magnolia Park II market				n/a	1,077-1,287	\$975-1,050
Northside Plaza						
Oakland City/ West End				31	n/a	boi
Oglethorpe Place LIHTC						
Oglethorpe Place market						
Residences at City Center LIHTC						
Residences at City Center market				18	1,150	\$1,015
Villages at Castleberry Hill I LIHTC				n/a	1,138	\$850
Villages at Castleberry Hill I market				n/a	1,138	\$1,095
Villages at Castleberry Hill II LIHTC				n/a	1,138	\$850
Villages at Castleberry Hill II market				n/a	1,138	\$1,095

Based on the above data, market rents for one-bedroom units range from \$700 to \$1,413, and average around \$837. Market rents for two-bedroom units range from \$724 to \$1,673 and are seen to average around \$1,026. The corresponding rents for three bedroom units range from \$850 to \$1,640, with an average of around \$1,108.

Again, based on the above, rents for tax credit units range from \$531 to \$719 for one-bedroom units, and average around \$679. Rents for two-bedroom units that are tax credit financed are in the \$571 to \$890 range, with an average of around \$742. Tax credit units that have three-bedrooms are in the \$675 to \$1,095 range, and average around \$984.

Overall, one-bedroom units in the market area average \$777 per month, with the corresponding figures for two- and three-bedroom units being \$907 and \$984, respectively.

Market advantage for the tax credit units is seen to be 13.3 percent, 11.7 percent, and 6.0 percent for the one-, two-, and three- bedroom units, respectively. Market rents are seen to be above the average for all units (tax credit and market) - that is, 7.8 percent for one-bedroom units, 5.0 percent for two-bedroom units and 10.5 percent for three-bedroom units.

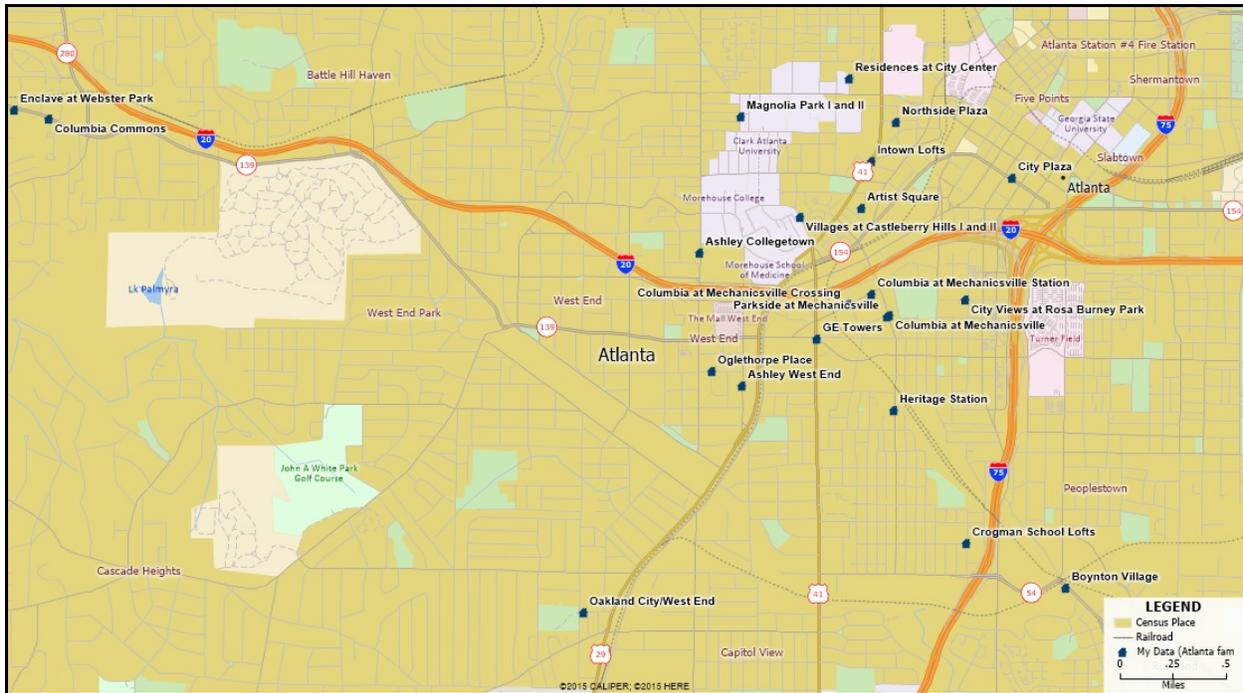
For reference, HUD Fair Market Rents range from \$949 for a one-bedroom unit to \$1,253 for a three-bedroom unit. Using the utility allowances for the subject property, this suggests rents of \$738, \$840, and \$1,117 for one-, two-, and three-bedroom units.

