



**A MARKET VALUATION OF**

**Paradise East Apartments**

*Located at*

**1480-1504 Bouldercrest Drive SE  
Atlanta, DeKalb County, Georgia 30316**

**Effective Date: August 16, 2016**

**Report Date: October 12, 2016**

*Prepared For*

**Mr. Al Schroeder  
Vitus  
1700 Seventh Avenue, Suite 2000  
Seattle, WA 98101**

*Prepared By*

**Novogradac & Company LLP  
6700 Antioch Road, Suite 450  
Merriam, Kansas 66204  
913.677.4600**

October 12, 2016

Mr. Al Schroeder  
Vitus  
1700 Seventh Avenue, Suite 200  
Seattle, WA 98101

Re: Appraisal of Paradise East Apartments  
1480-1504 Bouldercrest Drive SE, Atlanta, DeKalb County, Georgia

Dear Mr. Schroeder:

We are pleased to present our findings with respect to the value of the above-referenced property, Paradise East Apartments (“Subject”). The Subject is a proposed low-income housing tax credit (LIHTC) acquisition/rehabilitation of an existing 176-unit mixed-income (160 Section 8 HAP units and 16 unrestricted units) project. Upon rehabilitation, all 176 units will be LIHTC restricted at the 60 percent AMI level. It should be noted that two two-bedroom LIHTC units will be manager’s units; however, according to the client, managers will be income qualified and pay the LIHTC rent. Furthermore, the HAP contract will remain in place following rehabilitation for 160 units. As requested, we provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value.
- Market Value “As Is.”
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Restricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Unrestricted Rents.
- Prospective Market Value at Loan Maturity Assuming Restricted Rents.
- Prospective Market Value at Loan Maturity Assuming Unrestricted Rents.
- Valuation of Tax Credits.
- Favorable Financing.

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

Vitus is the client in this engagement. We understand that they will use this document to assist in receiving a LIHTC application and loan/investment underwriting. As our client, Vitus owns this report and permission must be granted from them before another third party can use this document. The Georgia Department of Community Affairs (DCA) is the intended user. We assume that by reading this report another third party has accepted the terms of the original engagement letter

including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in an appraisal report, as defined by USPAP.

Market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. The price represents normal considerations for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

This report complies with FIRREA (1989) regulations, as well as Georgia DCA appraisal guidelines.

### **Underlying Land Value**

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of August 16, 2016, is:

**TWO MILLION NINETY THOUSAND DOLLARS**  
**(\$2,090,000)**

### **“As Is” Value**

The Subject’s market value of the real estate “As Is”, assuming restricted operations, as of August 16, 2016 is:

**ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS**  
**(\$11,500,000)**

---

<sup>1</sup> 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990

**“As Complete and Stabilized” Restricted**

The Subject’s hypothetical estimated market value “As Complete and Stabilized” assuming restricted operations, as of August 16, 2016, is:

**FOURTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$14,800,000)**

**“As Complete and Stabilized” Unrestricted**

The Subject’s hypothetical estimated market value “As Complete and Stabilized” assuming unrestricted operations, as of August 16, 2016, is:

**FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$15,200,000)**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject’s fee simple interest, subject to the rental restrictions in the year 2046, as of August 16, 2016, is:

**TWENTY MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$20,500,000)**

**Prospective Market Value as Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject’s fee simple interest, as an unrestricted property in the year 2046, as of August 16, 2016, is:

**TWENTY MILLION SIX HUNDRED THOUSAND DOLLARS  
(\$20,600,000)**

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a 10-year period, on a cash equivalent basis, as of August 16, 2016, is:

***Total LIHTC Value: Combined Federal and State***  
**ELEVEN MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS  
(11,370,000)**

*The Subject’s current Section 8 contract rents are below achievable market rents in the market, assuming as is condition of the Subject. It is reasonable to assume that a buyer would request the contract rents to be increased to the achievable market rents. It is an extraordinary assumption of this report that the Subject’s contract rents will be market up to market; as such, the “as is” value assumes the contract rents are increased to the current achievable market rents. Likewise, the post-renovation restricted valuation also assumes a mark up to market, based upon our determination of achievable market rents as renovated. These assumptions are consistent with the client’s/developer’s plans. We have been furnished a HUD-compliant Rent Comparability Study that the client intends to submit to HUD for contract renewal and rent increase. Our findings in*

*terms of achievable market rents as is and post-renovation are consistent with the findings of this RCS.*

If appropriate, the scope of our work includes an analysis of current and historical operating information provided by management. This unaudited data was not reviewed or compiled in accordance with the American Institute of Certified Public Accountants (AICPA), and we assume no responsibility for such unaudited statements.

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the Uniform Standards of Professional Appraisal Practice (USPAP).

Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility for updating this report due to events and circumstances occurring after the date of inspection.

Our value conclusion was based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion were not considered. We are not responsible for updating or revising this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

Paradise East Appraisal  
October 12, 2016

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,  
Novogradac & Company LLP



Rebecca S. Arthur, MAI  
Partner  
Certified General Real Estate Appraiser



Rachel B. Denton, MAI  
Principal  
Certified General Real Estate  
Appraiser  
Rachel.Denton@novoco.com  
913.677.4600 ext. 1512



Brian Neukam  
Certified General Real Estate Appraiser  
GA License # 4329471

# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>FACTUAL DESCRIPTION .....</b>	<b>7</b>
<b>REGIONAL AND LOCAL AREA ANALYSIS .....</b>	<b>9</b>
<b>COMPETITIVE RENTAL/DEMAND ANALYSIS.....</b>	<b>40</b>
<b>APPRAISAL METHODOLOGY.....</b>	<b>115</b>
<b>INCOME CAPITALIZATION APPROACH.....</b>	<b>127</b>
<b>SALES COMPARISON APPROACH.....</b>	<b>154</b>
<b>RECONCILIATION .....</b>	<b>165</b>
<b>ADDENDUM A: ASSUMPTIONS AND LIMITING CONDITIONS, CERTIFICATION</b>	
<b>ADDENDUM B: QUALIFICATION OF CONSULTANTS</b>	
<b>ADDENDUM C: SUBJECT PHOTOS</b>	
<b>ADDENDUM D: DEVELOPER'S BUDGET AND PROFORMA</b>	
<b>ADDENDUM E: SITE PLAN</b>	
<b>ADDENDUM F: LICENSE</b>	

## **EXECUTIVE SUMMARY**

**EXECUTIVE SUMMARY****PROPERTY SUMMARY OF SUBJECT****Property Appraised:**

The Subject (Paradise East) is an existing 176-unit Section 8 development, with 160 units currently receiving project-based subsidy, while the remaining 16 units are unrestricted market rate. Post-renovation, all of the Subject's units will be restricted to households earning at or below 60 percent AMI, with 160 units continuing to benefit from project-based subsidy.

As of July 2016, the Subject is fully occupied with a waiting list of approximately 300 households. The Subject was originally constructed in 1974 and will be renovated with LIHTCs with an estimated completion date of January 2018. The Subject consists of two and three-story, walk-up, garden-style buildings.

**Tax Map ID:**

The Subject is identified as Parcel ID: 15-115-01-139.

**Land Area:**

The Subject site is approximately 14.47 acres (630,313 square feet).

**Legal Interest Appraised:**

The property interest appraised is fee simple, subject to any and all encumbrances, if applicable for each value estimate.

**Current Unit Mix:**

The following tables summarize the Subject's current unit mix and unit sizes.

<b>CURRENT RENTS</b>						
<b>Unit Type</b>	<b>Unit Size</b>	<b>Number of Units</b>	<b>Current Net Contract Rents/Asking Rents</b>	<b>Utility Allowance (1)</b>	<b>Gross Contract Rents</b>	<b>2016 HUD Fair Market Rents</b>
<i>Section 8</i>						
1BR/1BA	725	16	\$574	\$100	\$674	\$820
2BR/1BA	853	144	\$649	\$122	\$771	\$949
<i>Market Rate Units</i>						
1BR/1BA	725	14	\$400	N/Av	N/Av	\$820
2BR/1BA	853	2	\$500	N/Av	N/Av	\$949
<b>Total</b>		<b>176</b>				

Notes (1) Utility Allowance provided by HUD

UNIT MIX AND SQUARE FOOTAGE			
Unit Type	Number of Units	Unit Size (SF)	Total Area
1BR/1BA	30	725	21,750
2BR/1BA	146	853	124,538
<b>Total</b>	<b>176</b>		<b>146,288</b>

**Proposed Unit Mix:**

The following tables summarize the Subject's proposed unit mix. Unit sizes will remain unchanged.

PROPOSED RENTS									
Unit Type	Unit Size	Number of Units	LIHTC Asking Rents	Utility Allowance (1)	Gross Asking Rents	2016 LIHTC Maximum Allowable Rent	Current Net Section 8 Contract Rents	Proposed Net Section 8 Contract Rents	2016 HUD Fair Market Rents
<i>Section 8/60% AMI*</i>									
1BR/1BA	725	16	\$659	\$100	\$759	\$759	\$574	\$850	\$820
2BR/1BA	853	144	\$790	\$122	\$912	\$912	\$649	\$1,000	\$949
<i>60% AMI</i>									
1BR/1BA	725	14	\$659	\$100	\$759	\$759	N/Av	N/Av	\$820
2BR/1BA**	853	2	\$790	\$122	\$912	\$912	N/Av	N/Av	\$949
<b>Total</b>		<b>176</b>							

(1) Source of Utility Allowance was provided by HUD Section 8 Rent Schedule effective 1/1/2016

\*Tenants will pay 30 percent of income to rent, not to exceed LIHTC rent levels

\*\*Revenue generating managers units

**Ownership History of the Subject:**

Ownership of the Subject is vested in the Paradise East Apartments LLC. The Subject transferred in January 2014 from Sugar Creek LTD to the current owner for \$5,625,000 in an arm's length transaction. There have been no other transfers of the Subject property over the past three years. There is currently a pending purchase contract between the owner and Vitus Development III, LLC to transfer the property for \$12,600,000 in an arm's length transaction. As discussed in this appraisal report, we have concluded to an "as is" restricted value of approximately \$11,500,000 for the Subject. Thus, the purchase price appears to provide a seller's advantage.

**Highest and Best Use  
“As If Vacant”:**

Based on the recent development patterns, the highest and best use “as if vacant” would be to construct a 174-unit multifamily development with subsidy or gap financing, such as LIHTC.

**Highest and Best Use  
“As Is”:**

The Subject property currently operates as a mixed income property in average condition. The property currently generates positive income and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as a mixed income multifamily housing development.

## INDICATIONS OF VALUE

<b>AS IF VACANT LAND</b>			
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>
Land Value	174	\$12,000	\$2,090,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS IS"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.10%	\$702,898	\$11,500,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.10%	\$904,481	\$14,800,000
As Proposed Unrestricted	6.10%	\$927,926	\$15,200,000
<b>EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>EGIM</b>	<b>Effective Gross Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.9	\$1,680,000	\$11,500,000
As Proposed Restricted	7.6	\$1,948,485	\$14,800,000
As Proposed Unrestricted	7.7	\$1,963,460	\$15,200,000
<b>NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Number of Units</b>	<b>Price per unit</b>	<b>Indicated Value (Rounded)</b>
As Is	176	\$65,500	\$11,500,000
As Proposed Restricted	176	\$84,000	\$14,800,000
As Proposed Unrestricted	176	\$86,500	\$15,200,000
<b>VALUE AT LOAN MATURITY - RESTRICTED</b>			
		<b>Year</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted		30 years	\$20,500,000
<b>VALUE AT LOAN MATURITY - UNRESTRICTED</b>			
		<b>Year</b>	<b>Indicated Value (Rounded)</b>
As Proposed Unrestricted		30 years	\$20,600,000
<b>TAX CREDIT VALUATION</b>			
	<b>Credit Amount</b>	<b>Price Per Credit</b>	<b>Indicated Value (Rounded)</b>
Federal LIHTC	\$8,434,751	\$1.10	\$9,300,000
State LIHTC	\$3,987,736	\$0.52	\$2,070,000

*The Subject's current Section 8 contract rents are below achievable market rents in the market, assuming as is condition of the Subject. It is reasonable to assume that a buyer would request the contract rents to be increased to the achievable market rents. It is an extraordinary assumption of this report that the Subject's contract rents will be market up to market; as such, the "as is" value assumes the contract rents are increased to the current achievable market rents. Likewise, the post-renovation restricted valuation also assumes a mark up to market, based upon our determination of achievable market rents as renovated. These assumptions are consistent with the client's/developer's plans. We have been furnished a HUD-compliant Rent Comparability Study that the client intends to submit to HUD for contract renewal and rent increase. Our findings in*

*terms of achievable market rents as is and post-renovation are consistent with the findings of this RCS.*

**Exposure Time:** Nine – 12 Months

**Marketing Period:** Nine – 12 Months

## **FACTUAL DESCRIPTION**

## FACTUAL DESCRIPTION

### APPRAISAL ASSIGNMENT AND VALUATION APPROACH

As requested, the appraisers provided several value estimates of both tangible and intangible assets, described and defined below:

- Land Value.
- Market Value “As Is.”
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Restricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Unrestricted Rents.
- Prospective Market Value at Loan Maturity Assuming Restricted Rents.
- Prospective Market Value at Loan Maturity Assuming Unrestricted Rents.
- Valuation of Tax Credits.
- Favorable Financing.

In determining the value estimates, the appraisers employed the sales comparison and income capitalization approaches to value.

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available. The cost approach is not developed since most investors and developers do not utilize this method.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings potential of the property is carefully estimated and converted into an estimate of the property's market value. The Subject was valued using the Direct Capitalization Approach.

### Property Identification

The Subject site is located on Bouldercrest Drive in Atlanta, DeKalb County, Georgia. The Subject is identified as Parcel ID # 15-115-01-139.

### Intended Use and Intended User

Vitus is the client in this engagement. We understand that they will use this document to assist in receiving a LIHTC application and loan/investment underwriting. As our client, Vitus owns this report and permission must be granted from them before another third party can use this document.

The Georgia Department of Community Affairs (DCA) is an intended user. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

### **Property Interest Appraised**

The property interest appraised is fee simple, subject to any and all encumbrances, if applicable for each value estimate.

### **Date of Inspection and Effective Date of Appraisal**

The site was inspected on August 16, 2016. In general, we have prepared this report based on our analysis of current market conditions relative to the Subject.

### **Scope of the Appraisal**

For the purposes of this appraisal, the appraiser visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration. Additional scope of work items are discussed in various sections throughout this report.

### **Compliance and Competency Provision**

The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations. Moreover, Advisory Opinion 14 acknowledges preparation of appraisals for affordable housing requires knowledge and experience that goes beyond typical residential appraisals competency including understanding the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. We believe our knowledge and experience in the affordable housing industry meets these supplemental standards.

### **Unavailability of Information**

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

### **Furniture, Fixtures, and Equipment**

Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically

obtained in the operation of an apartment complex is included, which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

**Ownership and History of Subject**

Ownership of the Subject is vested in the Paradise East Apartments LLC. The Subject transferred in January 2014 from Sugar Creek LTD to the current owner for \$5,625,000 in an arm's length transaction. There have been no other transfers of the Subject property over the past three years. There is currently a pending purchase contract between the owner and Vitus Development III, LLC to transfer the property for \$12,600,000 in an arm's length transaction. As discussed in this appraisal report, we have concluded to an "as is" restricted value of approximately \$11,500,000 for the Subject. Thus, the purchase price appears to provide a seller's advantage.

# **REGIONAL AND LOCAL AREA ANALYSIS**

## REGIONAL AND LOCAL AREA ANALYSIS

### ECONOMIC ANALYSIS

The Atlanta-Sandy Springs-Roswell, GA MSA is comprised of Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Morgan, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton counties. Atlanta is the county seat of Fulton County and is located approximately 267 miles inland from the Atlantic Ocean. Atlanta also has good access to major interstates, including Interstate 85, Interstate 75, and Interstate 20. Interstate 85 traverses northeast/southwest and provides access to Alabama to the west and South Carolina to the east and South Carolina. Interstate 75 traverses northwest/southeast and provides access to Tennessee to the north and Florida to the south. Interstate 20 traverses east/west through the central portion of Georgia and provides access to Alabama to the west and South Carolina to the east.

### Major Employers

The following table is a list of the top employers in the Atlanta-Sandy Springs-Roswell, GA MSA.

<b>MAJOR EMPLOYERS - ATLANTA-SANDY SPRINGS-ROSWELL, GA MSA</b>			
<b>#</b>	<b>Employer</b>	<b>Industry</b>	<b>Number Employed</b>
1	Delta Airlines	Transportation	31,237
2	Emory University/ Emory Healthcare	Educational/Healthcare	29,937
3	Wal-Mart Stores, Inc.	Retail Trade	20,532
4	The Home Depot, Inc.	Retail Trade	20,000
5	AT&T Inc.	Communications	17,882
6	The Kroger Co.	Retail Trade	14,753
7	WellStar Health System	Healthcare	13,500
8	Publix Super Markets, Inc.	Retail Trade	9,494
9	United States Postal Service	Government	9,385
10	Northside Hospital	Healthcare	9,016
11	The Coca-Cola Company	Retail Trade	8,761
12	United Parcel Service, Inc	Postal Service	8,727
13	Piedmont Healthcare	Healthcare	8,707
14	Centers for Disease Control and Prevention	Healthcare	8,539
15	Children's Healthcare of Atlanta, Inc	Healthcare	7,452

Source: The Metro Atlanta Chamber of Commerce, Novogradac & Company LLP, 8/2016

As indicated in the table above, the major employers in the MSA are varied and represent a wide range of industries. The three largest employers are in the transportation, education/healthcare, and retail trade industries.

We spoke to Randi Mason, Manager with the Invest Atlanta Development Authority, on business expansions and openings in the Atlanta Metro area. Ms. Mason provided us with a list of more than 100 business expansions and openings for 2015. The following table illustrates openings and expansions of more than 100 employees.

2015 BUSINESS EXPANSIONS & OPENINGS - ATLANTA, GA METRO AREA				
Company	Business Type	Opening/Expansion	Location	Number of Jobs Created
Mercedes-Benz USA	Automotive	Opening	Fulton County	950
Kaiser Permanente	Healthcare	Expansion	Atlanta	900
Lincoln Financial Group	Financial Services	Expansion	Fulton County	600
VXI	Business Process Outsourcing	Opening	Clayton County	570
The Home Depot, Inc.	Retailer	Expansion	Cobb County	525
Suniva Inc.	Manufacturing	Expansion	Gwinnett County	500
Sage	Business Management Software	Expansion	Atlanta	400
Stefanini	IT Consulting	Expansion	Atlanta	400
Infosys	Technology	Expansion	Cobb County	330
Synovus Financial Corp.	Financial Services	Opening	Cobb County	300
Hexaware	IT and Business Process	Opening	Fulton County	300
Acuity Brands	Lighting Products	Expansion	Rockdale County	300
Inalfa Roof Systems, Inc.	Automotive	Expansion	Cherokee County	300
Wencor Group LLC	Manufacturer - Aerospace Components	Opening	Fayette County	295
InComm	Prepaid Payment Solutions	Expansion	Fulton County	275
FOX TV - Sleepy Hollow	Entertainment	Opening	Rockdale County	250
N3	Marketing Automation Software	Expansion	Fulton County	200
Amtrak	Transportation	Opening	Fulton County	200
NIIT Technologies	IT Services and Business Process	Expansion	Fulton County	200
Backbase	Banking Software	Opening	Atlanta	150
Constellium	Manufacturing - Aluminum Products	Opening	Bartow County	150
Wipro	IT Consulting and Outsourcing	Opening	DeKalb County	150
Comcast	Telecommunications	Expansion	Gwinnett County	150
Comcast	Telecommunications	Expansion	Fulton County	150
Elite Foam	Manufacturer - Flexible Polyurethane Foam	Expansion	Coweta County	150
Sugar Foods	Food Processing	Expansion	Carroll County	150
Primetals Technologies	Intergrated Electrics	Opening	Fulton County	140
Tech-Long USA	Packaging Technology	Expansion	Gwinnett County	130
CSM Bakery Solutions	Food Processing	Opening	Fulton County	120
BetterCloud	IT and Business Process	Expansion	Atlanta	120
Serta Simmons Bedding, Inc.	Manufacturing - Bedding	Opening	Atlanta	110
Aptos	Retail Technology	Opening	Atlanta	108
Courion	Information Security Solutions	Opening	Fulton County	100
Level 3 Communications, LLC	Telecommunications	Opening	Gwinnett County	100
Osiose Utilities Services, Inc.	Maintenance Services Provider	Opening	Fayette County	100
Varian Medical Systems, Inc.	Medical Software Provider	Opening	Atlanta	100
AKESOgen	Genomics Contract Research	Expansion	Gwinnett County	100
ClickDimensions	Marketing Automation Software	Expansion	DeKalb County	100
Digital Intelligence Systems	IT Staffing and Services	Expansion	Fulton County	100
Fokker Aerostructures	Manufacturing - Aerospace Parts	Expansion	Clayton County	100
Hi-Rez Studios	Online Video Gaming	Expansion	Fulton County	100
Intelligrated	Manufacturer - Automation Solutions	Expansion	Fulton County	100
Ionic Security	Data Security Software	Expansion	Atlanta	100
Patientco	Health Care Payments Software	Expansion	Atlanta	100
Prime Revenue, Inc.	Supply Chain Capital Funding	Expansion	Atlanta	100

Source: Invest Atlanta Development Authority, 7/2016

### Employment Expansions/Contractions

We have reviewed publications by the Georgia Department of Economic Development listing WARN (Worker Adjustment and Retraining Notification Act) notices from 2013 to 2016 YTD. In the last 12 months, there have been 17 WARN notices affecting almost 2,258 employees in Atlanta. Since 2013 5,662 employees have been affected. It should be noted, we have only included incidences of more than 50 employees in the following table.