American Community Survey data provide information (subject to the limitations of the source) as to rental vacancy rates in the market area. Here, it is seen that the vacancy rate for all rental units (apartments, single-family units, etc.) is 13.3 percent for the most recent year. Over the last five years the trend has been downward, from 15.8 percent in 2010, with a high of 16.6 percent in 2011. This downward trend can be expected to continue or to stabilize, subject to the state of the national and local economies.

Our research suggests that foreclosed, abandoned or vacant housing or commercial properties will not have an impact on the marketability of the rehabilitation of an existing mixed income complex.

There do not appear to be any significant housing voids in the local area. Given our demand calculations and the prevailing occupancy levels in existing subsidized properties (and waiting lists), it would appear that the greatest need is for attractive assisted housing for low and very low income households - which, in addition to providing market rate units, the subject property serves to address.

Again, the proposed development - the rehabilitation of an existing complex, will not negatively impact existing subsidized rental housing in this market.



Competitive rentals map



Artist Square

Location: 23 Larkin Place, SW, Atlanta
 Year built: 2008

Total units: 76
 Typical occupancy: 98%

	<u>1 br/1 ba</u>				
Units:	8	7	10	8	6
Unit size (sq. ft.):	746	766	877	943	1,020
Rent:	\$983	\$1,035	\$1,139	\$1,250	\$1,309
Rent/sq. ft.:	\$1.32	\$1.35	\$1.30	\$1.33	\$1.28
	<u>2 br/2 ba</u>				
Units:	4	6	13	3	7
Unit size (sq. ft.):	1,122	1,193	1,198	1,251	1,360
Rent:	\$1,395	\$1,475	\$1,481	\$1,544	\$1,673
Rent/sq. ft.:	\$1.24	\$1.24	\$1.24	\$1.23	\$1.23

Vacant units: 6, overall

Management: HJ Russell Management - (Clara 404.386.6556 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Ashley Collegetown

Location: 387 Joseph Lowery Boulevard, Atlanta
 Year built: 2004-2010

Total units: 373
 Typical occupancy: 95%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2/br/1½ ba</u>	<u>2 br/1½ ba</u>
Units:	29	50	6	16	3	11
Unit size (sq. ft.):	802	802	1,090	1,090	1,107	1,107
Rent:	\$645*-718*	\$895	\$736*-830*	\$1,065	\$830*	\$1,025
Rent/sq. ft.:	\$0.80*-0.90*	\$1.12	\$0.68*-0.76*	\$0.98	\$0.75*	\$0.93
	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3/br/2½ ba</u>	<u>3 br/2½ ba</u>
Units:	41	18	5	12	7	25
Unit size (sq. ft.):	1,176	1,176	1,223	1,223	1,349	1,349
Rent:	\$736*-830*	\$1,065	\$736*-830*	\$1,130	\$311*-516*	\$1,640
Rent/sq. ft.:	\$0.63*-0.71*	\$0.91	\$0.60*-0.68*	\$0.92	\$0.60*-0.68*	\$1.21

Vacant units: 12, overall

Management: Integral Management (Desiree - 844.711.3987 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

150 affordable/PBRA units

* Tax credit



Ashley West End

Location: 717 Lee Street, SW, Atlanta
 Year built: 2001

Total units: 112
 Typical occupancy: 95%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	23	21	11	25
Unit size (sq. ft.):	689	689	847	847
Rent:	\$719*	\$850	\$799*	\$1,050
Rent/sq. ft.:	\$1.04*	\$1.23	\$0.94*	\$1.23
	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>
Units:	4	8	14	6
Unit size (sq. ft.):	989	989	1,015	1,015
Rent:	\$813*	\$1,150	\$813*	\$1,200
Rent/sq. ft.:	\$0.82*	\$1.16	\$0.80*	\$1.18

Vacant units: 4, overall

Management: Integral Management (Christine - 877.741.5933 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

24 affordable/PBRA units

* Tax credit



City Plaza

Location: 133 Trinity Avenue, SW, Atlanta
 Year built: 1997

Total units: 164
 Typical occupancy: 100%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	69	95
Unit size (sq. ft.):	715-777	967-1,209
Rent:	\$960	\$1,195-1,340
Rent/sq. ft.:	\$1.29	\$1.17
Vacant units: 0, overall		

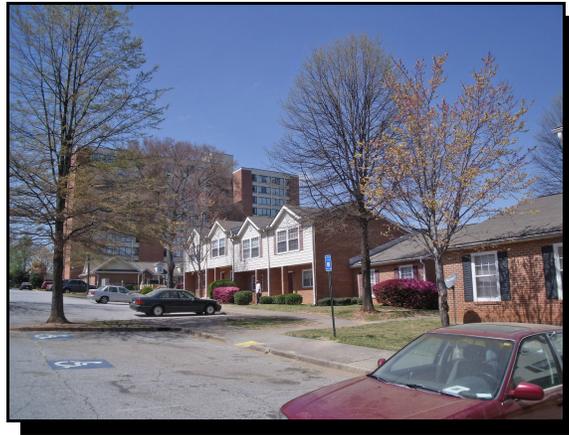
Management: JMG Realty (Kendra - 678.608.4352 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

Parking: \$36 and \$127



City Views at Rosa Burney Park

Location: 259 Richardson Street, SW, Atlanta
 Financing: HUD § 8
 Year built: 1972, rehabilitated 2004

Total units: 180
 Rental assistance: 154
 Typical occupancy: 100% (waiting list)

	<u>1 br/ 1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1½ ba</u>	<u>4 br/1½ ba</u>	<u>5 br/1½ ba</u>
Units:	111	10	36	19	4
Unit size (sq. ft.):	590	775	900	1,096	1,150
Contract rent:	\$732	\$804	\$900	\$926	\$933
Vacant units: 0, overall					

Management: D. Williams Management (404.526.0286 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Columbia Commons

Location: 2524 Martin Luther King, Jr. Drive, Atlanta
 Year built: 2003

Total units: 158
 Typical occupancy: 98-99%

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	86	72
Unit size (sq. ft.):	1,222	1,432
Rent:	\$684*-790	\$675*-830
Rent/sq. ft.:	\$0.56*-0.65	\$0.47*-0.62
Vacant units: 2, overall		

Management: Columbia Residential (Letitia - 404.699.7597 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

64 affordable/PBRA units
 * Tax credit



Columbia at Mechanicsville

Location: 500 McDaniel Street, Atlanta
 Year built: 2008

Total units: 174
 Typical occupancy: 95-98%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>
Units:	n/a	7	n/a	13
Unit size (sq. ft.):	750	750	1,025	1,025
Rent:	\$577*-716*	\$865	\$645*-812*	\$999
Rent/sq. ft.:	\$0.86*	\$1.15	\$0.71*	\$0.97

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	13	n/a	15
Unit size (sq. ft.):	1,157	1,200	1,200
Rent:	\$1,024	\$689*-881*	\$1,199
Rent/sq. ft.:	\$0.89	\$0.65*	\$1.00

Vacant units: 7, overall

Management: Columbia Residential - (Vivian - 404.577.2833 [3/14])
 Telephone: on site / management site visit other

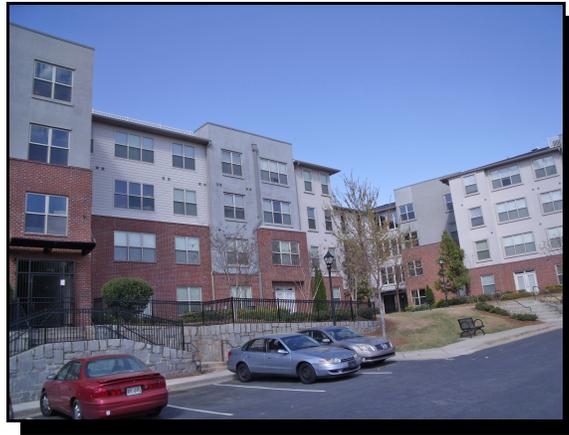
Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

97 affordable/PBRA units

* Tax credit



Columbia at Mechanicsville Station

Location: 520 Fulton Street, SW, Atlanta
 Year built: 2009

Total units: 164
 Typical occupancy: 98%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	31	90	43
Unit size (sq. ft.):	790	1,009-1,170	1,204
Rent:	\$865	\$999	\$1,199
Rent/sq. ft.:	\$1.09	\$0.92	\$1.00
Vacant units: 6, overall			