<b>2013 - 2016 YTD WARN NOTICES - ATLANTA, GA</b>			
<b>Company</b>	<b>City</b>	<b>Date</b>	<b>Employees Affected</b>
EchoStar Technologies LLC.	Atlanta	10/1/2016	137
Georgia Department of Agriculture	Atlanta	5/1/2016	52
Metropolitan Atlanta Rapid Transit Authority	Atlanta	3/25/2016	371
Delta Global Services, LLC.	Atlanta	3/15/2016	275
Masterack, Division of Leggett & Platt	Atlanta	2/29/2016	121
Aramark	Atlanta	11/15/2015	1,078
Generation Mortgage Company	Atlanta	7/31/2015	76
The Intown Academy	Atlanta	5/29/2015	60
New Breed Leasing of New Jersey, Inc.	Atlanta	5/26/2015	89
United Airlines	Atlanta	5/17/2015	87
Affinity Specialty Apparel, Inc.	Atlanta	4/15/2015	60
Infosys McCamish Systems, LLC.	Atlanta	3/6/2015	61
Sony	Atlanta	2/27/2015	100
Quad Graphics	Atlanta	2/1/2015	110
Generation Mortgage Company	Atlanta	1/15/2015	64
Bank of America	Atlanta	11/18/2014	51
Bags Inc.	Atlanta	8/24/2014	145
RCO Legal, P.S.	Atlanta	7/14/2014	133
RCO Legal, P.S.	Atlanta	7/14/2014	133
New Continent Ventures	Atlanta	7/11/2014	167
Sodexo	Atlanta	7/8/2014	86
WIPRO	Atlanta	6/4/2014	93
Macy's	Atlanta	2/1/2014	600
STS	Atlanta	1/1/2014	328
Allied Systems Holdings	Atlanta	12/15/2013	90
Department of Physical Health	Atlanta	12/12/2013	75
State Road and Tollway Authority	Atlanta	11/30/2013	50
Emory Healthcare	Atlanta	11/15/2013	101
Bank of America	Atlanta	10/31/2013	80
Wipro	Atlanta	9/30/2013	163
Fulton County Government	Atlanta	7/31/2013	60
Pinnacle Airlines, Inc.	Atlanta	3/6/2013	391
Unilever	Atlanta	3/6/2013	125
Department of Physical Health	Atlanta	2/25/2013	50
<b>Total</b>			<b>5,662</b>

Source: Georgia Department of Economic Development, 8/2016

**Atlanta Department of Planning and Community Development**

We attempted to contact Lanii Thomas, Senior Public Relations Manager for the City of Atlanta Department of Planning and Community Development, in regards to expansions planned in the Atlanta area. However, as of the date of the report, our phone calls have yet to be returned. The Atlanta BeltLine Project is a City of Atlanta development that will include green space, trails, transit, and new housing along 22-mile historic rail lines that loop around the urban core. The BeltLine development is projected to cost approximately \$2.8 billion and take approximately 25 years to complete. There will also be a 33-mile network of multi-use trails and the BeltLine will increase Atlanta's green space by nearly 40 percent as the project will add 1,300 acres of new parks and green space. The Atlanta BeltLine is projected to generate more than \$20 billion of new economic development throughout 25 years of the Tax Allocation District and approximately 30,000 new jobs. The Subject is located just outside of the Atlanta BeltLine Project.

## Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA and nation from 2005 to May 2016.

### EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

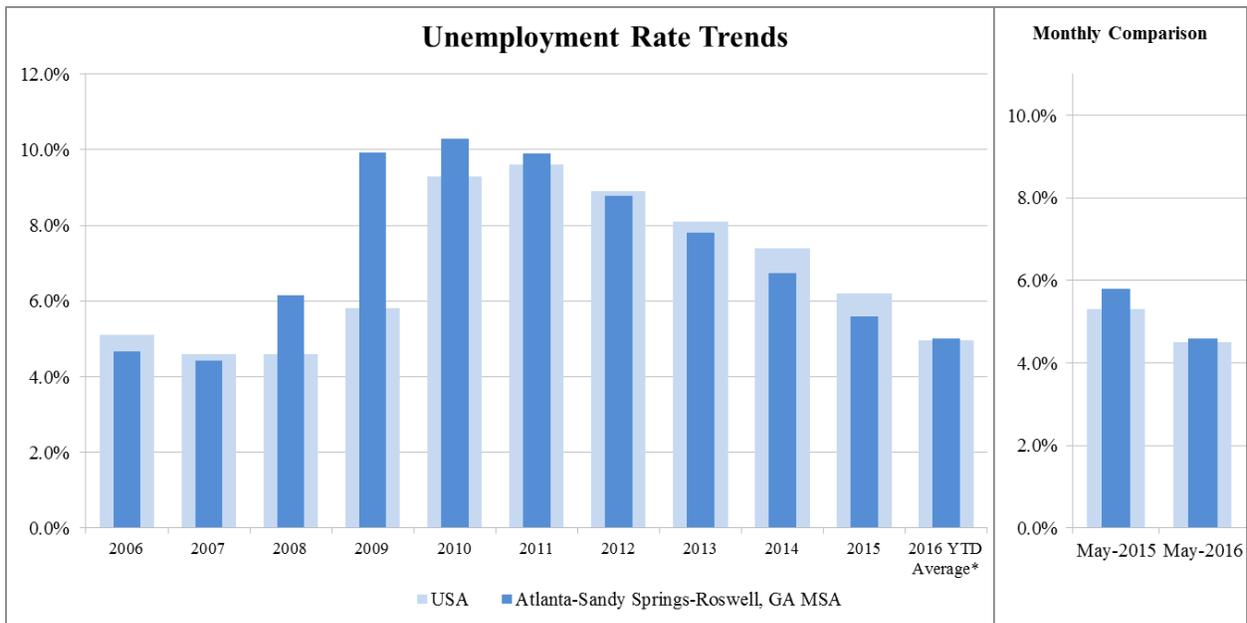
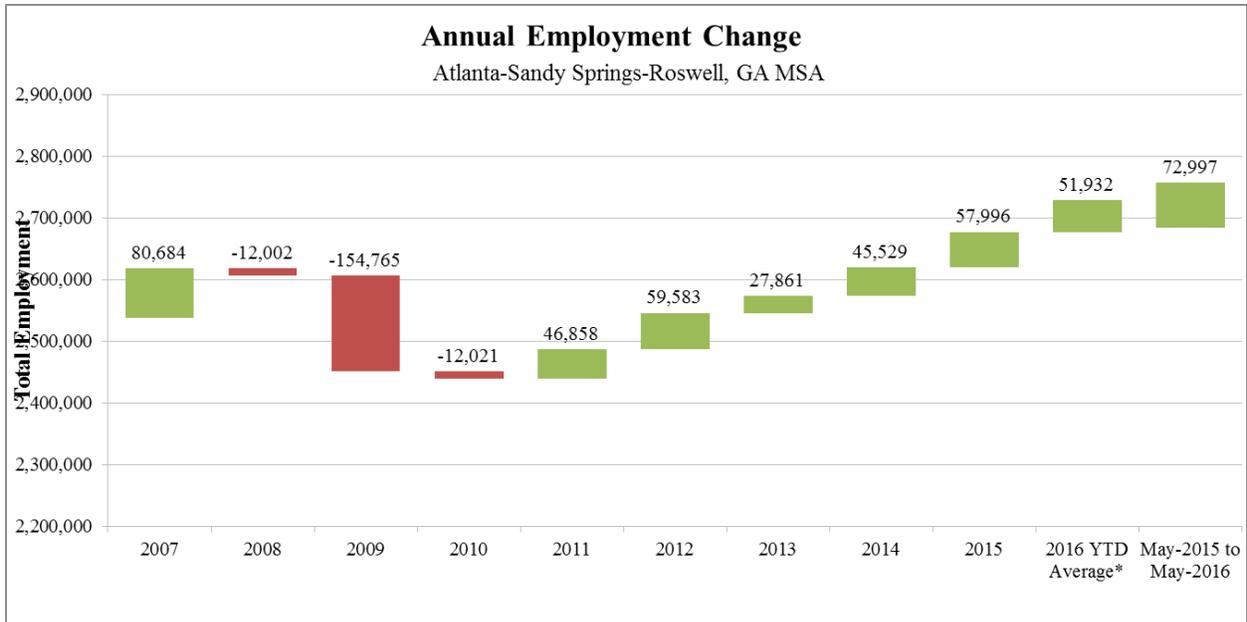
Year	Atlanta-Sandy Springs-Roswell, GA MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2005	2,445,674	2.7%	5.4%	0.6%	139,252,000	1.1%	5.5%	-0.5%
2006	2,538,141	3.8%	4.7%	-0.7%	141,730,000	1.8%	5.1%	-0.4%
2007	2,618,825	3.2%	4.4%	-0.2%	144,427,000	1.9%	4.6%	-0.5%
2008	2,606,822	-0.5%	6.2%	1.7%	146,047,000	1.1%	4.6%	0.0%
2009	2,452,057	-5.9%	9.9%	3.8%	145,362,000	-0.5%	5.8%	1.2%
2010	2,440,037	-0.5%	10.3%	0.4%	139,877,000	-3.8%	9.3%	3.5%
2011	2,486,895	1.9%	9.9%	-0.4%	139,064,000	-0.6%	9.6%	0.3%
2012	2,546,478	2.4%	8.8%	-1.1%	139,869,000	0.6%	8.9%	-0.7%
2013	2,574,339	1.1%	7.8%	-1.0%	142,469,000	1.9%	8.1%	-0.8%
2014	2,619,867	1.8%	6.7%	-1.1%	143,929,000	1.0%	7.4%	-0.7%
2015	2,677,863	2.2%	5.6%	-1.2%	146,305,000	1.7%	6.2%	-1.2%
2016 YTD Average*	2,729,795	1.9%	5.0%	-0.6%	150,500,800	2.9%	5.0%	-1.2%
May-2015	2,685,195	-	5.8%	-	149,349,000	-	5.3%	-
May-2016	2,758,192	2.7%	4.6%	-1.2%	151,594,000	1.5%	4.5%	-0.8%

Source: U.S. Bureau of Labor Statistics August 2016

\*2016 data is through Mar

Total employment in the MSA has increased every year from 2005 through 2016 year-to-date, with the exception of 2008, 2009, and 2010. Through year-to-date 2016, the 1.9 percent increase in total employment in the MSA is 100 basis points lower than total employment growth on a national level, as the nation has experienced a 2.9 percent increase year-to-date. It is important to note that current employment exceeds pre-recession levels and have since 2014. In addition, the May 2016 local employment level has increased 2.7 percent from the same period in 2015.

Total unemployment figures show that the MSA's year-to-date unemployment rate is similar to the national unemployment rate. The unemployment rate as of May 2016 decreased 1.2 percentage points from May 2015. Overall, the economic outlook for the MSA is positive with total employment above pre-recessionary levels and unemployment rates decreasing consistently since 2011.



## Employment by Industry

The following table illustrates employment by industry for the PMA as of 2015.

<b>2015 EMPLOYMENT BY INDUSTRY</b>				
<b>Industry</b>	<b>PMA</b>		<b>USA</b>	
	<b>Number Employed</b>	<b>Percent Employed</b>	<b>Number Employed</b>	<b>Percent Employed</b>
Healthcare/Social Assistance	10,231	12.8%	20,205,674	13.7%
Educational Services	8,842	11.1%	13,529,510	9.2%
Accommodation/Food Services	7,420	9.3%	10,915,815	7.4%
Retail Trade	7,292	9.1%	17,089,319	11.6%
Prof/Scientific/Tech Services	7,162	9.0%	9,981,082	6.8%
Transportation/Warehousing	4,900	6.1%	6,200,837	4.2%
Public Administration	4,854	6.1%	7,099,307	4.8%
Other Services (excl Publ Adm)	4,706	5.9%	7,548,482	5.1%
Admin/Support/Waste Mgmt Srvc	4,430	5.5%	6,242,568	4.2%
Construction	3,882	4.9%	9,392,204	6.4%
Manufacturing	3,781	4.7%	15,651,841	10.6%
Information	3,043	3.8%	2,965,498	2.0%
Finance/Insurance	2,991	3.7%	7,026,905	4.8%
Real Estate/Rental/Leasing	2,186	2.7%	2,759,067	1.9%
Arts/Entertainment/Recreation	1,810	2.3%	3,193,724	2.2%
Wholesale Trade	1,666	2.1%	3,742,526	2.5%
Utilities	401	0.5%	1,190,608	0.8%
Mgmt of Companies/Enterprises	166	0.2%	115,436	0.1%
Agric/Forestry/Fishing/Hunting	156	0.2%	1,941,156	1.3%
Mining	13	0.0%	997,794	0.7%
<b>Total Employment</b>	<b>79,932</b>	<b>100.0%</b>	<b>147,789,353</b>	<b>100.0%</b>

Source: ESRI Demographics 2010, Novogradac & Company LLP, July 2016

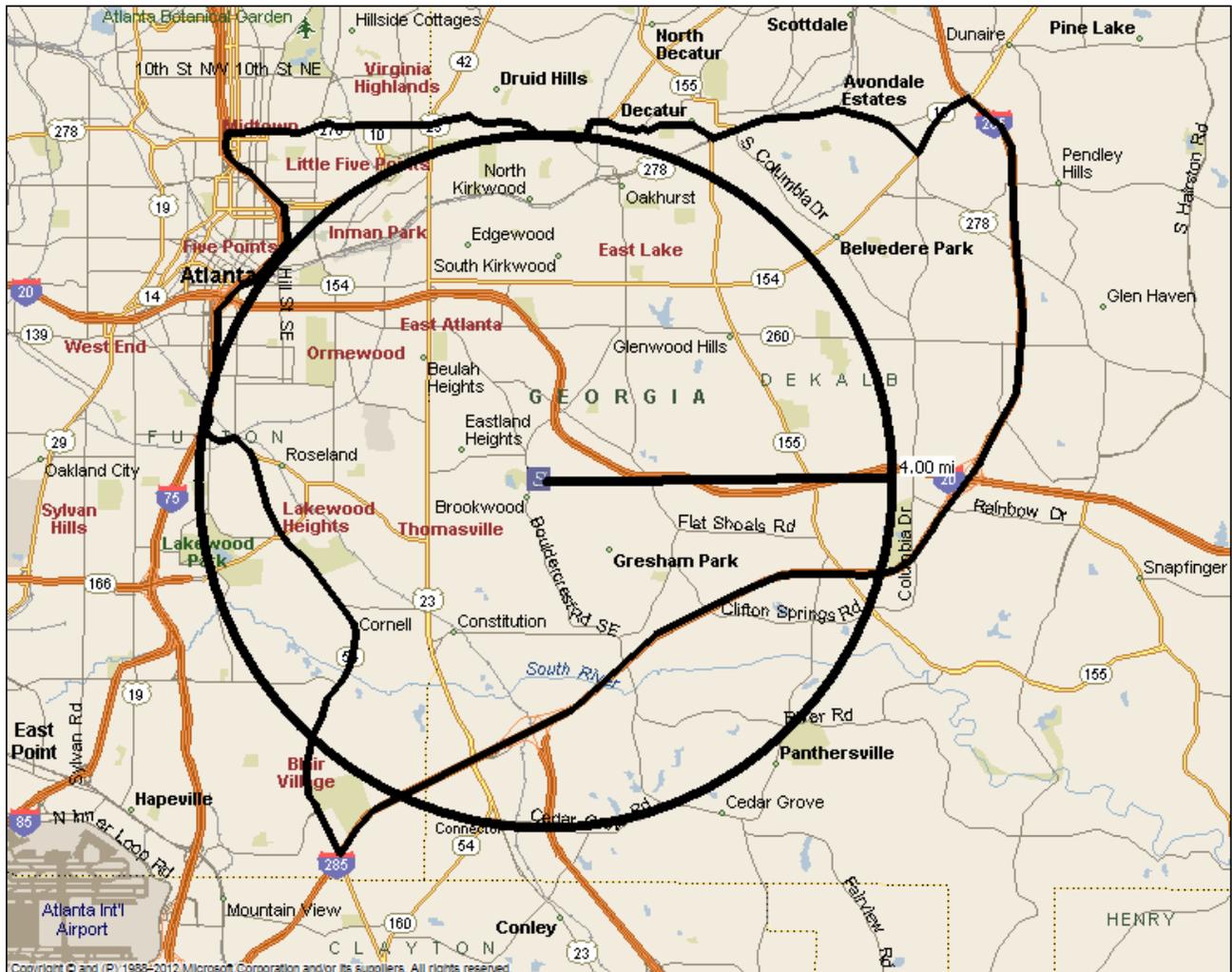
The PMA's leading industries include healthcare/social assistance, educational services, and accommodation/food services. Together, these three industries make up 33.1 percent of total employment in the PMA. The PMA is overly represented in sectors such as accommodation/food services, educational services and professional/scientific/technology services compared to the nation as a whole. Comparatively, the healthcare/social assistance, retail trade, and manufacturing services employ a smaller proportion in the PMA than the nation. Healthcare/social assistance and educational services in the PMA are traditionally more stable employment sectors whereas accommodation/food services and retail trade are more volatile. Overall, the mix of industries in the local economy indicates a relatively diversified work force that is somewhat susceptible to cyclical employment shifts.

## Conclusion

Total employment in the MSA decreased from 2008 to 2010, similar to the national employment trend, and as of May 2015 employment in the MSA was higher than pre-recession levels. In general, employment has been increasing steadily since 2010. As a result of the national recession, the unemployment rate increased significantly in 2008 and 2009 and reached a peak rate in 2010. The unemployment rate in the MSA and nation has been decreasing since 2010, and as of May 2016, the

unemployment rate was just 10 basis points above the national rate. Overall, the economic outlook for the MSA is positive with total employment above pre-recessionary levels and unemployment rates decreasing since 2010. The PMA's leading industries include healthcare/social assistance, educational services, and accommodation/food services. Healthcare/social assistance and educational services in the PMA are traditionally more stable employment sectors whereas accommodation/food services and retail trade are more volatile. Overall, the mix of industries in the local economy indicates a relatively diversified work force that is somewhat susceptible to cyclical employment shifts.

## Primary Market Area Map



The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied, to determine if the Primary Market Area (PMA) and the Atlanta-Sandy Springs-Roswell, Georgia MSA are areas of growth or contraction.

The boundaries of the PMA are as follows and includes the neighborhoods of Gresham Park, East Atlanta, and Belvedere Park:

North – Ponce De Leon Ave NE/Route 278

East - The Perimeter/Route 285

South – Route 285

West- Jonesboro Road Southeast, University Ave Southwest, Route 75/Downtown Connector

The PMA consists of the southeastern portion of Atlanta, Georgia and was defined based on interviews with the local housing authority, property managers at comparable properties, and the Subject's property manager, as well as based on our knowledge of the area. We have estimated that

approximately 15 percent of the tenants at the Subject site originate from outside these boundaries. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2016 market study guidelines, we have not accounted for leakage in our demand analysis found later in this report. The furthest PMA boundary from the Subject is 6.5 miles. For comparison purposes, the secondary market area (SMA) for the Subject is considered to be the Atlanta-Sandy Springs-Roswell, Georgia MSA.

### Population Trends

The following table depicts population trends for the PMA.

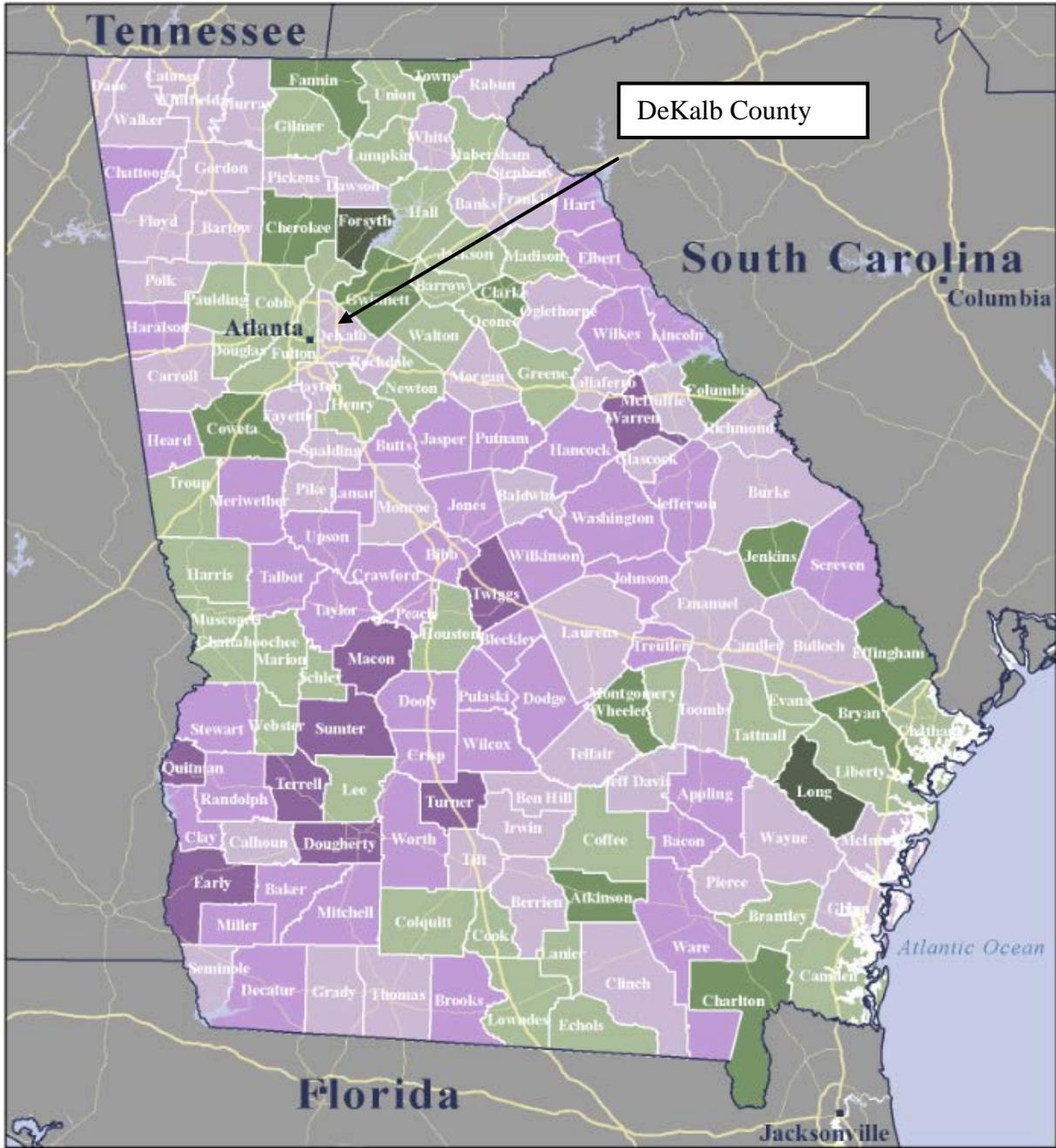
<b>TOTAL POPULATION</b>						
<b>Year</b>	<b>PMA</b>		<b>Atlanta-Sandy Springs-Roswell, GA MSA</b>		<b>USA</b>	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	191,068	-	4,263,438	-	281,421,906	-
2010	173,942	-0.9%	5,286,728	2.4%	308,745,538	1.0%
2015	178,382	0.5%	5,527,230	0.9%	318,536,439	0.6%
Projected Mkt Entry January 2018	182,148	0.8%	5,689,974	1.2%	324,579,507	0.8%
2020	185,914	0.8%	5,852,718	1.2%	330,622,575	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

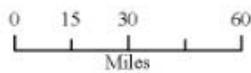
<b>POPULATION BY AGE GROUP</b>					
<b>PMA</b>					
<b>Age Cohort</b>	<b>2000</b>	<b>2010</b>	<b>2015</b>	<b>Projected Mkt Entry January 2018</b>	<b>2020</b>
0-4	13,741	12,159	11,502	11,608	11,713
5-9	14,535	9,581	10,852	10,694	10,536
10-14	13,440	8,449	9,143	9,736	10,329
15-19	13,264	9,759	9,265	9,509	9,753
20-24	15,456	13,441	12,863	12,690	12,516
25-29	18,459	17,518	15,854	16,399	16,943
30-34	17,856	17,169	16,705	16,419	16,132
35-39	16,516	15,625	15,530	15,564	15,598
40-44	14,882	13,216	13,823	13,893	13,962
45-49	13,247	12,116	12,388	12,783	13,178
50-54	11,514	10,931	11,304	11,401	11,498
55-59	7,791	9,919	10,364	10,539	10,713
60-64	6,021	8,660	9,157	9,451	9,744
65-69	4,605	5,704	7,831	8,033	8,234
70-74	3,678	3,848	5,004	5,836	6,667
75-79	2,681	2,562	3,176	3,641	4,105
80-84	1,857	1,757	1,920	2,138	2,356
85+	1,524	1,528	1,702	1,819	1,935
<b>Total</b>	<b>191,067</b>	<b>173,942</b>	<b>178,383</b>	<b>182,148</b>	<b>185,912</b>

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

Overall population growth in the PMA was lower than the MSA and the nation from 2000 to 2010. In fact, population within the PMA actually declined during this time frame. However, total population in the PMA is projected to increase at a 0.8 percent annual rate from 2015 to 2020, a growth rate similar to that of the nation but below the MSA as a whole during the same time period. The largest age cohort in the PMA is between the ages of 30 and 34, at 9.4 percent of the population, the largest age cohort through 2020 is expected to be the 25-29 cohort with 9.1 percent of the population.



### 2010-2015 Population Growth Rate



2010-2015 Population Growth per County

Lucy Mullineaux January 2015



### Household Trends

The following table depicts households from 2000 to 2020 as well as the market entry date for the PMA.

<b>TOTAL NUMBER OF HOUSEHOLDS</b>						
<b>Year</b>	<b>PMA</b>		<b>Atlanta-Sandy Springs-Roswell, GA MSA</b>		<b>USA</b>	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	70,316	-	1,559,712	-	105,480,101	-
2010	72,547	0.3%	1,943,885	2.5%	116,716,292	1.1%
2015	75,428	0.8%	2,033,479	0.9%	120,746,349	0.7%
Projected Mkt Entry January 2018	77,473	1.1%	2,094,756	1.2%	123,111,956	0.8%
2020	79,517	1.1%	2,156,032	1.2%	125,477,562	0.8%

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

<b>AVERAGE HOUSEHOLD SIZE</b>						
<b>Year</b>	<b>PMA</b>		<b>Atlanta-Sandy Springs-Roswell, GA MSA</b>		<b>USA</b>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	2.59	-	2.68	-	2.59	-
2010	2.26	-1.3%	2.68	0.0%	2.58	-0.1%
2015	2.23	-0.3%	2.68	0.0%	2.57	0.0%
Projected Mkt Entry January 2018	2.22	-0.2%	2.68	0.0%	2.57	0.0%
2020	2.21	-0.2%	2.67	0.0%	2.57	0.0%

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

The average household size in the PMA, at 2.23, is slightly smaller than the average household sizes in the MSA and nation. The Subject will offer one and two-bedroom units targeted to singles, couples, and small families. The average household size in the PMA bodes well for the Subject's unit mix.

### Households by Tenure

The table below depicts household growth by tenure from 2010 through 2020.

<b>TENURE PATTERNS PMA – TOTAL POPULATION</b>				
<b>Year</b>	<b>Owner-Occupied Units</b>	<b>Percentage Owner-Occupied</b>	<b>Renter-Occupied Units</b>	<b>Percentage Renter-Occupied</b>
2010	34,821	49.5%	35,495	50.5%
2015	38,020	52.4%	34,527	47.6%
Projected Mkt Entry January 2018	35,959	47.7%	39,469	52.3%
2020	36,808	47.5%	40,665	52.5%

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

<b>TENURE PATTERNS MSA – TOTAL POPULATION</b>				
<b>Year</b>	<b>Owner-Occupied Units</b>	<b>Percentage Owner-Occupied</b>	<b>Renter-Occupied Units</b>	<b>Percentage Renter-Occupied</b>
2010	1,041,714	66.8%	517,998	33.2%
2015	1,285,066	66.1%	658,819	33.9%
Projected Mkt Entry January 2018	1,273,734	62.6%	759,745	37.4%
2020	1,310,837	62.6%	783,919	37.4%

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

The percentage of renter-occupied households in the PMA is slightly below the percentage of owner-occupied households as of 2015. However, by 2020, the percentage share of renters will surpass the owner-occupied percentage.

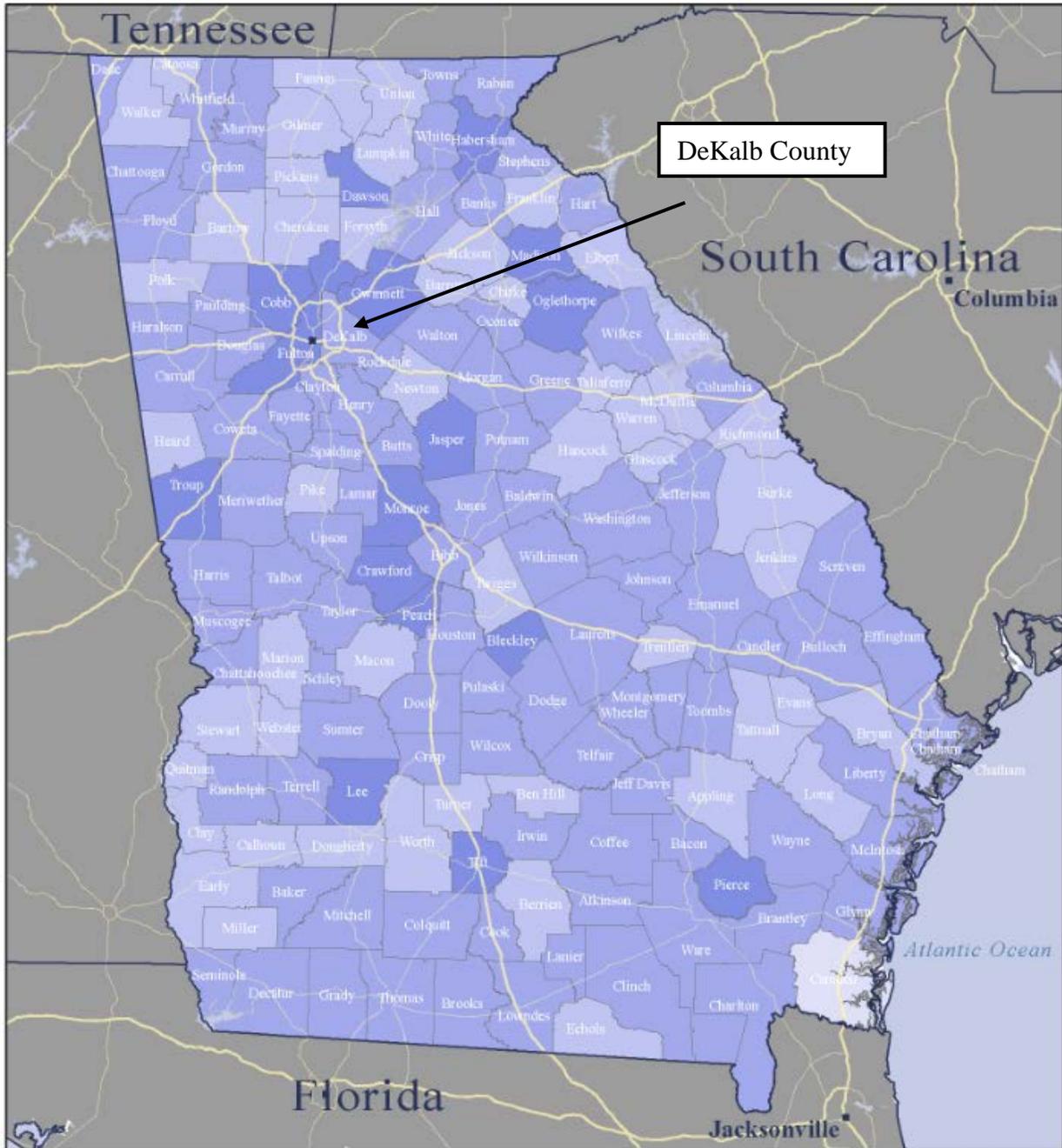
### Households by Income

The following table depicts household income in 2010, 2015, market entry date, and 2020 for the PMA.

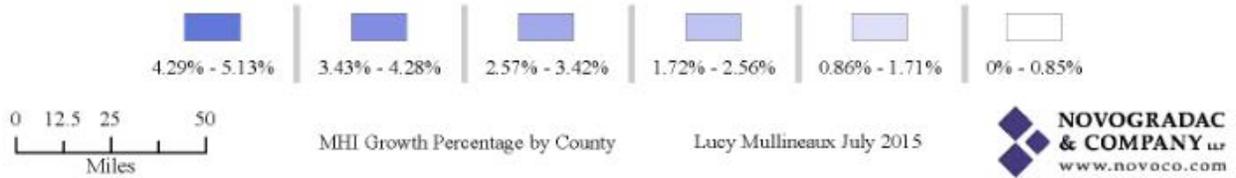
HOUSEHOLD INCOME DISTRIBUTION - PMA								
Income Cohort	2010		2015		Projected Mkt Entry		2020	
	#	%	#	%	#	%	#	%
\$0-9,999	8,652	11.9%	12,155	16.1%	13,116	16.9%	14,078	17.7%
\$10,000-19,999	9,044	12.5%	11,513	15.3%	12,285	15.9%	13,057	16.4%
\$20,000-29,999	8,559	11.8%	10,363	13.7%	10,983	14.2%	11,603	14.6%
\$30,000-39,999	6,752	9.3%	7,394	9.8%	7,643	9.9%	7,892	9.9%
\$40,000-49,999	6,837	9.4%	6,345	8.4%	6,535	8.4%	6,724	8.5%
\$50,000-59,999	5,556	7.7%	5,326	7.1%	5,271	6.8%	5,216	6.6%
\$60,000-74,999	6,934	9.6%	6,194	8.2%	6,095	7.9%	5,997	7.5%
\$75,000-99,999	7,007	9.7%	6,273	8.3%	6,176	8.0%	6,079	7.6%
\$100,000-124,999	4,773	6.6%	3,784	5.0%	3,590	4.6%	3,396	4.3%
\$125,000-149,999	2,677	3.7%	1,887	2.5%	1,835	2.4%	1,784	2.2%
\$150,000-199,999	2,985	4.1%	2,598	3.4%	2,405	3.1%	2,211	2.8%
\$200,000+	2,771	3.8%	1,596	2.1%	1,538	2.0%	1,480	1.9%
<b>Total</b>	<b>72,547</b>	<b>100.0%</b>	<b>75,428</b>	<b>100.0%</b>	<b>77,473</b>	<b>100.0%</b>	<b>79,517</b>	<b>100.0%</b>

Source: Ribbon Demographics 2015, Novogradac & Company LLP, July 2016

The three lowest income cohorts have the highest number of households within the PMA. As of 2015, approximately 45.1 percent of households in the PMA earn less than \$29,999. This percentage is expected to increase through market entry and 2020. Incomes at the Subject will range from \$0 to \$36,840 (as proposed with subsidy), and \$26,023 to \$36,840 (for the LIHTC only units). The large percentage of households in this income cohort (\$29,999 or less) is a positive indication of demand for the Subject's units.



## 2015 Median Household Income Growth



### **Conclusion**

The PMA has experienced increasing population and household growth since 2010. The population and number of households in the PMA are projected to increase through the projected market entry date and through 2020. The expected increase in population and number of households bodes well for the Subject. Based on the low vacancy rates experienced by many of the rental properties in the market, and the *Demand Analysis* illustrated later in this report, there appears to be adequate demand for the Subject's affordable units.

NEIGHBORHOOD ANALYSIS

Date of Site Visit and

Name of Site Inspector:

Brian Neukam inspected the Subject on August 16, 2016.

Physical Features of the Site:

The following illustrates the physical features of the site.

Frontage:

The Subject site has frontage along the east side of Bouldercrest Road Southeast.

Visibility/Views:

The Subject has good visibility from Bouldercrest Road Southeast. Views from the Subject site are of multifamily developments, vacant land, religious centers, and Glen Emerald Park. Overall, views are considered good.

Surrounding Uses:

The following map and pictures illustrate the surrounding land uses.

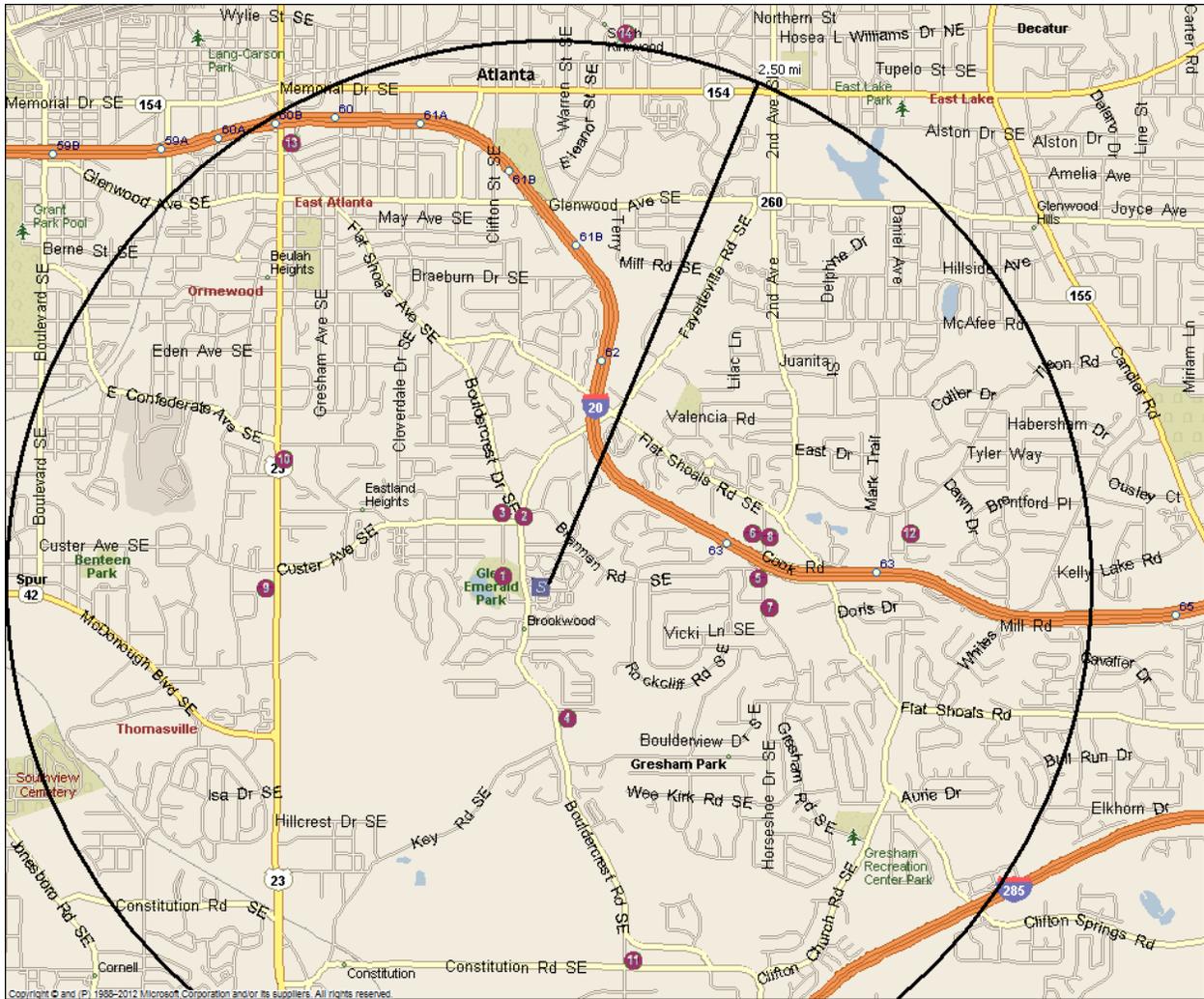


Surrounding uses consist of wooded land, a recreational park, houses of worship, multifamily and single-family homes. To the immediate north is Ashford East Village (a market rate comparable) and a religious center. To the immediate east of the Subject is vacant wooded land and single-family homes. To the immediate south are single-family homes. To the immediate west is vacant land and Glen Emerald Park. Further west is a residential neighborhood consisting of small lot single-family homes. Overall, the Subject's immediate neighborhood is mixed in nature. The Subject site is located in the northeastern quadrant of the Gresham Park neighborhood. Overall, the Subject has a desirable location for multifamily housing.