Management: Columbia Residential (Angela - 404.827.9152 [3/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

98 affordable/PBRA units
 * Tax credit



Crogman School Lofts

Location: 1093 West Avenue, SW, Atlanta
 Year built: n/a

Total units: 105
 Typical occupancy: 95%

	<u>0 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	6	56	14	20	9
Unit size (sq. ft.):	540	707-743	847-948	847-998	1,048
Rent:	\$599	\$632-707	\$724-800	\$733-850	\$850
Rent/sq. ft.:	\$1.11	\$0.92	\$0.85	\$0.86	\$0.81
Vacant units: 9, overall					

Management: CF Lane Management (Adrienne - 404.614.0803 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Enclave at Webster Park

Location: 2640 Martin Luther King, Jr. Drive, Atlanta Total units: 230
 Year built: 2004 Typical occupancy: n/a

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	n/a	n/a	n/a
Unit size (sq. ft.):	803	1,103	1,277
Rent:	\$703*-785	\$740*-875	\$820*-999
Rent/sq. ft.:	\$0.88*-0.98	\$0.67*-0.79	\$0.74*-0.78
Vacant units: 30, overall			

Management: Elmington Management (Tori - 877.758.8554 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

* Tax credit: 115 units



GE Tower

Location: 950 Glen Street, SW, Atlanta
 Year built: 2004

Total units: 201
 Typical occupancy: 99% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1-2 ba</u>	<u>3 br/2 ba</u>
Units:	58	110	23
Unit size (sq. ft.):	700	800-850	1,009
Contract rent:	\$660	\$758	\$865
Vacant units: 2, overall			

Management: Cortland Partners (Bianca - 404.653.0988 [3/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

All affordable/PBRA units



Heritage Station

Location: 765 McDaniel Street, Atlanta
 Year built: 2007

Total units: 220
 Typical occupancy: 97%

	<u>1 br/1 ba</u>	<u>2 br/1-2 ba</u>	<u>3 br/2 ba</u>
Units:	45	138	37
Unit size (sq. ft.):	864	1,058	1,232
Rent:	\$592*-675*-770	\$673*-773*-940	\$738*-853*-1,060
Rent/sq. ft.:	\$0.73*-0.89	\$0.68*-0.89	\$0.65*-0.86
Vacant units: 6, overall			

Management: Cortland Partners (Nikki - 404.588.5572 [3/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

81 affordable/PBRA units

* Tax credit



Intown Lofts (including Legacy and Stonewall)

Location: 180 Northside Drive, Atlanta
 Year built: n/a

Total units: 142
 Typical occupancy: 95-100%

	<u>0 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	n/a	n/a	n/a
Unit size (sq. ft.):	631-935	730-1,250	935-1,440
Rent:	\$713-1,057	\$825-1,413	\$1,057-1,627
Rent/sq. ft.:	\$1.13	\$1.13	\$1.13
Vacant units: 4, overall			

Management: HJ Russell Company (Nikia - 404.522.7593 [3/18])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Magnolia Park I

Location: 60 Pascal Street, Atlanta
 Year built: 1999

Total units: 220
 Typical occupancy: 90-92%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>2 br/2½ ba</u>	<u>3/br/2 ba</u>	<u>3 br/2 ba</u>
Units:	n/a	n/a	n/a	n/a	n/a	n/a
Unit size (sq. ft.):	600	702	870	955	1,080	1,240
Rent:	\$625*-700	\$650*-750	\$725*-745	\$775*-900	\$850*-975	\$945*-1,050
Rent/sq. ft.:	\$1.04*-1.17	\$0.92*-1.07	\$0.83*-0.97	\$0.81*-0.94	\$0.79*-0.90	\$0.76*-0.84
Vacant units: 19, overall						

Management: Hammond Residential Group (Jerry - 404.523.0740 [3/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

* Tax credit



Magnolia Park II

Location: 777 Magnolia Way, NW, Atlanta
 Year built: 2001

Total units: 180
 Typical occupancy: n/a

	<u>1 br/ 1 ba</u>	<u>2 br/1½ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>	<u>3 br/2½ ba</u>
Units:	55	13	57	14	44
Unit size (sq. ft.):	597-710	866	952	1,077	1,297
Rent:	\$625*-650*-700-750	\$725*-845	\$775*-900	\$850*-975	\$995*-1,050
Vacant units: 27, overall					