*Positive/Negative Attributes of Site:* We did not witness any negative attributes during our field work.

**Proximity to Locational Amenities:**

The table on the following page details the Subject's distance from key locational amenities.



**LOCATIONAL AMENITIES**

Map #	Service or Amenity	Name	Distance from Subject
1	Park	Glen Emerald Park	0.2 miles
2	Elementary School	Burgess Elementary School	0.2 miles
3	Gas Station	Texco Atlanta	0.2 miles
4	High School	McNair High School	0.6 miles
5	Pharmacy	Buy- Rite Pharmacy	1.0 mile
6	Major Retail	Walmart	1.0 mile
7	Hospital	Southside Medical Center	1.1 miles
8	Library	Gresham Library	1.1 miles
9	Bank	Wells Fargo Bank	1.3 miles
10	Grocery	Kroger	1.3 miles
11	Fire	Dekalb County Fire Station 10	1.7 miles
12	Middle School	McNair Middle School	1.8 miles
13	Post Office	US Post Office	2.4 miles
14	Police	Atlanta Police Department Zone 6	2.6 miles

**Description of Land Uses:**

The Subject is located in the northeastern quadrant of the Gresham Park neighborhood. Surrounding uses consist of vacant wooded land, a recreational park, houses of worship, multifamily and single-family homes. To the immediate north is Ashford East Village (a market rate comparable) and a religious center. To the immediate east of the Subject is vacant wooded land and single-family homes in generally average condition. To the immediate south are single-family homes in average condition. To the immediate west is vacant land and Glen Emerald Park. Further west is a residential neighborhood consisting of single-family homes in average condition. Overall, the Subject has a desirable location for multifamily housing.

**Conclusion:**

The neighborhood surrounding the Subject property consists predominantly of residential uses including multifamily and single-family houses in generally average condition. The Subject is compatible with the surrounding uses and it is a generally desirable location for multifamily housing.

**DESCRIPTION OF THE SITE**

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues and traffic flow.



- Size:** The Subject site encompasses approximately 14.47 acres.
- Shape:** The site is rectangular in shape.
- Frontage:** The Subject site has frontage along the east side of Bouldercrest Road SE.
- Topography:** The site is generally level.
- Visibility/Views:** The Subject has good visibility from Bouldercrest Road SE. Views from the Subject are of multifamily developments in average condition, vacant land, religious centers, and Glen Emerald Park. Overall, views are considered average to good.

- Access and Traffic Flow:** The Subject is accessed via Bouldercrest Road, a two-lane arterial road. Bouldercrest Road connects to Interstate 20 approximately 2.5 miles northwest the Subject. Interstate 20 is a major east-west highway that runs for approximately 1,535 miles from Kent, Texas to Florence, South Carolina. Interstate 20 provides the Subject with direct access to downtown Atlanta. Overall, access to the Subject is considered good.
- Drainage:** Appears adequate; however, no specific tests were performed.
- Soil and Subsoil Conditions:** We were not provided with soil surveys, but the existing improvements suggest that the soils are adequate.
- Flood Plain:** According to [www.floodinsights.com](http://www.floodinsights.com), the Subject is located in Zone X (community map number 130065 panel number 0129J dated May 16, 2013) and is located outside the 100 and 500-year flood plains. The Subject site is not located within 250 feet of multiple flood zones.
- Environmental:** We were provided with an Environmental Site Assessment Phase I (ESA) from Nova Consulting dated August 13, 2013. According to the ESA there is no evidence of recognized environmental conditions (RECs). There is suspension of asbestos containing material on the site including: roofing, drywall systems, floor tile, spray on acoustical ceiling texture. All of these materials were in good condition at the time of the ESA. Furthermore, based on the age of construction, there is possible lead-based paint. As of the date of the ESA there were no signs of peeling noted on any painted surfaces. Novogradac and Company LLP are not experts in this field and cannot opine on the findings of the ESA.
- Detrimental Influences:** No detrimental influences were identified.
- Conclusion:** The Subject will be compatible with the existing surroundings. No detrimental influences were identified in the immediate neighborhood. The Subject is physically capable of supporting a variety of legally permissible uses, and is considered an adequate building site.

Description of Improvements

Property Profile Report												
Paradise East Apartments												
<b>Location</b>	1480-1504 Bouldercrest Drive SE Atlanta, GA 30316 DeKalb County County											
<b>Units</b>	176											
<b>Vacant Units</b>	0											
<b>Vacancy Rate</b>	0.0%											
<b>Type</b>	Garden (2 & 3 stories)											
<b>Year Built / Renovated</b>	1974 / Proposed											
Market												
<b>Program</b>	LIHTC, Section 8			<b>Leasing Pace</b>			Within one week					
<b>Annual Turnover Rate</b>	13%			<b>Change in Rent (Past Year)</b>			Increased					
<b>Units/Month Absorbed</b>	n/a			<b>Concession</b>			None					
<b>Section 8 Tenants</b>	0%											
Utilities												
<b>A/C</b>	not included -- central						<b>Other Electric</b>			not included		
<b>Cooking</b>	not included -- gas						<b>Water</b>			included		
<b>Water Heat</b>	not included -- gas						<b>Sewer</b>			included		
<b>Heat</b>	not included -- gas						<b>Trash Collection</b>			included		
Unit Mix (face rent)												
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?	Range
1	1	Garden (3 stories)	14	725	\$659	\$0	@60%	Yes	0	0.00%	yes	
1	1	Garden (3 stories)	16	725	\$850	\$0	@60% (Section 8)	Yes	0	0.00%	no	
2	1	Garden (3 stories)	2	853	\$790	\$0	@60%	Yes	0	0.00%	yes	
2	1	Garden (3 stories)	144	853	\$1,000	\$0	@60% (Section 8)	Yes	0	0.00%	no	
Amenities												
<b>In-Unit</b>	Blinds Carpet/Hardwood Central A/C Coat Closet Ceiling Fan Oven Refrigerator Walk-In Closet			<b>Security</b>			Patrol Perimeter Fencing					
<b>Property</b>	Clubhouse/Meeting Room/Community Room Central Laundry Off-Street Parking On-Site Management Playground			<b>Premium</b>			none					
<b>Services</b>	none			<b>Other</b>			none					
Comments												
The property consists of eight two and three-story garden-style buildings. The property currently consists of 176 units, 160 of which receive project-based Section 8 subsidy while the remaining units are currently market rate. The property maintains a waiting list consisting of over 300 households. The development is proposed for renovation with LIHTC's. Post-renovation all units will be restricted at 60 percent of the AMI and 160 units will continue to receive Section 8 subsidies. The rents reflected in the profile are the proposed rents.												

**Unit Layout:** We have inspected the floor plans for the Subject and they appear market-oriented and functional.

**NLA (residential space):** The Subject’s net leasable area is as follows:

<b>UNIT MIX AND SQUARE FOOTAGE</b>			
<b>Unit Type</b>	<b>Number of Units</b>	<b>Unit Size (SF)</b>	<b>Total Area</b>
1BR/1BA	30	725	21,750
2BR/1BA	146	853	124,538
<b>Total</b>	<b>176</b>		<b>146,288</b>

**Americans With Disabilities Act of 1990:** Based on our inspection and review of the floor plans, the Subject does not have any obvious violations of the Americans With Disabilities Act of 1990.

**Quality of Construction Condition and Deferred Maintenance:** It is assumed that the Subject will be renovated in a timely manner consistent with the information provided, using average-quality materials in a professional manner.

**Scope of Renovations:** The total rehabilitation hard costs are expected to be \$7,195,003, or approximately \$40,880 per unit. The proposed cost includes the substantial rehabilitation of the 176 existing units and common areas. The scope of the renovations will include, but are not limited to, the following unit upgrades;

- Replace countertops
- Replace kitchen faucets
- Replace kitchen cabinets
- New kitchen appliances
- New bathroom fixtures
- Replace bathroom vanity
- Replace bathroom enclosures
- Interior painting
- Drywall repairs as necessary
- Install new boiler/furnace
- Replace water heater
- Interior electrical work
- Install new exterior lighting
- Remove and replace damaged sidewalks
- Remove and replace damaged parking lot
- Replace windows

- Install new roofing
- Replace vinyl siding
- Install new playground equipment
- Replace exterior benches, signage, and bike racks

**Current Unit Mix:**

The following tables summarize the Subject’s current unit mix and unit sizes.

<b>CURRENT RENTS</b>						
Unit Type	Unit Size	Number of Units	Current Net Contract Rents/Asking Rents	Utility Allowance (1)	Gross Contract Rents	2016 HUD Fair Market Rents
<i>Section 8</i>						
1BR/1BA	725	16	\$574	\$100	\$674	\$820
2BR/1BA	853	144	\$649	\$122	\$771	\$949
<i>Market Rate Units</i>						
1BR/1BA	725	14	\$400	N/Av	N/Av	\$820
2BR/1BA	853	2	\$500	N/Av	N/Av	\$949
<b>Total</b>		<b>176</b>				

Notes (1) Utility Allowance provided by HUD

The following table analyzes the Subject’s June 29, 2016 rent roll.

<b>RENT ROLL ANALYSIS</b>						
Unit Type	Number of Units	Occupied Units	Occupancy Rate	Highest Tenant Paid Rent	Lowest Tenant Paid Rent	Average Paid Rent
1BR/1BA Market	14	14	100.0%	\$432	\$372	\$401
1BR/1BA Section 8	30	30	100.0%	\$400	\$0	\$203
2BR/1BA Market	2	2	100.0%	\$500	\$500	\$500
2BR/1BA Section 8	146	146	100.0%	\$639	\$0	\$89

Based on the June 29, 2016 rent roll, the average Section 8 tenant is paying approximately 11 to 31 percent of the proposed LIHTC rents, while the average paid rent in the unrestricted units are 61 to 63 percent. None of the unrestricted units are occupied by voucher tenants.

**Proposed Unit Mix:**

The following tables summarize the Subject’s proposed unit mix. Unit sizes will remain unchanged.

<b>PROPOSED RENTS</b>									
Unit Type	Unit Size	Number of Units	LIHTC Asking Rents	Utility Allowance (1)	Gross Asking Rents	2016 LIHTC Maximum Allowable Rent	Current Net Section 8 Contract Rents	Proposed Net Section 8 Contract Rents	2016 HUD Fair Market Rents
<i>Section 8/60% AMI*</i>									
1BR/1BA	725	16	\$659	\$100	\$759	\$759	\$574	\$850	\$820
2BR/1BA	853	144	\$790	\$122	\$912	\$912	\$649	\$1,000	\$949
<i>60% AMI</i>									
1BR/1BA	725	14	\$659	\$100	\$759	\$759	N/Av	N/Av	\$820
2BR/1BA**	853	2	\$790	\$122	\$912	\$912	N/Av	N/Av	\$949
<b>Total</b>		<b>176</b>							

(1) Source of Utility Allowance was provided by HUD Section 8 Rent Schedule effective 1/1/2016

\*Tenants will pay 30 percent of income to rent, not to exceed LIHTC rent levels

\*\*Revenue generating managers units

**Current Occupancy:**

Management reported occupancy is typically 100 percent for the property. As of July 2016, the property is currently fully occupied, according to the property manager. The Subject currently operates with a waiting list for all of their units of approximately 300 households according to management.

**Current Tenant Income:**

An income audit was not available at the time of this report.

**Functional Obsolescence:**

The Subject will be newly renovated. We have inspected the existing Subject and determined the development to be market-oriented and functional. We have not observed any signs of the Subject suffering from functional obsolescence.

**Conclusion:**

The Subject is in generally average condition. It will be a good-quality apartment complex post-renovation, comparable or superior to most of the inventory in the area. The renovated Subject appears to be market-oriented and functional.

**REAL ESTATE ASSESSMENT AND TAXES**

The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

The Subject site is located within the DeKalb County real estate taxing jurisdiction. Real estate taxes for property located in DeKalb County are based upon a property's assessed valuation. Market values are assessed predominantly using the income approach for multifamily rental properties. Multifamily properties are re-assessed every three years and the assessed values are 40 percent of the tax appraised value. The current millage rate for the Subject is \$44.59 per \$1,000 of assessed value.

The following illustrates the Subject's historical tax burden. The increase in assessment between 2014 and 2015 reflects the recent transfer of the property and subsequent increase in market value.

<b>SUBJECT HISTORICAL ASSESSMENTS</b>				
<b>Year</b>	<b>Units</b>	<b>Total Market Value</b>	<b>Total Assessment</b>	<b>Total Assessment Per Unit</b>
2015	176	\$5,625,000	\$2,250,000	\$12,784
2014	176	\$4,065,060	\$1,626,024	\$9,239
2013	176	\$4,065,060	\$1,626,024	\$9,239

The following comparables have been utilized to estimate the appropriate assessed value for the Subject. It should be noted that we were unable to obtain assessed values for the majority of the rent comparables used in this report so we have supplemented the data with other multifamily properties within Subject's region of DeKalb County.

<b>2015 COMPARABLE ASSESSMENTS</b>					
<b>Property</b>	<b>Property Type</b>	<b>Year Built</b>	<b>Number of Units</b>	<b>Assessed Value</b>	<b>Value/Unit</b>
Columbia Peoplestown	LIHTC/Market	2003	92	\$1,205,600	\$13,104
Station at Richmond Hill	LIHTC/Market	1960/2004	181	\$2,140,800	\$11,828
Tuscany Village	LIHTC/Market	1970/2009	144	\$3,672,000	\$25,500
Vineyards at Flat Shoals	LIHTC/Market	1966/2007	228	\$2,080,000	\$9,123
Ashford East	Market	1979	371	\$9,700,000	\$26,146
Esquire Apartments	Market	1975/2010	52	\$2,415,000	\$46,442
Clairmont Crest	Market	1985/2014	200	\$10,936,400	\$54,682
Woods at Glenrose	Market	1966/1996	142	\$3,835,240	\$27,009

The above data indicates a total per unit assessed value range from \$9,123 to \$54,682 per unit. Per the assessor, unrestricted and restricted properties are similarly assessed via the income approach. As the previous table demonstrates, the market rate properties have higher assessed values per unit when

compared to the LIHTC properties, which is reasonable considering the higher achievable rents at the market rate properties. The tables following summarize our conclusions.

**TAXES AS IS RESTRICTED SCENARIO**

Assessed Value Per Unit	Total Assessed Value	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$13,000	\$2,288,000	44.59	\$102,022	\$580

**TAXES AS PROPOSED RESTRICTED SCENARIO**

Assessed Value Per Unit	Total Assessed Value	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$28,000	\$4,928,000	44.59	\$219,740	\$1,249

**TAXES AS PROPOSED UNRESTRICTED SCENARIO**

Assessed Value Per Unit	Total Assessed Value	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
\$30,000	\$5,280,000	44.59	\$235,435	\$1,338

## **Zoning**

### **Current Zoning**

According to the DeKalb County GIS Zoning Map, the Subject is zoned MR-1, Medium Density Residential. According to the 2015 Zoning Ordinance, the Subject is permitted to develop up to 174 (12 units per acre) multifamily units with a maximum height of four stories. Additionally, one and one half parking spaces per unit are required. The Subject is developed with 176 units, has buildings two and three stories in height, and offers 334 parking spaces, or 1.9 spaces per unit. As such, the Subject appears to be a legal, non-conforming use due to the slightly higher number of units.

According to the local zoning ordinance, if greater than 50 percent of the improvements were destroyed, the Subject property would be required to conform to the current zoning code.

### **Prospective Zoning Changes**

We are not aware of any proposed zoning changes at this time.

# **COMPETITIVE RENTAL/DEMAND ANALYSIS**

## COMPETITIVE RENTAL/DEMAND ANALYSIS

### INTERVIEWS/DISCUSSION

#### Atlanta Housing Authority

The Atlanta Housing Authority administers several thousand Housing Choice Vouchers to families, seniors, and persons with disabilities. The waiting list closed in January 2015. The waiting list currently has more than 10,000 households. The following table illustrates the current payment standards for Submarket C7, which is the submarket in which the Subject is located in.

#### ATLANTA, GA PAYMENT STANDARDS – SUBMARKET C7\*

Bedroom Type	Payment Standard Rent
1BR	\$1,650
2BR	\$2,200

\*Submarket which the Subject is located in

The Atlanta Housing Authority manages different payment standards depending on which submarket the development is located in. Differences in payment standards are a function of differences in age, quality of the units, and quality of the neighborhood. The Subject is located in Submarket C7 in Atlanta, which is determined by the Atlanta Housing Authority, effective July 1, 2016. The gross LIHTC rents proposed at the Subject are below the current Housing Choice Voucher payment standards for the local area. As such, those with Vouchers would be eligible to live at the Subject and pay 30 percent of their income toward rent. The units with Section 8 will not be eligible for Housing Choice Vouchers, but tenants will continue to pay 30 percent of income towards rent.

#### LIHTC Competition / Recent and Proposed Construction

From 2012 to year-to-date 2016 there are five LIHTC projects planned, recently completed, or under construction within the PMA and they are detailed as follows.

- Columbia Senior Residences at Forrest Hills, a senior LIHTC project located at 1004 Columbia Drive in Decatur, approximately 4.2 miles north of the Subject, was allocated tax credits in 2012. The development opened in November 2014 and reached full occupancy by July 2015. This property offers 80 one and two-bedroom units targeting households earning 30, 50 and 60 percent of AMI. As this property is targeted toward senior tenants, it is not considered competitive with the Subject.
- Trinity Walk I was allocated tax credits in 2014 and will target both general occupancy and senior households. Trinity Walk I is a new construction development that will be located at 421 West Trinity Place in Decatur, approximately 4.3 miles north of the Subject. Trinity Walk I will offer a total of 69 LIHTC units restricted at 60 percent AMI, all of which will benefit from project-based Section 8 subsidy. The development will offer one, two, and three-bedroom units contained in three-story garden-style buildings. Of the 69 total units, 20 will be restricted to senior households aged 55 and older, while the remaining 49 units will target general occupancy households. The Decatur Housing Authority is the development sponsor for Trinity Walk I. There will be competitive overlap with this development.

However, as all of the development's units will benefit from project-based Section 8 subsidy, the property was not included as a comparable.

- Allen Wilson Phase III, allocated tax credits in 2012, is the third and last phase of the \$30 million redevelopment of the former Allen Wilson Terrace Public Housing Project, owned and operated by the Decatur Housing Authority. The development is located at 1450 Commerce Drive, approximately 4.2 miles north of the Subject and was completed in 2014. All three phases will total 191 units, of which Phase III will comprise 71 one, two, and three-bedroom units. The units will be contained in seven three-story buildings, with garden-style units on the ground floor and two-story townhouses on the upper floors. All three phases will target both seniors and general occupancy, and will continue to remain public housing operated by the Decatur Housing Authority. As such, this property was not included as a comparable.
- Columbia Avondale was allocated tax credits in 2015 and will target senior households. Columbia Avondale is a new construction development and will be located 5.1 miles northeast of the Subject. The property will offer a total of 92 LIHTC units restricted to senior, thus will not compete directly with the Subject.
- Trinity Walk II was allocated tax credits in 2015 and will target both general occupancy and senior households. Trinity Walk II is a new construction development that will be located at 421 West Trinity Place in Decatur approximately 4.3 miles north of the Subject. Trinity Walk II will offer a total of 52 LIHTC units restricted at 60 percent AMI, 42 of which will benefit from project-based Section 8 subsidy. The development will offer one, two, and three-bedroom units contained in three-story garden-style and townhouse-style buildings. Of the 52 total units, 12 will be restricted to senior households aged 55 and older, while the remaining 40 units will target general occupancy households. The Decatur Housing Authority is the development sponsor for Trinity Walk II. As 42 of the development's units will benefit from project-based Section 8 subsidy, only ten units will be competitive with the Subject.

### **Planning**

We attempted to contact the DeKalb County Planning and Sustainability, however at this time of the report our calls have yet to be returned. We contacted Warren Harper, Business Process Analyst with the Atlanta Department of Planning and Community Development, to identify any proposed, planned, or under construction multifamily developments in the PMA. Mr. Harper indicated that the city of Atlanta does not have a current list of developments. Additionally we utilized REIS multifamily new construction listing to identify any recently completed, under construction, planned, or proposed multifamily developments since 2014. Our findings are described in the following table.

<b>RECENTLY COMPLETED, UNDER CONSTRUCTION, PLANNED, PROPOSED MULTIFAMILY IN PMA</b>				
<b>Property Name</b>	<b>Tenancy</b>	<b>Rent Structure</b>	<b>Status</b>	<b>Number of Units</b>
131 Ponce de Leon Avenue	Family	Market Rate	Recently Completed	280
280 Elizabeth	Family	Market Rate	Recently Completed	199
755 North	Family	Market Rate	Recently Completed	227
841 Memorial	Family	Market Rate	Recently Completed	80
Alexan 1133	Family	Market Rate	Recently Completed	167
Alexan EAV	Family	Market Rate	Recently Completed	130
Alexan on Krog	Family	Market Rate	Recently Completed	220
Amlı at Ponce Park	Family	Market Rate	Recently Completed	305
Avondale Marta Station	Family	Market Rate	Planned	532
Cityview at Englewood Ph I	Family	Market Rate	Proposed	320
E. CO	Family	Market Rate	Planned	288
East College Apartments	Family	Market Rate	Proposed	175
Edgewood Marta Apartments	Family	Market Rate	Planned	224
Edgewood/Candler Park Marta Ph I	Family	Market Rate	Planned	200
Edgewood/Candler Park Marta Ph II	Family	Market Rate	Proposed	235
Four15 Stacks	Family	Market Rate	Proposed	24
Gartell Street Apartments	Family	Market Rate	Proposed	261
Glenwood Place Apartments	Family	Market Rate	Under Construction	230
King Memorial Station	Family	Market Rate	Proposed	348
Memorial and Hill Apartments	Family	Market Rate	Planned	130
Memorial Drive Apartments	Family	Market Rate	Proposed	566
New Townhomes	Family	Market Rate	Proposed	18
North and Line	Family	Market Rate	Proposed	228
Peachtree Street Apartments	Family	Market Rate	Proposed	350
Ralph McGill Blvd Apartments	Family	Market Rate	Proposed	250
Spoke Apartments	Family	Market Rate	Planned	224
Station R. Apartments	Family	Market Rate	Under Construction	285
The Leonard	Family	Market Rate	Recently Completed	85

**Survey of Comparable Projects**

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes 12 comparable properties containing 1,661 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided in the addenda. A map illustrating the location of the Subject in relation to comparable properties is also provided in the addenda. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

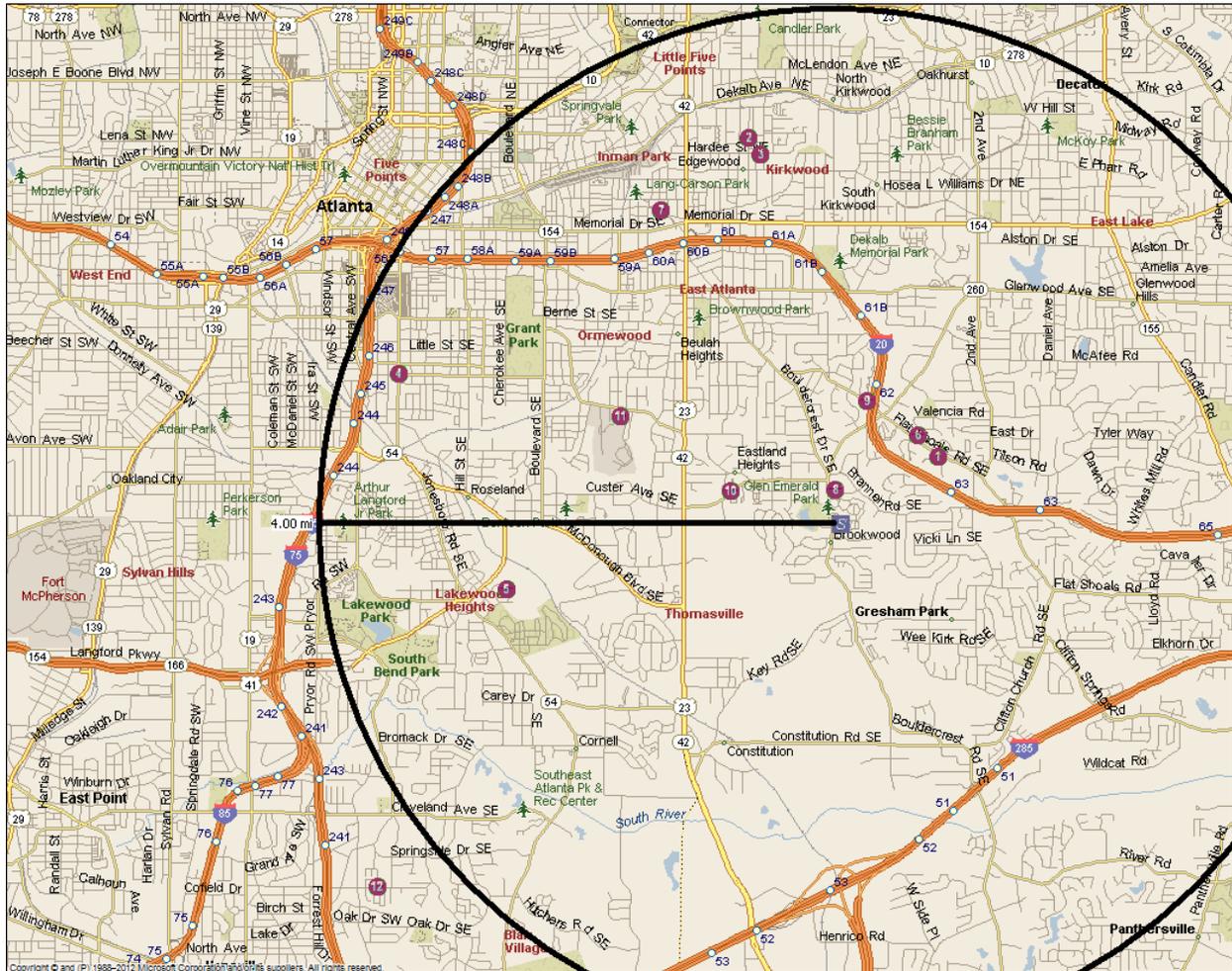
The availability of LIHTC data is considered good; there are several LIHTC properties in the PMA that were selected as “true” comparables. The selected LIHTC properties are located within 3.6 miles of the Subject.

The availability of market rate data is considered good as there are numerous market rate properties that are located within the PMA. We have included six market rate properties in the rental analysis within 4.7 miles of the Subject, five of which are located within the PMA. These comparable market rate properties were built between 1964 and 2004, and the oldest properties were renovated between 1996 and 2013. These projects offer a mix of one, two, and three-bedroom units.

The following table details properties that we have excluded from our analysis.

EXCLUDED PROPERTIES IN PMA						
Property Name	Type	Tenancy	Units	Occupancy	Waiting List	Reason for Exclusion
Ashley Auburn Pointe, Phase II	ACC/Market	Family	N/Av	N/Av	N/Av	Could not contact
Columbia at Peoplestown	LIHTC	Family	99	N/Av	N/Av	Could not contact
Columbia Senior Residence At MLK	LIHTC	Senior	122	100.0%	N/Av	Dissimilar tenancy
Constitution Avenue	LIHTC	Family	166	N/Av	N/Av	Could not contact
Courtyards at Glenview	LIHTC	Family	172	100.0%	Yes	Could not contact
Grant Park Apartments	LIHTC	Family	302	N/Av	N/Av	Could not contact
Henders on Place Apartments	LIHTC	Family	58	N/Av	No	Could not contact
Marcus Street Residences	LIHTC	Senior	78	N/Av	N/Av	Dissimilar tenancy
Oakland Court Apts	LIHTC/Section 8	Family	100	100.0%	Yes	Subsidized
O'hem House - Project Peoples Place	LIHTC/Section 8	Family	76	100.0%	Yes	Subsidized
Columbia Park Citi	LIHTC	Family	154	98.7%	Yes	Dissimilar units
Presley Woods	LIHTC/Section 8	Family	40	94.0%	Yes	Subsidized
Trestletree Village Apts	LIHTC/Section 8	Family	188	N/Av	N/Av	Subsidized
Veranda at Auburn Point	Section 8/PBRA/LIHTC	Senior	124	100.0%	Yes	Dissimilar tenancy
Veranda at Auburn Pointe, Phase II	PBRA/Section 8/LIHTC	Senior	98	100.0%	Yes	Subsidized
Veranda at Auburn Pointe, Phase III	PBRA/Section 8/LIHTC	Family	102	100.0%	Yes	Subsidized
Washington Heights	LIHTC/Section 8	Family	10	N/Av	N/Av	Subsidized
Amberwood Village	Market	Family	30	N/Av	N/Av	Could not contact
Enso Apartments	Market	Family	325	89.2%	No	Inferior Condition
Glenwood East	Market	Family	236	95.0%	No	Superior Condition
Park at Bouldercrest	Market	Senior	438	N/Av	N/Av	Dissimilar tenancy
Grant Park Commons	Market/LIHTC	Family	338	N/Av	N/Av	Could not contact
Patterson Heights	Market/LIHTC	Family	10	N/Av	N/Av	Could not contact
Auburn Glenn Apts	Market/PBRA/LIHTC	Family	271	N/Av	N	Could not contact
Villages of East Lake	Market	Family	116	100.0%	No	Could not contact
Capitol Gateway, Phase II	Market/PHA/LIHTC	Family	152	N/Av	N/Av	Could not contact
Ashley Auburn Pointe, Phase I	Market/PHA/PBRA/LIHTC	Family	150	N/Av	N/Av	Could not contact
Oakwood Glen	PBRA	Family	96	N/Av	N/Av	Under construction
The Safety Net	PBRA	Family	40	N/Av	N/Av	Superior Condition
Columbia Senior Residences at Edgewood	PBRA/LIHTC	Senior	135	100.0%	Yes	Dissimilar tenancy
Columbia Townhomes at Edgewood	PBRA/Section 8/LIHTC	Senior	100	100.0%	Yes	Dissimilar tenancy
Branan Towers	Section 8	Senior	176	100.0%	Yes	Dissimilar tenancy
Columbia Tower at MLK Village	Section 8/LIHTC	Family	96	100.0%	Yes	Subsidized

### Comparable Rental Property Map



COMPARABLE PROPERTIES				
#	Property Name	City	Type	Distance
1	Columbia Mill	Atlanta	LIHTC	1.0 mile
2	Retreat At Edgewood	Atlanta	LIHTC	3.1 miles
3	Retreat At Edgewood Phase II	Atlanta	LIHTC, Market	3.0 miles
4	The Square At Peoplestown	Atlanta	LIHTC	3.6 miles
5	The Station At Richmond Hill	Atlanta	LIHT, Market	2.6 miles
6	Vineyards Of Flat Shoals	Atlanta	LIHTC/Market	1.0 mile
7	Amberwood Village	Atlanta	Market	2.8 miles
8	Ashford East Village	Atlanta	Market	0.3 miles
9	Broadway At East Atlanta	Atlanta	Market	1.0 mile
10	Manor V Apartments	Atlanta	Market	0.9 miles
11	Villas At Grant Park	Atlanta	Market	2.0 miles
12	Woods At Glenrose*	Atlanta	Market	4.6 miles

\*Located outside the PMA

SUMMARY MATRIX																			
Comp#	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate					
Subject	Paradise East Apartments 1480-1504 Bouldercrest Drive SE Atlanta, GA 30316 DeKalb County County	n/a	Garden (3 stories) 1974 / 2018	LIHTC, Section 8	1BR / 1BA	14	8.0%	@60%	\$659	725	yes	Yes	0	0.0%					
					1BR / 1BA	16	9.1%	@60% (Section 8)	\$850	725	no	Yes	0	0.0%					
					2BR / 1BA	2	1.1%	@60%	\$790	853	yes	Yes	0	0.0%					
					2BR / 1BA	144	81.8%	@60% (Section 8)	\$1,000	853	no	Yes	0	0.0%					
						176	100.0%								0	0.0%			
1	Columbia Mill 2239 Flat Shoals Rd SE Atlanta, GA 30316 DeKalb County	1 mile	Various (2 stories) 2014 / n/a	LIHTC	1BR / 1BA (Garden)	10	10.0%	@50%	\$583	670	yes	Yes	0	0.0%					
					1BR / 1BA (Garden)	10	10.0%	@60%	\$713	766	yes	Yes	0	0.0%					
					1BR / 1BA (Garden)	5	5.0%	Market	\$860	766	n/a	Yes	0	0.0%					
					2BR / 2BA (Garden)	17	17.0%	@50%	\$714	1,031	yes	Yes	0	0.0%					
					2BR / 2BA (Garden)	17	17.0%	@60%	\$870	1,031	yes	Yes	0	0.0%					
					2BR / 2BA (Garden)	5	5.0%	Market	\$962	1,031	n/a	Yes	0	0.0%					
					2BR / 2.5BA (Townhouse)	6	6.0%	@60%	\$870	1,182	yes	Yes	0	0.0%					
					2BR / 2.5BA (Townhouse)	6	6.0%	Market	\$1,032	1,182	n/a	Yes	0	0.0%					
					3BR / 2BA (Garden)	10	10.0%	@50%	\$810	1,235	yes	Yes	0	0.0%					
					3BR / 2BA (Garden)	10	10.0%	@60%	\$990	1,235	yes	Yes	0	0.0%					
					3BR / 2BA (Garden)	4	4.0%	Market	\$1,249	1,235	n/a	Yes	0	0.0%					
						100	100.0%								0	0.0%			
					2	Retreat At Edgewood 150 Hutchinson Street, NE Atlanta, GA 30307 DeKalb County	3.1 miles	Various 2011 / n/a	LIHTC	1BR / 1BA (Garden)	10	10.0%	@60%	\$690	732	no	No	1	10.0%
1BR / 1BA (Garden)	10	10.0%	@60%	\$690						789	no	No	0	0.0%					
2BR / 1.5BA (Townhouse)	12	12.0%	@60%	\$811						1,174	no	No	0	0.0%					
2BR / 2BA (Townhouse)	12	12.0%	@60%	\$811						1,253	no	No	0	0.0%					
2BR / 2BA (Townhouse)	12	12.0%	@60%	\$811						1,538	no	No	0	0.0%					
2BR / 2.5BA (Townhouse)	12	12.0%	@60%	\$811						1,229	no	No	0	0.0%					
2BR / 2.5BA (Townhouse)	12	12.0%	@60%	\$811						1,333	no	No	0	0.0%					
3BR / 2.5BA (Townhouse)	7	7.0%	@60%	\$924						1,362	no	No	0	0.0%					
3BR / 2.5BA (Townhouse)	7	7.0%	@60%	\$924						1,568	no	No	0	0.0%					
3BR / 2.5BA (Townhouse)	6	6.0%	@60%	\$924						1,697	no	No	0	0.0%					
	100	100.0%													1	1.0%			
3	Retreat At Edgewood Phase II 37 Hutchinson Street NE Atlanta, GA 30307 DeKalb County	3 miles	Various 2012 / n/a	LIHTC, Market						1BR / 1BA (Garden)	2	5.0%	@50%	\$595	873	no	No	0	0.0%
										1BR / 1BA (Garden)	27	67.5%	@60%	\$723	873	no	No	0	0.0%
					1BR / 1BA (Garden)	1	2.5%	Market	\$905	809	n/a	No	0	0.0%					
					3BR / 2.5BA (Townhouse)	2	5.0%	@50%	\$797	1,595	no	No	0	0.0%					
					3BR / 2.5BA (Townhouse)	7	17.5%	@60%	\$970	1,595	no	No	0	0.0%					
					3BR / 2.5BA (Townhouse)	1	2.5%	Market	\$1,295	1,469	n/a	No	0	0.0%					
						40	100.0%								0	0.0%			
4	The Square At Peopletown 875 Hank Aaron Drive Atlanta, GA 30315 Fulton County	3.6 miles	Garden (3 stories) 1999 / n/a	LIHTC	1BR / 1BA	12	12.8%	@50%	\$543	664	no	No	0	0.0%					
					1BR / 1BA	11	11.7%	@60%	\$666	664	no	No	0	0.0%					
					2BR / 1BA	12	12.8%	@50%	\$648	869	no	No	0	0.0%					
					2BR / 1BA	12	12.8%	@60%	\$701	869	no	No	0	0.0%					
					2BR / 2BA	12	12.8%	@50%	\$716	1,169	no	No	0	0.0%					
					2BR / 2BA	12	12.8%	@60%	\$784	1,169	no	No	0	0.0%					
					3BR / 2BA	11	11.7%	@50%	\$787	1,169	no	No	0	0.0%					
					3BR / 2BA	12	12.8%	@60%	\$984	1,169	no	No	0	0.0%					
						94	100.0%								0	0.0%			
					5	The Station At Richmond Hill 1770 Richmond Circle SE Atlanta, GA 30315 Fulton County	2.6 miles	Garden (2 stories) 1960/2004	LIHTC, Market	1BR / 1BA	N/A	N/A	@60%	\$675	900	no	Yes	0	N/A
										2BR / 1BA	N/A	N/A	@60%	\$767	1,200	n/a	Yes	0	N/A
2BR / 1BA	N/A	N/A	Market	\$818						1,200	n/a	No	1	N/A					
2BR / 2BA	N/A	N/A	@60%	\$807						1,200	n/a	Yes	0	N/A					
2BR / 2BA	N/A	N/A	Market	\$832						1,200	n/a	No	2	N/A					
	181	100.0%													3	1.7%			
	3	1.7%													0	0.0%			
6	Vineyards Of Flat Shoals 2125 Flat Shoals Road SE Atlanta, GA 30316 DeKalb County	1 miles	Garden (2 stories) 1966 / 2005	LIHTC/Market	1BR / 1BA	31	13.6%	@60%	\$555	630	no	Yes	0	0.0%					
					1BR / 1BA	N/A	N/A	@60%	\$600	736	no	Yes	0	N/A					
					1BR / 1BA	3	1.3%	Market	\$610	736	n/a	Yes	0	0.0%					
					2BR / 1BA	N/A	N/A	@60%	\$695	884	no	Yes	0	N/A					
					2BR / 1BA	174	76.3%	@60%	\$655	829	no	Yes	0	0.0%					
					2BR / 1BA	20	8.8%	Market	\$710	884	n/a	Yes	0	0.0%					
						228	100.0%								0	0.0%			
7	Amberwood Village 180 Flat Shoals Avenue Atlanta, GA 30316 Fulton County	2.8 miles	Garden (2 stories) 1964 / 2013	Market	1BR / 1BA	1	3.3%	Market	\$775	500	n/a	Yes	0	0.0%					
					2BR / 1BA	29	96.7%	Market	\$917	615	n/a	Yes	0	0.0%					
						30	100.0%								0	0.0%			
8	Ashford East Village 1438 Bouldercrest Road SE Atlanta, GA 30316 DeKalb County	0.3 miles	Various (2 stories) 1979 / Ongoing	Market	1BR / 1BA (Garden)	60	16.2%	Market	\$1,125	815	n/a	No	0	0.0%					
					1BR / 1BA (Garden)	35	9.4%	Market	\$1,075	650	n/a	No	0	0.0%					
					2BR / 1BA (Garden)	30	8.1%	Market	\$1,159	780	n/a	No	7	23.3%					
					2BR / 1BA (Garden)	62	16.7%	Market	\$1,183	945	n/a	No	7	11.3%					
					2BR / 1.5BA (Townhouse)	92	24.8%	Market	\$1,392	1,155	n/a	No	0	0.0%					
					3BR / 2BA (Garden)	62	16.7%	Market	\$1,464	1,095	n/a	No	0	0.0%					
					3BR / 2BA (Garden)	30	8.1%	Market	\$1,414	980	n/a	No	0	0.0%					
						371	100.0%								14	3.8%			
					9	Broadway At East Atlanta 1930 Flat Shoals Road SE Atlanta, GA 30316 DeKalb County	1 miles	Various (2 stories) 1976 / 2015	Market	1BR / 1BA (Lowrise)	N/A	N/A	Market	\$835	725	n/a	No	0	N/A
										2BR / 1BA (Lowrise)	N/A	N/A	Market	\$977	670	n/a	No	0	N/A
2BR / 1BA (Lowrise)	N/A	N/A	Market	\$987						990	n/a	No	2	N/A					
2BR / 1.5BA (Townhouse)	N/A	N/A	Market	\$1,097						1,008	n/a	No	1	N/A					
2BR / 1.5BA (Townhouse)	N/A	N/A	Market	\$1,116						1,046	n/a	No	0	N/A					
	119	100.0%													3	2.5%			
10	Manor V Apartments 1403 Custer Avenue Atlanta, GA 30316 DeKalb County	0.9 miles	Garden (2 stories) 1970s / n/a	Market	1BR / 1BA	25	17.4%	Market	\$675	767	n/a	No	0	0.0%					
					2BR / 1BA	116	80.6%	Market	\$777	891	n/a	No	2	1.7%					
					3BR / 1BA	3	2.1%	Market	\$964	1,025	n/a	No	0	0.0%					
						144	100.0%								2	1.4%			
11	Villas At Grant Park 1050 Villa Court SE Atlanta, GA 30316 Fulton County	2 miles	Garden (2 stories) 1968 / 2004	Market	1BR / 1BA	44	39.3%	Market	\$695	720	n/a	No	0	0.0%					
					2BR / 1BA	68	60.7%	Market	\$795	780	n/a	No	0	0.0%					
						112	100.0%								0	0.0%			
12	Woods At Glenrose 50 Mount Zion Road SW Atlanta, GA 30354 Fulton County	4.6 miles	Lowrise (2 stories) 1966 / 2013	Market	1BR / 1BA	30	21.1%	Market	\$600	900	no	No	0	0.0%					
					2BR / 1BA	52	36.6%	Market	\$700	1,036	no	No	2	3.8%					
					2BR / 1.5BA	60	42.3%	Market	\$725	1,136	no	No	2	3.3%					
	142	100.0%								4	2.8%								