Management: Grail Management Group (Angie - 470.343.2184 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Northside Plaza

Location: 440 Markham Street, SW, Atlanta
 Year built: 1993

Total units: 127
 Typical occupancy: 97%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	42	85
Unit size (sq. ft.):	569-572	867
Rent:	\$775	\$975
Rent/sq. ft.:	\$1.36	\$1.12
Vacant units: 3, overall		

Management: Integral Management (Faith - 404.688.9019 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Oakland City / West End

Location: 1191 Oakland Lane, Atlanta
 Financing: HUD § 8
 Year built: 1942

Total units: 111
 Rental assistance
 Typical occupancy: 100% (waiting list)

	<u>1 br/ 1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>	<u>4 br/2 ba</u>
Units:	14	66	19	12
Unit size (sq. ft.):	n/a	n/a	n/a	n/a
Contract rent:	\$660	\$771	\$846	\$1,149
Vacant units: 0, overall				

Management: American Apartment Management (Antonio - 404.753.1701 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Oglethorpe Place

Location: 835 Oglethorpe Avenue, SW, Atlanta
 Year built: 1996

Total units: 144
 Typical occupancy: 100%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2/br/2 ba</u>	<u>2 br/2 ba</u>
Units:	7	29	10	38	13	47
Unit size (sq. ft.):	670	670	903	903	1,083	1,083
Rent:	\$538*	\$813	\$571*	\$962	\$571*	\$1,101
Rent/sq. ft.:	\$1.09*	\$1.22	\$0.63*	\$1.07	\$0.53*	\$1.02
Vacant units: 0, overall						

Management: Flournoy Properties (Gabrielle - 404.755.3100 [3/15])
 Telephone: on site / management site visit other

Utilities in rent: Water Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

* Tax credit



Parkside at Mechanicsville

Location: 565 McDaniel Street, SW, Atlanta
 Year built: 2011

Total units: 156
 Typical occupancy: 100%

	<u>1 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2½ ba</u>	<u>3 br/2 ba</u>
Units:	34	22	39	38	23
Unit size (sq. ft.):	762	780	1,076	1,474	1,474
Rent:	\$623*-865	\$623*-865	\$710*-999	\$710*-1,100	\$781*-1,199
Rent/sq. ft.:	\$0.82*-1.14	\$0.80*-1.11	\$0.66*-0.93	\$0.48*-0.75	\$0.53*-0.81
Vacant units: 1, overall					

Management: Columbia Residential (Azaline - 404.523.0230 [3/18])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness Center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Residences at City Center

Location: 55 Maple Street, SW, Atlanta
 Year built: 1993

Total units: 182
 Typical occupancy: 98-100%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	18	18	10	14
Unit size (sq. ft.):	575	722	848	848
Rent:	\$755	\$815	\$735*	\$880-915
Rent/sq. ft.:	\$1.31	\$1.12	\$0.87*	\$1.06

	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	42	62	18
Unit size (sq. ft.):	968	968	1,150
Rent:	\$755*	\$880-915	\$1,015
Rent/sq. ft.:	\$0.82*	\$0.93	\$0.88

Vacant units: 0, overall

Management: BH Management Services - (Tracy - 855.696.4500 [3/14])
 Telephone: on site / management site visit other

Utilities in rent: Water Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

* Tax credit



Villages of Castleberry Hill, Phase I

Location: 600 Greensferry Avenue, SW, Atlanta
 Year built: 1999
 Total units: 166
 Typical occupancy: 100 %

	<u>1 br/1 ba</u>	<u>2br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	47	27	55	9	8	20
Unit size (sq. ft.):	710-799	890	947	1,064-1,093	1,188	1,138
Rent:	\$690*-830	\$715*-860	\$750*-900	\$750*-950	\$890*-1,165	\$850*-1,095
Rent/sq. ft.:	\$0.87*-1.12	\$0.73*-0.84	\$0.69*-0.84	\$0.87	\$0.67*-0.98	\$0.75*-0.80
Vacant units:	3					

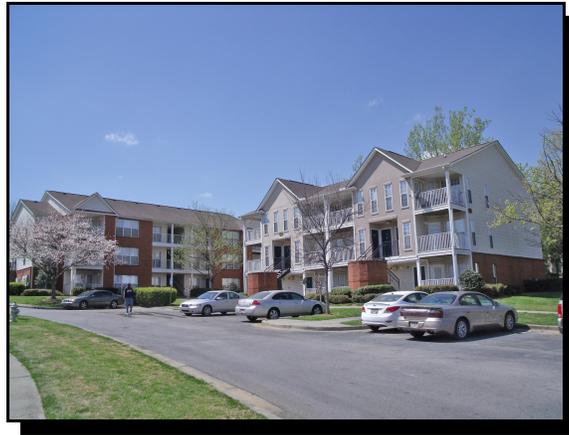
Management: HJ Russell Management (Sa'tara -414.523.1330 [3/23])
 Telephone: on site / management site visit other

Utilities in rent: Water Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

* 66 affordable PBRA units
 * Tax credit



Villages of Castleberry Hill, Phase II

Location: 365 McDaniel Street, SW, Atlanta
 Year built: 2000

Total units: 295
 Typical occupancy: 100%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2/br/2 ba</u>	<u>3 br/2 ba</u>
Units:	87	20	90	18	25	55
Unit size (sq. ft.):	710-799	890	947	1,064-1,093	1,188	1,138
Rent:	\$690*-830	\$715*-860	\$750*-900	\$750*-900	\$890*-1,165	\$850*-1,095
Rent/sq. ft.:	\$0.87*-1.12	\$0.73*-0.84	\$0.69*-0.84	\$0.69*-0.87	\$0.67*-0.98	\$0.75*-0.80
Vacant units:						

Management: HJ Russell Management (Sa'tara -414.523.1330 [3/23])
 Telephone: on site / management site visit other

Utilities in rent: Water Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies

* 114 affordable PBRA units
 * Tax credit

I. ABSORPTION AND STABILIZATION RATES

Given that the rehabilitation schedule is a function of the rehabilitation process, not market forces, and given that the project is the rehabilitation of an existing - fully occupied - property, it is difficult to suggest an absorption rate in the conventional sense of that concept. Based on our analysis, the proposed rent-assisted project could expect to lease-up (to a sustained occupancy level of 93 percent) over a period dictated by the rehabilitation schedule, plus 60 days, or so.

As an existing, fully leased, property the proposed rehabilitation will not have an impact on existing housing in the area.

J. INTERVIEWS

The proposed development is the rehabilitation of an existing, fully rent-assisted subsidized apartment complex. As such it does not represent a net addition to the local housing stock - thus this proposal represents a potential qualitative rather than a quantitative impact on the market, and thus managers of existing properties, and others, were not interviewed as to the marketability of the proposed development.

K. CONCLUSIONS AND RECOMMENDATIONS

It is our recommendation that, based upon our analysis, the proposed apartments should be rehabilitated as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

L. SIGNED STATEMENT REQUIREMENTS

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 of the need and demand for the proposed units. The report was written according to DCA's market study requirements, the information included is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

To the best of my knowledge, the market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent upon the project being funded.



Market Analyst

Date: April 26, 2016

M. MARKET STUDY REPRESENTATION

DCA may rely on the representation made in the market study [provided]. The document is assignable to other lenders and parties to the DCA loan transaction.

A handwritten signature in blue ink, appearing to read "T. Ronald Brown", with a stylized flourish at the end.

Market Analyst

Date: April 26, 2016

ANALYST QUALIFICATIONS

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis.

The President of the Cary firm is T. Ronald Brown. He has 30 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,500 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including low income tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

GLOSSARY

The following presents the definitions of various terms typically found in real estate market studies. This information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

Absorption rate - the amount of real estate (for example, apartment units) that will be leased (or sold) in a given period of time.

Affordable housing - housing that costs an owner or renter no more than 30 percent of his or her income.

Amenity - non-monetary tangible or intangible benefit offered to a leasee—typically recreational facilities or planned activities.

Assisted housing - housing where the monthly costs to the tenants are subsidized by federal or other programs.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Average stabilized occupancy - typical occupancy level after the initial rent-up period.

Based-on-income (BOI) - approach to determining housing costs in subsidized housing programs.

Below Market Interest Rate program (BMIR) - program targeted to lower income renters by limiting rents based on HUD income limits. Here, rent is not supplemented directly to a complex, but developers are eligible for below market interest rates on their mortgage loan.