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.						
Effective Rent Date:		Jul-16	Units Surveyed:	1,661	Weighted Occupancy:	98.4%
			Market Rate	918	Market Rate	97.5%
			Tax Credit	743	Tax Credit	99.5%
One Bedroom One Bath			Two Bedrooms One Bath			
RENT	Property	Average	Property	Average	Property	Average
	Ashford East Village	\$1,125	Ashford East Village	\$1,183		
	Ashford East Village	\$1,075	Ashford East Village	\$1,159		
	Retreat At Edgewood Phase II * (M)	\$905	<b>Paradise East Apartments * (60%)</b>	<b>\$1,000</b>		
	Columbia Mill * (M)	\$860	Broadway At East Atlanta	\$987		
	<b>Paradise East Apartments * (60%)</b>	<b>\$850</b>	Broadway At East Atlanta	\$977		
	Broadway At East Atlanta	\$835	Columbia Mill * (2BA M)	\$962		
	Amberwood Village	\$775	Amberwood Village	\$917		
	Retreat At Edgewood Phase II * (60%)	\$723	Columbia Mill * (2BA 60%)	\$870		
	Columbia Mill * (60%)	\$713	Retreat At Edgewood * (1.5BA 60%)	\$811		
	Villas At Grant Park	\$695	Villas At Grant Park	\$795		
	Retreat At Edgewood * (60%)	\$690	<b>Paradise East Apartments * (60%)</b>	<b>\$790</b>		
	Retreat At Edgewood * (60%)	\$690	Manor V Apartments	\$777		
	The Station At Richmond Hill (fka Richmond Oaks) * (60%)	\$675	The Station At Richmond Hill (fka Richmond Oaks) * (60%)	\$767		
	Manor V Apartments	\$675	Columbia Mill * (2BA 50%)	\$714		
	The Square At Peoplestown * (60%)	\$666	Vineyards Of Flat Shoals * (M)	\$710		
	<b>Paradise East Apartments * (60%)</b>	<b>\$659</b>	The Square At Peoplestown * (60%)	\$701		
	Vineyards Of Flat Shoals * (M)	\$610	Woods At Glenrose	\$700		
	Vineyards Of Flat Shoals * (60%)	\$600	Vineyards Of Flat Shoals * (60%)	\$695		
	Woods At Glenrose	\$600	Vineyards Of Flat Shoals * (60%)	\$655		
	Retreat At Edgewood Phase II * (50%)	\$595	The Square At Peoplestown * (50%)	\$648		
	Columbia Mill * (50%)	\$583	The Station At Richmond Hill * (M)	N/A		
	Vineyards Of Flat Shoals * (60%)	\$555				
	The Square At Peoplestown * (50%)	\$543				
SQUARE FOOTAGE	The Station At Richmond Hill (fka Richmond Oaks) * (60%)	900	The Station At Richmond Hill (fka Richmond Oaks) * (60%)	1,200		
	Woods At Glenrose	900	The Station At Richmond Hill* (M)	1,200		
	Retreat At Edgewood Phase II * (50%)	873	Retreat At Edgewood * (1.5BA 60%)	1,174		
	Retreat At Edgewood Phase II * (60%)	873	Woods At Glenrose	1,036		
	Ashford East Village	815	Columbia Mill * (2BA 50%)	1,031		
	Retreat At Edgewood Phase II * (M)	809	Columbia Mill * (2BA 60%)	1,031		
	Retreat At Edgewood * (60%)	789	Columbia Mill * (2BA M)	1,031		
	Manor V Apartments	767	Broadway At East Atlanta	990		
	Columbia Mill * (60%)	766	Ashford East Village	945		
	Columbia Mill * (M)	766	Manor V Apartments	891		
	Vineyards Of Flat Shoals * (60%)	736	Vineyards Of Flat Shoals * (60%)	884		
	Vineyards Of Flat Shoals * (M)	736	Vineyards Of Flat Shoals * (M)	884		
	Retreat At Edgewood * (60%)	732	The Square At Peoplestown * (50%)	869		
	<b>Paradise East Apartments * (60%)</b>	<b>725</b>	The Square At Peoplestown * (60%)	869		
	<b>Paradise East Apartments * (60%)</b>	<b>725</b>	<b>Paradise East Apartments * (60%)</b>	<b>853</b>		
	Broadway At East Atlanta	725	<b>Paradise East Apartments * (60%)</b>	<b>853</b>		
	Villas At Grant Park	720	Vineyards Of Flat Shoals * (60%)	829		
	Columbia Mill * (50%)	670	Ashford East Village	780		
	The Square At Peoplestown * (50%)	664	Villas At Grant Park	780		
	The Square At Peoplestown * (60%)	664	Broadway At East Atlanta	670		
	Ashford East Village	650	Amberwood Village	615		
	Vineyards Of Flat Shoals * (60%)	630				
	Amberwood Village	500				
RENT PER SQUARE FOOT	Ashford East Village	\$1.65	Amberwood Village	\$1.49		
	Amberwood Village	\$1.55	Ashford East Village	\$1.49		
	Ashford East Village	\$1.38	Broadway At East Atlanta	\$1.46		
	<b>Paradise East Apartments * (60%)</b>	<b>\$1.17</b>	Ashford East Village	\$1.25		
	Broadway At East Atlanta	\$1.15	<b>Paradise East Apartments * (60%)</b>	<b>\$1.17</b>		
	Columbia Mill * (M)	\$1.12	Villas At Grant Park	\$1.02		
	Retreat At Edgewood Phase II * (M)	\$1.12	Broadway At East Atlanta	\$1.00		
	The Square At Peoplestown * (60%)	\$1.00	Columbia Mill * (2BA M)	\$0.93		
	Villas At Grant Park	\$0.97	<b>Paradise East Apartments * (60%)</b>	<b>\$0.93</b>		
	Retreat At Edgewood * (60%)	\$0.94	Manor V Apartments	\$0.87		
	Columbia Mill * (60%)	\$0.93	Columbia Mill * (2BA 60%)	\$0.84		
	<b>Paradise East Apartments * (60%)</b>	<b>\$0.91</b>	The Square At Peoplestown * (60%)	\$0.81		
	Vineyards Of Flat Shoals * (60%)	\$0.88	Vineyards Of Flat Shoals * (M)	\$0.80		
	Manor V Apartments	\$0.88	Vineyards Of Flat Shoals * (60%)	\$0.79		
	Retreat At Edgewood * (60%)	\$0.87	Vineyards Of Flat Shoals * (60%)	\$0.79		
	Columbia Mill * (50%)	\$0.87	The Square At Peoplestown * (50%)	\$0.75		
	Vineyards Of Flat Shoals * (M)	\$0.83	Columbia Mill * (2BA 50%)	\$0.69		
	Retreat At Edgewood Phase II * (60%)	\$0.83	Retreat At Edgewood * (1.5BA 60%)	\$0.69		
	The Square At Peoplestown * (50%)	\$0.82	Woods At Glenrose	\$0.68		
	Vineyards Of Flat Shoals * (60%)	\$0.82	The Station At Richmond Hill * (60%)	\$0.64		
	The Station At Richmond Hill (fka Richmond Oaks) * (60%)	\$0.75	The Station At Richmond Hill (fka Richmond Oaks) * (M)	\$0.00		
	Retreat At Edgewood Phase II * (50%)	\$0.68				
	Woods At Glenrose	\$0.67				

# PROPERTY PROFILE REPORT

## Columbia Mill

**Effective Rent Date** 9/08/2016  
**Location** 2239 Flat Shoals Rd SE  
 Atlanta, GA 30316  
 DeKalb County  
**Distance** 1 mile  
**Units** 100  
**Vacant Units** 0  
**Vacancy Rate** 0.0%  
**Type** Various (2 stories)  
**Year Built/Renovated** 2014 / N/A  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** 5/09/2014  
**Major Competitors** Vineyards at Flat Shoals  
**Tenant Characteristics** Mixed tenancy  
**Contact Name** Jeri  
**Phone** 404-241-7441



### Market Information

**Program** LIHTC  
**Annual Turnover Rate** 5%  
**Units/Month Absorbed** 20  
**HCV Tenants** 15%  
**Leasing Pace** Pre-leased  
**Annual Chg. in Rent** See comments  
**Concession** None

### Utilities

**A/C** not included -- central  
**Cooking** not included -- electric  
**Water Heat** not included -- electric  
**Heat** not included -- electric  
**Other Electric** not included  
**Water** not included  
**Sewer** not included  
**Trash Collection** included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	10	670	\$508	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden	10	766	\$638	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden	5	766	\$785	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden	17	1,031	\$597	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden	17	1,031	\$753	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden	5	1,031	\$845	\$0	Market	Yes	0	0.0%	N/A	None
2	2.5	Townhouse (2 stories)	6	1,182	\$753	\$0	@60%	Yes	0	0.0%	yes	None
2	2.5	Townhouse (2 stories)	6	1,182	\$915	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden	10	1,235	\$646	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden	10	1,235	\$826	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden	4	1,235	\$1,085	\$0	Market	Yes	0	0.0%	N/A	None

## Columbia Mill, continued

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$508	\$0	\$508	\$75	\$583	1BR / 1BA	\$638	\$0	\$638	\$75	\$713
2BR / 2BA	\$597	\$0	\$597	\$117	\$714	2BR / 2BA	\$753	\$0	\$753	\$117	\$870
3BR / 2BA	\$646	\$0	\$646	\$0	\$646	2BR / 2.5BA	\$753	\$0	\$753	\$117	\$870
						3BR / 2BA	\$826	\$0	\$826	\$0	\$826

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$785	\$0	\$785	\$75	\$860
2BR / 2BA	\$845	\$0	\$845	\$117	\$962
2BR / 2.5BA	\$915	\$0	\$915	\$117	\$1,032
3BR / 2BA	\$1,085	\$0	\$1,085	\$0	\$1,085

### Amenities

#### In-Unit

Balcony/Patio  
 Carpeting  
 Coat Closet  
 Garbage Disposal  
 Refrigerator  
 Washer/Dryer hookup

Blinds  
 Central A/C  
 Dishwasher  
 Oven  
 Walk-In Closet

#### Security

In-Unit Alarm  
 Intercom (Video)  
 Limited Access  
 Perimeter Fencing

#### Services

None

#### Property

Business Center/Computer Lab  
 Exercise Facility  
 Off-Street Parking  
 Picnic Area

Clubhouse/Meeting  
 Central Laundry  
 On-Site Management  
 Playground

#### Premium

None

#### Other

None

### Comments

The contact was unable to provide the length of the waiting list. The two-bedroom garden-style market rate units have decreased \$114 and the two-bedroom townhouse units have decreased \$135 since the fourth quarter of 2015. The contact did not know the reason for the decrease.

# Columbia Mill, continued

## Trend Report

### Vacancy Rates

2Q06	1Q07	4Q15	3Q16
10.0%	3.3%	1.0%	0.0%

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	N/A	\$455	\$0	\$455	\$530
2007	1	N/A	\$499	\$0	\$499	\$574
2015	4	0.0%	\$508	\$0	\$508	\$583
2016	3	0.0%	\$508	\$0	\$508	\$583

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	N/A	\$555	\$0	\$555	\$672
2007	1	N/A	\$599	\$0	\$599	\$716

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$597	\$0	\$597	\$714
2016	3	0.0%	\$597	\$0	\$597	\$714

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2006	2	N/A	\$655	\$0	\$655	\$655
2007	1	N/A	\$699	\$0	\$699	\$699
2015	4	0.0%	\$646	\$0	\$646	\$646
2016	3	0.0%	\$646	\$0	\$646	\$646

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$638	\$0	\$638	\$713
2016	3	0.0%	\$638	\$0	\$638	\$713

#### 2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$753	\$0	\$753	\$870
2016	3	0.0%	\$753	\$0	\$753	\$870

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	5.9%	\$753	\$0	\$753	\$870
2016	3	0.0%	\$753	\$0	\$753	\$870

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$826	\$0	\$826	\$826
2016	3	0.0%	\$826	\$0	\$826	\$826

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$785	\$0	\$785	\$860
2016	3	0.0%	\$785	\$0	\$785	\$860

#### 2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$1,050	\$0	\$1,050	\$1,167
2016	3	0.0%	\$915	\$0	\$915	\$1,032

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$959	\$0	\$959	\$1,076
2016	3	0.0%	\$845	\$0	\$845	\$962

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$1,085	\$0	\$1,085	\$1,085
2016	3	0.0%	\$1,085	\$0	\$1,085	\$1,085

## Columbia Mill, continued

### Trend: Comments

- 2Q06** Columbia Mill has not had any changes in the rents since we last surveyed them. Leasing staff was unsure of their annual turnover rate but stated that when units become available they rent very quickly.
- 1Q07** Contact had no comments about the property.
- 4Q15** The length of the waiting list was not available.
- 3Q16** The contact was unable to provide the length of the waiting list. The two-bedroom garden-style market rate units have decreased \$114 and the two-bedroom townhouse units have decreased \$135 since the fourth quarter of 2015. The contact did not know the reason for the decrease.

Photos



# PROPERTY PROFILE REPORT

## Retreat At Edgewood

**Effective Rent Date** 8/02/2016  
**Location** 150 Hutchinson Street, NE  
 Atlanta, GA 30307  
 Dekalb County  
**Distance** 3.1 miles  
**Units** 100  
**Vacant Units** 1  
**Vacancy Rate** 1.0%  
**Type** Various  
**Year Built/Renovated** 2011 / N/A  
**Marketing Began** N/A  
**Leasing Began** 11/22/2011  
**Last Unit Leased** 4/30/2012  
**Major Competitors** None identified  
**Tenant Characteristics** Mixed tenancy  
**Contact Name** Terri  
**Phone** 404-577-9001



### Market Information

**Program** @60%  
**Annual Turnover Rate** 23%  
**Units/Month Absorbed** 20  
**HCV Tenants** 0%  
**Leasing Pace** Within one month  
**Annual Chg. in Rent** 3 to 4% since 4Q15  
**Concession** None

### Utilities

**A/C** not included -- central  
**Cooking** not included -- electric  
**Water Heat** not included -- electric  
**Heat** not included -- electric  
**Other Electric** not included  
**Water** not included  
**Sewer** not included  
**Trash Collection** included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	10	732	\$615	\$0	@60%	No	1	10.0%	no	None
1	1	Garden (2 stories)	10	789	\$615	\$0	@60%	No	0	0.0%	no	None
2	1.5	Townhouse (2 stories)	12	1,174	\$694	\$0	@60%	No	0	0.0%	no	None
2	2	Townhouse (2 stories)	12	1,253	\$694	\$0	@60%	No	0	0.0%	no	None
2	2	Townhouse (2 stories)	12	1,538	\$694	\$0	@60%	No	0	0.0%	no	None
2	2.5	Townhouse (2 stories)	12	1,229	\$694	\$0	@60%	No	0	0.0%	no	None
2	2.5	Townhouse (2 stories)	12	1,333	\$694	\$0	@60%	No	0	0.0%	no	None
3	2.5	Townhouse (2 stories)	7	1,362	\$760	\$0	@60%	No	0	0.0%	no	None
3	2.5	Townhouse (2 stories)	7	1,568	\$760	\$0	@60%	No	0	0.0%	no	None
3	2.5	Townhouse (2 stories)	6	1,697	\$760	\$0	@60%	No	0	0.0%	no	None

## Retreat At Edgewood, continued

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$615	\$0	\$615	\$75	\$690
2BR / 1.5BA	\$694	\$0	\$694	\$117	\$811
2BR / 2BA	\$694	\$0	\$694	\$117	\$811
2BR / 2.5BA	\$694	\$0	\$694	\$117	\$811
3BR / 2.5BA	\$760	\$0	\$760	\$0	\$760

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Garbage Disposal  
Refrigerator  
Washer/Dryer

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Oven  
Walk-In Closet  
Washer/Dryer hookup

#### Security

In-Unit Alarm

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
Off-Street Parking  
Picnic Area

Clubhouse/Meeting  
Garage  
On-Site Management  
Playground

#### Premium

None

#### Other

None

### Comments

Management reported strong demand for affordable housing in the local area. The property currently has one vacant one-bedroom unit, which has a pending application. The rents at the property have increased three to four percent since the fourth quarter of 2015. Although the property has a high occupancy rate it does not maintain a waiting list. They operate on a first come first serve basis.