Capture rate - proportion/percentage of total demand within a targeted market segment that a project can expect to attract.

Census tract - a small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment, census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socioeconomically disadvantaged areas.

Comparable or comparable property - another property to which a subject property can be compared to reach an estimate of the subject property's market value or market rent.

Concession - discount given to a prospective tenant to induce him or her to sign a lease—typically in the form of free rent.

Condominium - a form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Employment trends - changes in the number of persons in employment for a particular area over a specific period of time.

Extremely low income - household income below 30 percent of the local area median, as defined by HUD.

Fair Market Rents (FMR) - HUD's estimate of market rent for an apartment in the conventional marketplace.

Garden apartments - two- or three-story multifamily housing development that features low density, ample open-space around buildings, and on-site parking.

Group quarters (GQ) - the Census Bureau classifies all people not living in households as living in group quarters. There are two types of group quarters: institutional (for example, correctional facilities, nursing homes, and mental hospitals) and non-institutional (for example, college dormitories, military barracks, group homes, missions, and shelters).

High-rise - a tall building, usually having more than ten stories in apartment buildings.

Household - a household includes all the people who occupy a housing unit as their usual place of residence.

Household trends - changes in the number of households for a particular area over a specific period of time—which is a function of new household formations (e.g. at marriage or separation), and decreasing average household size.

Housing Finance Agency (HFA) - state agency responsible for financing housing and administering assisted housing programs.

HUD Section 8 program - program administered by HUD and targeted to low- and very-low income families who pay the higher of either 30 percent of their adjusted income or 10 percent of their gross income on rent. Many HUD § 8 apartments are reserved for the elderly, and a small portion are specially designed for the mobility impaired.

HUD Section 202 program - units designed for elderly or disabled low- and very-low income persons. Developed by non-profit entity.

HUD Section 236 program - program targeted to lower-income families who pay a set basic rent, or 30 percent of their adjusted income on rent, whichever is higher (but no exceeding the market rent).

Infrastructure - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure can include public and private facilities.

Low income - as applied to most housing programs, household income below 80 percent of the local area median income, as defined by HUD.

Low rise - a building with one to three stories.

Market analysis - the synthesis of supply and demand analysis in a particular market.

Market area - the geographical region from which the majority of demand and the majority of competitors are drawn is considered the market area, or primary market area. A secondary market may be that area beyond the primary market area from which a certain amount of demand and competition may be drawn.

Market vacancy rate - proportion/percentage of apartment units in any market which are unoccupied.

Metropolitan statistical area (MSA) - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise - a building with four to nine stories.

Multi-family housing - structures that contain more than five housing units.

Neighborhood - a segment of a city or town with common features that distinguish it from adjoining areas.

Public Housing or Low Income Conventional Public Housing - HUD program administered by local (or regional) Housing Authorities which serve low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

Population trends - changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net migration.

Reasonable marketing and management - professional program to acquaint potential tenants with a

particular product and retaining them after their agreement to rent.

Redevelopment - the redesign or rehabilitation of existing properties.

Rent overburden - circumstances where renters devote more than 30 percent of their income to housing costs.

Rental housing demand - demand for rental housing--which may be derived from population and household growth and demand from existing rental households who would consider moving to any proposed development.

Single-family housing - a dwelling unit, either attached or detached, designed for use by one household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

Special needs population - specific market niche which is typically not catered to in a conventional complex. This population should exhibit certain criteria which can be well-defined and are reasonably quantifiable, in order, for example, to assess the need and demand from this source.

State data center (SDC) - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of census data.

Subsidy - below market rent charged to a tenant (usually in an income group below a specified threshold) that is a function of a particular financing program.

Substandard conditions - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities or overcrowded conditions (more than one person per room, on average).

Target population - market niche a development will appeal to or cater to.

Tenant - one who rents from another.

Tenure - refers to the distinction between owner-occupied and renter-occupied housing units.

Townhouses - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a rowhouse.

USDA/Rural Development (RD) program - formerly the Farmers Home Administration Section 515 rural rental housing program. Here, low interest (1 percent) loans are made to owners to reduce rents (including utilities) paid by low-income tenants. The program serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). In many cases project-based rental assistance is available and very low income tenants pay 30 percent of their adjusted income on rent and utilities.

Very low income - household income below 50 percent of the local area median, as defined by HUD.

Zoning - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.