# Retreat At Edgewood, continued

## Trend Report

### Vacancy Rates

3Q13	4Q15	2Q16	3Q16
0.0%	0.0%	0.0%	1.0%

**Trend: @60%**

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$590	\$0	\$590	\$665
2015	4	0.0%	\$590	\$0	\$590	\$665
2016	2	0.0%	\$590	\$0	\$590	\$665
2016	3	5.0%	\$615	\$0	\$615	\$690

### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$669	\$0	\$669	\$786
2015	4	0.0%	\$669	\$0	\$669	\$786
2016	2	0.0%	\$669	\$0	\$669	\$786
2016	3	0.0%	\$694	\$0	\$694	\$811

### 2BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$669	\$0	\$669	\$786
2015	4	0.0%	\$669	\$0	\$669	\$786
2016	2	0.0%	\$669	\$0	\$669	\$786
2016	3	0.0%	\$694	\$0	\$694	\$811

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$669	\$0	\$669	\$786
2015	4	0.0%	\$669	\$0	\$669	\$786
2016	2	0.0%	\$669	\$0	\$669	\$786
2016	3	0.0%	\$694	\$0	\$694	\$811

### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2013	3	N/A	\$735	\$0	\$735	\$735
2015	4	0.0%	\$735	\$0	\$735	\$735
2016	2	0.0%	\$735	\$0	\$735	\$735
2016	3	0.0%	\$760	\$0	\$760	\$760

## Trend: Comments

3Q13	The contact reported that demand for apartments at the Retreat at Edgewood has been strong, the wait list has been approximately six months or less.
4Q15	Management reported strong demand for affordable housing in the local area.
2Q16	N/A
3Q16	Management reported strong demand for affordable housing in the local area. The property currently has one vacant one-bedroom unit, which has a pending application. The rents at the property have increased three to four percent since the fourth quarter of 2015. Although the property has a high occupancy rate it does not maintain a waiting list. They operate on a first come first serve basis.

Photos



# PROPERTY PROFILE REPORT

## Retreat At Edgewood Phase II

<b>Effective Rent Date</b>	8/02/2016
<b>Location</b>	37 Hutchinson Street NE Atlanta, GA 30307 DeKalb County
<b>Distance</b>	3 miles
<b>Units</b>	40
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Various
<b>Year Built/Renovated</b>	2012 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	9/04/2012
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Terri
<b>Phone</b>	404-577-9001



### Market Information

<b>Program</b>	@50%, @60%, Market
<b>Annual Turnover Rate</b>	27%
<b>Units/Month Absorbed</b>	12
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within one month
<b>Annual Chg. in Rent</b>	Increased 3 to 5% since 4Q15
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	2	873	\$520	\$0	@50%	No	0	0.0%	no	None
1	1	Garden (2 stories)	27	873	\$648	\$0	@60%	No	0	0.0%	no	None
1	1	Garden (2 stories)	1	809	\$830	\$0	Market	No	0	0.0%	N/A	None
3	2.5	Townhouse (2 stories)	2	1,595	\$633	\$0	@50%	No	0	0.0%	no	None
3	2.5	Townhouse (2 stories)	7	1,595	\$806	\$0	@60%	No	0	0.0%	no	None
3	2.5	Townhouse (2 stories)	1	1,469	\$1,131	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$520	\$0	\$520	\$75	\$595	1BR / 1BA	\$648	\$0	\$648	\$75	\$723
3BR / 2.5BA	\$633	\$0	\$633	\$0	\$633	3BR / 2.5BA	\$806	\$0	\$806	\$0	\$806
Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent						
1BR / 1BA	\$830	\$0	\$830	\$75	\$905						
3BR / 2.5BA	\$1,131	\$0	\$1,131	\$0	\$1,131						

## Retreat At Edgewood Phase II, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpet/Hardwood  
Central A/C  
Dishwasher  
Ceiling Fan  
Oven  
Walk-In Closet  
Washer/Dryer hookup

Blinds  
Carpeting  
Coat Closet  
Exterior Storage  
Garbage Disposal  
Refrigerator  
Washer/Dryer

#### Security

In-Unit Alarm  
Patrol  
Video Surveillance

#### Services

None

#### Property

Business Center/Computer Lab  
Garage  
Picnic Area

Clubhouse/Meeting  
Off-Street Parking  
Playground

#### Premium

None

#### Other

None

### Comments

Management reported strong demand for affordable housing in the local area. Rents at the property have increased three to five percent since the fourth quarter of 2015. Although the property is 100 percent occupied it does not maintain a waiting list. They operate on a first come first serve basis.

# Retreat At Edgewood Phase II, continued

## Trend Report

### Vacancy Rates

4Q15	1Q16	2Q16	3Q16
2.5%	2.5%	2.5%	0.0%

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$495	\$0	\$495	\$570
2016	1	0.0%	\$495	\$0	\$495	\$570
2016	2	0.0%	\$495	\$0	\$495	\$570
2016	3	0.0%	\$520	\$0	\$520	\$595

#### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$608	\$0	\$608	\$608
2016	1	0.0%	\$608	\$0	\$608	\$608
2016	2	0.0%	\$608	\$0	\$608	\$608
2016	3	0.0%	\$633	\$0	\$633	\$633

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$623	\$0	\$623	\$698
2016	1	0.0%	\$623	\$0	\$623	\$698
2016	2	0.0%	\$623	\$0	\$623	\$698
2016	3	0.0%	\$648	\$0	\$648	\$723

#### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	14.3%	\$781	\$0	\$781	\$781
2016	1	14.3%	\$781	\$0	\$781	\$781
2016	2	14.3%	\$781	\$0	\$781	\$781
2016	3	0.0%	\$806	\$0	\$806	\$806

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$809	\$0	\$809	\$884
2016	1	0.0%	\$809	\$0	\$809	\$884
2016	2	0.0%	\$809	\$0	\$809	\$884
2016	3	0.0%	\$830	\$0	\$830	\$905

#### 3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$1,081	\$0	\$1,081	\$1,081
2016	1	0.0%	\$1,081	\$0	\$1,081	\$1,081
2016	2	0.0%	\$1,081	\$0	\$1,081	\$1,081
2016	3	0.0%	\$1,131	\$0	\$1,131	\$1,131

### Trend: Comments

4Q15 Management reported strong demand for affordable housing in the local area.

1Q16 N/A

2Q16 N/A

3Q16 Management reported strong demand for affordable housing in the local area. Rents at the property have increased three to five percent since the fourth quarter of 2015. Although the property is 100 percent occupied it does not maintain a waiting list. They operate on a first come first serve basis.

# PROPERTY PROFILE REPORT

## The Square At Peopletown

<b>Effective Rent Date</b>	9/02/2016
<b>Location</b>	875 Hank Aaron Drive SW Atlanta, GA 30315 Fulton County
<b>Distance</b>	3.6 miles
<b>Units</b>	94
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (3 stories)
<b>Year Built/Renovated</b>	1999 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Boyton Village, Capital Vanira Apartments
<b>Tenant Characteristics</b>	Mixed tenancy from the Atlanta metro area
<b>Contact Name</b>	Teneal
<b>Phone</b>	404-521-9744



### Market Information

<b>Program</b>	@50%, @60%
<b>Annual Turnover Rate</b>	20%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	47%
<b>Leasing Pace</b>	Within one week
<b>Annual Chg. in Rent</b>	None
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- gas
<b>Water Heat</b>	not included -- gas
<b>Heat</b>	not included -- gas
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	12	664	\$543	\$0	@50%	No	0	0.0%	no	None
1	1	Garden (3 stories)	11	664	\$666	\$0	@60%	No	0	0.0%	no	None
2	1	Garden (3 stories)	12	869	\$648	\$0	@50%	No	0	0.0%	no	None
2	1	Garden (3 stories)	12	869	\$701	\$0	@60%	No	0	0.0%	no	None
2	2	Garden (3 stories)	12	1,169	\$716	\$0	@50%	No	0	0.0%	no	None
2	2	Garden (3 stories)	12	1,169	\$784	\$0	@60%	No	0	0.0%	no	None
3	2	Garden (3 stories)	11	1,169	\$787	\$0	@50%	No	0	0.0%	no	None
3	2	Garden (3 stories)	12	1,169	\$984	\$0	@60%	No	0	0.0%	no	None

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$543	\$0	\$543	\$0	\$543	1BR / 1BA	\$666	\$0	\$666	\$0	\$666
2BR / 1BA	\$648	\$0	\$648	\$0	\$648	2BR / 1BA	\$701	\$0	\$701	\$0	\$701
2BR / 2BA	\$716	\$0	\$716	\$0	\$716	2BR / 2BA	\$784	\$0	\$784	\$0	\$784
3BR / 2BA	\$787	\$0	\$787	\$0	\$787	3BR / 2BA	\$984	\$0	\$984	\$0	\$984

## The Square At Peoplestown, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpeting  
Coat Closet  
Exterior Storage  
Oven  
Washer/Dryer hookup

Blinds  
Central A/C  
Dishwasher  
Ceiling Fan  
Refrigerator

#### Security

Limited Access  
Patrol  
Perimeter Fencing

#### Services

None

#### Property

Clubhouse/Meeting  
Off-Street Parking  
Playground

Central Laundry  
On-Site Management

#### Premium

None

#### Other

None

### Comments

Management does not maintain a waiting list.

# The Square At Peopletown, continued

## Trend Report

### Vacancy Rates

1Q12	1Q13	4Q15	3Q16
6.4%	4.3%	3.2%	0.0%

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$575	\$0	\$575	\$575
2013	1	0.0%	\$600	\$0	\$600	\$600
2015	4	8.3%	\$541	\$0	\$541	\$541
2016	3	0.0%	\$543	\$0	\$543	\$543

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	8.3%	\$625	\$0	\$625	\$625
2013	1	0.0%	\$686	\$0	\$686	\$686
2015	4	0.0%	\$647	\$0	\$647	\$647
2016	3	0.0%	\$648	\$0	\$648	\$648

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$650	\$0	\$650	\$650
2013	1	0.0%	\$715	\$0	\$715	\$715
2015	4	0.0%	\$715	\$0	\$715	\$715
2016	3	0.0%	\$716	\$0	\$716	\$716

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	18.2%	\$695	\$0	\$695	\$695
2013	1	0.0%	\$775	\$0	\$775	\$775
2015	4	0.0%	\$786	\$0	\$786	\$786
2016	3	0.0%	\$787	\$0	\$787	\$787

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$615	\$0	\$615	\$615
2013	1	0.0%	\$635	\$0	\$635	\$635
2015	4	9.1%	\$564	\$0	\$564	\$564
2016	3	0.0%	\$666	\$0	\$666	\$666

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	8.3%	\$686	\$0	\$686	\$686
2013	1	0.0%	\$700	\$0	\$700	\$700
2015	4	0.0%	\$700	\$0	\$700	\$700
2016	3	0.0%	\$701	\$0	\$701	\$701

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	8.3%	\$697	\$0	\$697	\$697
2013	1	8.3%	\$735	\$0	\$735	\$735
2015	4	0.0%	\$783	\$0	\$783	\$783
2016	3	0.0%	\$784	\$0	\$784	\$784

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	8.3%	\$766	\$0	\$766	\$766
2013	1	25.0%	\$800	\$0	\$800	\$800
2015	4	8.3%	\$981	\$0	\$981	\$981
2016	3	0.0%	\$984	\$0	\$984	\$984

## Trend: Comments

- 1Q12** The contact reported typical occupancy in the low to mid 90 percent range. Rents increased slightly during the past year but are still kept below the maximum in order to remain affordable for many households who are still struggling with slow economic conditions in the area.
- 1Q13** Over the past year, the 60 percent AMI rents increased between 2.0 and 5.5 percent. The rents for the units restricted at 50 percent AMI increased 4.3 to 11.5 percent.
- 4Q15** Management at the property stated the property would likely remain fully occupied with less reliance on Housing Choice Voucher usage, as there is strong demand for affordable housing in the area.
- 3Q16** Management does not maintain a waiting list.

# PROPERTY PROFILE REPORT

## The Station At Richmond Hill (fka Richmond Oaks)

<b>Effective Rent Date</b>	8/02/2016
<b>Location</b>	1770 Richmond Circle SE Atlanta, GA 30315 Fulton County
<b>Distance</b>	2.6 miles
<b>Units</b>	181
<b>Vacant Units</b>	3
<b>Vacancy Rate</b>	1.7%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1960/2004 / N/A
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None identified
<b>Tenant Characteristics</b>	Mixed tenancy
<b>Contact Name</b>	Shauna
<b>Phone</b>	404-627-6302



### Market Information

<b>Program</b>	@60%, Market
<b>Annual Turnover Rate</b>	13%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	40%
<b>Leasing Pace</b>	Within one week
<b>Annual Chg. in Rent</b>	None
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	900	\$600	\$0	@60%	Yes	0	N/A	yes	None
2	1	Garden (2 stories)	N/A	1,200	\$650	\$0	@60%	Yes	0	N/A	no	None
2	1	Garden (2 stories)	N/A	1,200	\$701	\$0	Market	No	1	N/A	N/A	None
2	2	Garden (2 stories)	N/A	1,200	\$690	\$0	@60%	Yes	0	N/A	no	None
2	2	Garden (2 stories)	N/A	1,200	\$715	\$0	Market	No	2	N/A	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$600	\$0	\$600	\$75	\$675	2BR / 1BA	\$701	\$0	\$701	\$117	\$818
2BR / 1BA	\$650	\$0	\$650	\$117	\$767	2BR / 2BA	\$715	\$0	\$715	\$117	\$832
2BR / 2BA	\$690	\$0	\$690	\$117	\$807						

## The Station At Richmond Hill (fka Richmond Oaks), continued

### Amenities

#### In-Unit

Blinds  
Central A/C  
Garbage Disposal  
Refrigerator

Carpeting  
Dishwasher  
Oven  
Washer/Dryer hookup

#### Security

Patrol

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
Off-Street Parking  
Playground

Clubhouse/Meeting  
Central Laundry  
On-Site Management  
Swimming Pool

#### Premium

None

#### Other

None

### Comments

The property manager stated the current waiting list consists of approximately five households, all of which are waiting for tax credit units. Currently, there are three vacant market rate units at the property. Rents at the property have remained stable since the fourth quarter of 2015.

# The Station At Richmond Hill (fka Richmond Oaks), continued

## Trend Report

### Vacancy Rates

3Q08	1Q10	4Q15	3Q16
9.9%	9.9%	0.0%	1.7%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	3	100.0%	\$600	\$33	\$567	\$642
2010	1	0.0%	\$600	\$25	\$575	\$650
2015	4	N/A	\$600	\$0	\$600	\$675
2016	3	N/A	\$600	\$0	\$600	\$675

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	3	N/A	\$650	\$38	\$612	\$729
2010	1	N/A	\$650	\$29	\$621	\$738
2015	4	N/A	\$650	\$0	\$650	\$767
2016	3	N/A	\$650	\$0	\$650	\$767

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	3	N/A	\$710	\$43	\$667	\$784
2010	1	N/A	\$710	\$68	\$642	\$759
2015	4	N/A	\$690	\$68	\$622	\$739
2016	3	N/A	\$690	\$0	\$690	\$807

### Trend: Market

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	3	N/A	\$750	\$46	\$704	\$821
2010	1	N/A	\$750	\$38	\$712	\$829
2015	4	N/A	\$752	\$38	\$714	\$831
2016	3	N/A	\$701	\$0	\$701	\$818

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	3	N/A	\$800	\$50	\$750	\$867
2010	1	N/A	\$800	\$166	\$634	\$751
2015	4	N/A	\$752	\$166	\$586	\$703
2016	3	N/A	\$715	\$0	\$715	\$832

## Trend: Comments

3Q08 N/A

1Q10 The contact estimated the number of tenants with housing choice vouchers to be 40 percent.

4Q15 The property manager stated the current waiting list consists of approximately five households, all of which are waiting for tax credit units. The contact stated that maximum rents are not achievable at this time for the property, as most local residents would not be able to afford maximum rents. As such, this property has not experienced rent growth in the last five years. Additionally, management at the property stated the property would likely remain fully occupied with less reliance on Housing Choice Voucher usage, as there is strong demand for affordable housing in the area.

3Q16 The property manager stated the current waiting list consists of approximately five households, all of which are waiting for tax credit units. Currently, there are three vacant market rate units at the property. Rents at the property have remained stable since the fourth quarter of 2015.

# PROPERTY PROFILE REPORT

## Vineyards Of Flat Shoals

<b>Effective Rent Date</b>	7/29/2016
<b>Location</b>	2125 Flat Shoals Road SE Atlanta, GA 30316 DeKalb County
<b>Distance</b>	1 mile
<b>Units</b>	228
<b>Vacant Units</b>	0
<b>Vacancy Rate</b>	0.0%
<b>Type</b>	Garden (2 stories)
<b>Year Built/Renovated</b>	1966 / 2005
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Candler Crossing
<b>Tenant Characteristics</b>	Most from Atlanta and Decatur and work in retail.
<b>Contact Name</b>	Keyona
<b>Phone</b>	404-328-0820



### Market Information

<b>Program</b>	LIHTC/Market
<b>Annual Turnover Rate</b>	20%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	30%
<b>Leasing Pace</b>	Two to three days
<b>Annual Chg. in Rent</b>	Market units decreased \$5 since 4Q15
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	31	630	\$555	\$0	@60%	Yes	0	0.0%	no	None
1	1	Garden (2 stories)	N/A	736	\$600	\$0	@60%	Yes	0	N/A	no	None
1	1	Garden (2 stories)	3	736	\$610	\$0	Market	Yes	0	0.0%	N/A	None
2	1	Garden (2 stories)	N/A	884	\$695	\$0	@60%	Yes	0	N/A	no	None
2	1	Garden (2 stories)	174	829	\$655	\$0	@60%	Yes	0	0.0%	no	None
2	1	Garden (2 stories)	20	884	\$710	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$555 - \$600	\$0	\$555 - \$600	\$0	\$555 - \$600	<b>1BR / 1BA</b>	\$610	\$0	\$610	\$0	\$610
<b>2BR / 1BA</b>	\$655 - \$695	\$0	\$655 - \$695	\$0	\$655 - \$695	<b>2BR / 1BA</b>	\$710	\$0	\$710	\$0	\$710

## Vineyards Of Flat Shoals, continued

### Amenities

**In-Unit**

Blinds  
Central A/C  
Ceiling Fan  
Oven  
Washer/Dryer

Carpeting  
Dishwasher  
Garbage Disposal  
Refrigerator  
Washer/Dryer hookup

**Security**

Limited Access  
Perimeter Fencing

**Services**

None

**Property**

Business Center/Computer Lab  
Central Laundry  
On-Site Management  
Swimming Pool

Clubhouse/Meeting  
Off-Street Parking  
Playground

**Premium**

None

**Other**

None

### Comments

The property is currently 100 percent occupied with a 12 household waiting list. The contact was unable to provide insight as to why the market rate units decreased \$5 in rent since the fourth quarter of 2015.

# Vineyards Of Flat Shoals, continued

## Trend Report

### Vacancy Rates

4Q09	2Q12	4Q15	3Q16
6.0%	6.0%	2.6%	0.0%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	4	0.0%	\$500	\$0	\$500	\$500
2012	2	N/A	\$500	\$42	\$458	\$458
2015	4	N/A	\$555 - \$600	\$0	\$555 - \$600	\$555 - \$600
2016	3	N/A	\$555 - \$600	\$0	\$555 - \$600	\$555 - \$600

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	4	N/A	\$615	\$0	\$615	\$615
2012	2	N/A	\$600	\$50	\$550	\$550
2015	4	N/A	\$655 - \$695	\$0	\$655 - \$695	\$655 - \$695
2016	3	N/A	\$655 - \$695	\$0	\$655 - \$695	\$655 - \$695

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	4	0.0%	\$525	\$0	\$525	\$525
2012	2	N/A	\$500	\$42	\$458	\$458
2015	4	N/A	\$615	\$0	\$615	\$615
2016	3	0.0%	\$610	\$0	\$610	\$610

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2009	4	N/A	\$650	\$0	\$650	\$650
2012	2	N/A	\$600 - \$675	\$50 - \$56	\$550 - \$619	\$550 - \$619
2015	4	N/A	\$715	\$0	\$715	\$715
2016	3	0.0%	\$710	\$0	\$710	\$710

## Trend: Comments

**4Q09** Occupancy has remained stable compared to the last interview in August 2008 when occupancy was at 95 percent. Management indicated that water/sewer services are now included in the rent and that management no longer offers adult education, computer tutoring, or an afterschool program. The contact could not report the number of two-bedroom LIHTC vacancies versus market rate vacancies.

**2Q12** N/A

**4Q15** The six vacant units have pending applications.

**3Q16** The property is currently 100 percent occupied with a 12 household waiting list. The contact was unable to provide insight as to why the market rate units decreased \$5 in rent since the fourth quarter of 2015.

Photos



# PROPERTY PROFILE REPORT

## Amberwood Village

**Effective Rent Date** 7/08/2016  
**Location** 180 Flat Shoals Avenue  
 Atlanta, GA 30316  
 Fulton County  
**Distance** 2.8 miles  
**Units** 30  
**Vacant Units** 0  
**Vacancy Rate** 0.0%  
**Type** Garden (2 stories)  
**Year Built/Renovated** 1964 / 1994/2013  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** None Identified  
**Tenant Characteristics** Mixed Tenancy  
**Contact Name** Laura  
**Phone** 404-525-4130



### Market Information

**Program** Market  
**Annual Turnover Rate** 25%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 0%  
**Leasing Pace** Pre-leased to one week  
**Annual Chg. in Rent** Increased 6-8% since 4Q 2015  
**Concession** None

### Utilities

**A/C** not included -- central  
**Cooking** not included -- electric  
**Water Heat** not included -- gas  
**Heat** not included -- gas  
**Other Electric** not included  
**Water** not included  
**Sewer** not included  
**Trash Collection** not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	1	500	\$700	\$0	Market	Yes	0	0.0%	N/A	None
2	1	Garden (2 stories)	29	615	\$800	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$700	\$0	\$700	\$75	\$775
2BR / 1BA	\$800	\$0	\$800	\$117	\$917

### Amenities

#### In-Unit

Blinds  
Central A/C  
Dishwasher  
Oven

Carpeting  
Coat Closet  
Garbage Disposal  
Refrigerator

#### Security

Limited Access  
Perimeter Fencing

#### Services

None

#### Property

Central Laundry  
On-Site Management

Off-Street Parking  
Picnic Area

#### Premium

None

#### Other

None

## **Amberwood Village, continued**

### **Comments**

The property was last renovated in 2013 consisting of new flooring, appliances, cabinets and countertops, and fixtures throughout. The property was formerly a LIHTC property and currently operates as a market rate property. The property maintains a small waiting list, however the contact could not provide its length. The property does not accept Housing Choice Vouchers.

## Amberwood Village, continued

### Trend Report

#### Vacancy Rates

4Q04	2Q05	4Q15	3Q16
10.0%	6.7%	0.0%	0.0%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$650	\$0	\$650	\$725
2016	3	0.0%	\$700	\$0	\$700	\$775

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$755	\$0	\$755	\$872
2016	3	0.0%	\$800	\$0	\$800	\$917

### Trend: Comments

- 4Q04** This is a LIHTC property located in the South Atlanta submarket.
- 2Q05** Rent has increased by 4% or \$15 because the company feels that the market can handle the increase. Although the company does not offer any concessions it does allow tenants an extra amount of time to pay move in costs. The AMI Level for tax credit units is at 60% but most tenants are at 50%. Amberwood Villiage welcomes Section 8 tenants but does not have any currently. Usually Section 8 tenants can get a larger unit than Amberwood Villiage units at the same price. This factor could be the reason there are no Section 8 tenants. Currently Amberwood Villiage is constructing a sister property with 32 units. This property will be ready by December 2005.
- 4Q15** Green Leaf Management purchased the property in 2013. In 2013, the property underwent renovations including new flooring, appliances, and countertops. Since the ownership change, the property is no longer a LIHTC property, and does not accept Housing Choice Vouchers. A portion of the units has gas stoves while other units have electric stoves.
- 3Q16** The property was last renovated in 2013 consisting of new flooring, appliances, cabinets and countertops, and fixtures throughout. The property was formerly a LIHTC property and currently operates as a market rate property. The property maintains a small waiting list, however the contact could not provide its length. The property does not accept Housing Choice Vouchers.

# PROPERTY PROFILE REPORT

## Ashford East Village

<b>Effective Rent Date</b>	7/08/2016
<b>Location</b>	1438 Bouldercrest Road SE Atlanta, GA 30316 DeKalb County
<b>Distance</b>	0.3 miles
<b>Units</b>	371
<b>Vacant Units</b>	14
<b>Vacancy Rate</b>	3.8%
<b>Type</b>	Various (2 stories)
<b>Year Built/Renovated</b>	1979 / Ongoing
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	1/25/2005
<b>Major Competitors</b>	Broadway at East Atlanta
<b>Tenant Characteristics</b>	Mixed tenancy, mostly families
<b>Contact Name</b>	Tora
<b>Phone</b>	404-748-4466



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	10%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Pre-leased to 2 weeks
<b>Annual Chg. in Rent</b>	Increased
<b>Concession</b>	\$200 off first months

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	60	815	\$1,050	\$0	Market	No	0	0.0%	N/A	None
1	1	Garden (2 stories)	35	650	\$1,000	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden (2 stories)	30	780	\$1,075	\$33	Market	No	7	23.3%	N/A	None
2	1	Garden (2 stories)	62	945	\$1,099	\$33	Market	No	7	11.3%	N/A	None
2	1.5	Townhouse (2 stories)	92	1,155	\$1,275	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (2 stories)	62	1,095	\$1,300	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (2 stories)	30	980	\$1,250	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
<b>1BR / 1BA</b>	\$1,000 - \$1,050	\$0	\$1,000 - \$1,050	\$75	\$1,075 - \$1,125
<b>2BR / 1BA</b>	\$1,075 - \$1,099	\$33	\$1,042 - \$1,066	\$117	\$1,159 - \$1,183
<b>2BR / 1.5BA</b>	\$1,275	\$0	\$1,275	\$117	\$1,392
<b>3BR / 2BA</b>	\$1,250 - \$1,300	\$0	\$1,250 - \$1,300	\$0	\$1,250 - \$1,300

## Ashford East Village, continued

### Amenities

#### In-Unit

Balcony/Patio  
Carpet/Hardwood  
Coat Closet  
Ceiling Fan  
Microwave  
Refrigerator  
Washer/Dryer

Blinds  
Central A/C  
Dishwasher  
Garbage Disposal  
Oven  
Walk-In Closet

#### Security

Limited Access  
Perimeter Fencing

#### Services

None

#### Property

Business Center/Computer Lab  
Exercise Facility  
On-Site Management  
Playground  
Swimming Pool

Clubhouse/Meeting  
Off-Street Parking  
Picnic Area  
Sport Court

#### Premium

None

#### Other

None

### Comments

Renovated units include new hardwood floors in living areas, new cabinets and granite countertops in kitchens and bathrooms, black appliances, paint, and fixtures throughout. The rent profile reflects renovated rents. Non-renovated units rent for a discount of \$100 per month. Each unit offers an in-unit washer/dryer. This property does not accept Housing Choice Vouchers.

## Ashford East Village, continued

### Trend Report

#### Vacancy Rates

2Q05	4Q06	4Q15	3Q16
3.7%	21.7%	5.9%	3.8%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$525	\$0	\$525	\$600
2006	4	20.7%	\$525	\$0	\$525	\$600
2015	4	N/A	\$800	\$0	\$800	\$875
2016	3	0.0%	\$1,000 - \$1,050	\$0	\$1,000 - \$1,050	\$1,075 - \$1,125

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$655	\$105	\$550	\$667
2006	4	22.5%	\$655	\$0	\$655	\$772
2015	4	N/A	\$925	\$0	\$925	\$1,042
2016	3	0.0%	\$1,275	\$0	\$1,275	\$1,392

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$595	\$96	\$499	\$616
2006	4	21.3%	\$595	\$0	\$595	\$712
2015	4	N/A	\$825	\$0	\$825	\$942
2016	3	15.2%	\$1,075 - \$1,099	\$33	\$1,042 - \$1,066	\$1,159 - \$1,183

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2005	2	N/A	\$725	\$26	\$699	\$699
2006	4	22.5%	\$725	\$0	\$725	\$725
2015	4	N/A	\$1,090	\$0	\$1,090	\$1,090
2016	3	0.0%	\$1,250 - \$1,300	\$0	\$1,250 - \$1,300	\$1,250 - \$1,300

### Trend: Comments

<b>2Q05</b>	Sun Valley Apartments currently has 12 vacant units and no waiting list. Concessions are in the form of reduced rental rates. 1 bedroom units do not offer any concessions.
<b>4Q06</b>	All rents have remained the same since the last interview. The property currently has 70 vacancies, which management estimated were evenly distributed between bedroom types. Management stated that the property changed management companies three months ago and is now managed by Evergreen Ventures. The current concession is no application fee, a \$150 security deposit, and a \$100 administration fee. Management stated that the property has had good retention since the new management took over, and management's goal is to have the property close to 100 percent occupied within one month. The property no longer accepts Section 8 vouchers. Management reported that most tenants are from the south Atlanta area.
<b>4Q15</b>	The two-bedroom rents decreased two to three percent since October 2015. The three-bedroom rents increased one percent since October 2015. Management could not provide an explanation for the rent decreases. The property offers a dog park and bocce/shuffleboard courts.
<b>3Q16</b>	Renovated units include new hardwood floors in living areas, new cabinets and granite countertops in kitchens and bathrooms, black appliances, paint, and fixtures throughout. The rent profile reflects renovated rents. Non-renovated units rent for a discount of \$100 per month. Each unit offers an in-unit washer/dryer. This property does not accept Housing Choice Vouchers.

# PROPERTY PROFILE REPORT

## Broadway At East Atlanta

<b>Effective Rent Date</b>	7/12/2016
<b>Location</b>	1930 Flat Shoals Road SE Atlanta, GA 30316 DeKalb County
<b>Distance</b>	1 mile
<b>Units</b>	119
<b>Vacant Units</b>	3
<b>Vacancy Rate</b>	2.5%
<b>Type</b>	Various (2 stories)
<b>Year Built/Renovated</b>	1976 / 2015
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	None Identified
<b>Tenant Characteristics</b>	Mixed tenancy, families
<b>Contact Name</b>	Ricky
<b>Phone</b>	404-241-3242



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	30%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	Remained Stable
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- gas
<b>Heat</b>	not included -- gas
<b>Other Electric</b>	not included
<b>Water</b>	not included
<b>Sewer</b>	not included
<b>Trash Collection</b>	not included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Lowrise (2 stories)	N/A	725	\$760	\$0	Market	No	0	N/A	N/A	None
2	1	Lowrise (2 stories)	N/A	670	\$860	\$0	Market	No	0	N/A	N/A	None
2	1	Lowrise (2 stories)	N/A	990	\$870	\$0	Market	No	2	N/A	N/A	None
2	1.5	Townhouse (2 stories)	N/A	1,008	\$980	\$0	Market	No	1	N/A	N/A	None
2	1.5	Townhouse (2 stories)	N/A	1,046	\$999	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$760	\$0	\$760	\$75	\$835
2BR / 1BA	\$860 - \$870	\$0	\$860 - \$870	\$117	\$977 - \$987
2BR / 1.5BA	\$980 - \$999	\$0	\$980 - \$999	\$117	\$1,097 - \$1,116

## Broadway At East Atlanta, continued

### Amenities

#### In-Unit

Blinds	Carpet/Hardwood
Central A/C	Coat Closet
Dishwasher	Ceiling Fan
Garbage Disposal	Microwave
Oven	Refrigerator
Walk-In Closet	Washer/Dryer hookup

#### Security

Limited Access  
Patrol  
Perimeter Fencing

#### Services

None

#### Property

Central Laundry	Off-Street Parking
On-Site Management	Picnic Area
Playground	Swimming Pool

#### Premium

None

#### Other

None

### Comments

The property was renovated in 2015 consisting of new flooring, bathrooms, kitchens, appliances, and fixtures throughout. The contact could not provide unit breakdown by bedroom type. This property does not accept Housing Choice Vouchers.

## Broadway At East Atlanta, continued

### Trend Report

#### Vacancy Rates

1Q12	2Q12	4Q15	3Q16
5.1%	35.2%	0.0%	2.5%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$499	\$0	\$499	\$574
2012	2	N/A	\$499	\$0	\$499	\$574
2015	4	N/A	\$760	\$0	\$760	\$835
2016	3	N/A	\$760	\$0	\$760	\$835

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	14.6%	\$635 - \$685	\$0	\$635 - \$685	\$752 - \$802
2012	2	0.0%	\$635 - \$685	\$0	\$635 - \$685	\$752 - \$802
2015	4	N/A	\$980 - \$999	\$0	\$980 - \$999	\$1,097 - \$1,116
2016	3	N/A	\$980 - \$999	\$0	\$980 - \$999	\$1,097 - \$1,116

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	5.0%	\$499 - \$550	\$0	\$499 - \$550	\$616 - \$667
2012	2	N/A	\$499 - \$595	\$0	\$499 - \$595	\$616 - \$712
2015	4	N/A	\$860 - \$870	\$0	\$860 - \$870	\$977 - \$987
2016	3	N/A	\$860 - \$870	\$0	\$860 - \$870	\$977 - \$987

### Trend: Comments

1Q12	No additional comments.
2Q12	Contact stated that the property went through a foreclosure about three to four months ago. They 'cleaned house' and removed all the unpaying tenants. Since then, they have been filling the units again, and last month they had 12 move-ins. Contact stated that they are currently 65 percent occupied and that all vacancies are in the garden-style units.
4Q15	The contact stated that the property went through a foreclosure in 2014. In December 2014, the property changed ownership and started major renovations. Prior to renovations, the few existing tenants were evicted. The renovations have been ongoing since December 2014, and three buildings remain empty and renovated as they await certificates of occupancy. Renovations include new flooring, bathrooms, kitchens, fixtures, and appliances. The contact stated that they are currently 85 percent leased and 68 percent occupied. Due to the evictions and renovations, management was unable to provide turnover and lease up. There is a total of 176 units at the property, with 119 units currently online (all of which are occupied). We illustrated the 119 units online in the rent grid. The property no longer accepts Housing Choice Vouchers.
3Q16	The property was renovated in 2015 consisting of new flooring, bathrooms, kitchens, appliances, and fixtures throughout. The contact could not provide unit breakdown by bedroom type. This property does not accept Housing Choice Vouchers.

**Photos**





## **Manor V Apartments, continued**

### **Comments**

The contact had no additional comments.

## Manor V Apartments, continued

### Trend Report

#### Vacancy Rates

1Q12	2Q12	4Q15	3Q16
2.8%	2.8%	2.1%	1.4%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$500	\$0	\$500	\$575
2012	2	0.0%	\$500	\$0	\$500	\$575
2015	4	4.0%	\$590	\$0	\$590	\$665
2016	3	0.0%	\$600	\$0	\$600	\$675

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	3.4%	\$600	\$0	\$600	\$717
2012	2	3.4%	\$600	\$0	\$600	\$717
2015	4	1.7%	\$650	\$0	\$650	\$767
2016	3	1.7%	\$660	\$0	\$660	\$777

#### 3BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$700	\$0	\$700	\$700
2012	2	0.0%	\$700	\$0	\$700	\$700
2015	4	0.0%	\$750	\$0	\$750	\$750
2016	3	0.0%	\$800	\$0	\$800	\$800

### Trend: Comments

1Q12 No additional comments.

2Q12 Management would not comment on why the rents decreased by 18 to 23 percent since 2011. However, it should be noted that the rents that were collected in the 2011 interview were as a perspective tenant and may have been given incorrectly.

4Q15 This property does not maintain a waiting list.

3Q16 The contact had no additional comments.

# PROPERTY PROFILE REPORT

## Villas At Grant Park

**Effective Rent Date** 7/11/2016  
**Location** 1050 Villa Court SE  
 Atlanta, GA 30316  
 Fulton County  
**Distance** 2 miles  
**Units** 112  
**Vacant Units** 0  
**Vacancy Rate** 0.0%  
**Type** Garden (2 stories)  
**Year Built/Renovated** 1968 / 2004  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** Ashford East Village  
**Tenant Characteristics** Mixed tenancy  
**Contact Name** Tracy  
**Phone** 404.627.2967



### Market Information

**Program** Market  
**Annual Turnover Rate** 21%  
**Units/Month Absorbed** N/A  
**HCV Tenants** 0%  
**Leasing Pace** Within one week  
**Annual Chg. in Rent** Remained Stable  
**Concession** None

### Utilities

**A/C** not included -- wall  
**Cooking** not included -- electric  
**Water Heat** not included -- electric  
**Heat** not included -- electric  
**Other Electric** not included  
**Water** included  
**Sewer** included  
**Trash Collection** included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	44	720	\$695	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden (2 stories)	68	780	\$795	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$695	\$0	\$695	\$0	\$695
2BR / 1BA	\$795	\$0	\$795	\$0	\$795

### Amenities

#### In-Unit

Blinds  
Coat Closet  
Ceiling Fan  
Refrigerator

Carpeting  
Dishwasher  
Oven  
Wall A/C

#### Security

Perimeter Fencing

#### Services

None

#### Property

Central Laundry  
On-Site Management  
Recreation Areas

Off-Street Parking  
Picnic Area

#### Premium

None

#### Other

None

**Villas At Grant Park, continued**

**Comments**

This property does not accept Housing Choice Vouchers.

## Villas At Grant Park, continued

### Trend Report

#### Vacancy Rates

1Q12	2Q12	4Q15	3Q16
3.6%	3.6%	0.0%	0.0%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	0.0%	\$650	\$0	\$650	\$650
2012	2	0.0%	\$650	\$0	\$650	\$650
2015	4	0.0%	\$695	\$0	\$695	\$695
2016	3	0.0%	\$695	\$0	\$695	\$695

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	1	5.9%	\$750	\$0	\$750	\$750
2012	2	5.9%	\$750	\$0	\$750	\$750
2015	4	0.0%	\$795	\$0	\$795	\$795
2016	3	0.0%	\$795	\$0	\$795	\$795

### Trend: Comments

1Q12	N/A
2Q12	Management had no additional comments.
4Q15	The information was obtained as a renter because management would not participate in our interview. Therefore, the annual turnover rate and change in rents were not available.
3Q16	This property does not accept Housing Choice Vouchers.

# PROPERTY PROFILE REPORT

## Woods At Glenrose

<b>Effective Rent Date</b>	7/12/2016
<b>Location</b>	50 Mount Zion Road SW Atlanta, GA 30354 Fulton County
<b>Distance</b>	4.6 miles
<b>Units</b>	142
<b>Vacant Units</b>	4
<b>Vacancy Rate</b>	2.8%
<b>Type</b>	Lowrise (2 stories)
<b>Year Built/Renovated</b>	1966 / 1997/2013
<b>Marketing Began</b>	N/A
<b>Leasing Began</b>	N/A
<b>Last Unit Leased</b>	N/A
<b>Major Competitors</b>	Lakewood Forest
<b>Tenant Characteristics</b>	Mixed tenancy, families
<b>Contact Name</b>	Hazel
<b>Phone</b>	404-361-6175



### Market Information

<b>Program</b>	Market
<b>Annual Turnover Rate</b>	15%
<b>Units/Month Absorbed</b>	N/A
<b>HCV Tenants</b>	0%
<b>Leasing Pace</b>	Within two weeks
<b>Annual Chg. in Rent</b>	Increased 9-12% since 4Q 2015
<b>Concession</b>	None

### Utilities

<b>A/C</b>	not included -- central
<b>Cooking</b>	not included -- electric
<b>Water Heat</b>	not included -- electric
<b>Heat</b>	not included -- electric
<b>Other Electric</b>	not included
<b>Water</b>	included
<b>Sewer</b>	included
<b>Trash Collection</b>	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Lowrise (2 stories)	30	900	\$600	\$0	Market	No	0	0.0%	N/A	None
2	1	Lowrise (2 stories)	52	1,036	\$700	\$0	Market	No	2	3.8%	N/A	None
2	1.5	Lowrise (2 stories)	60	1,136	\$725	\$0	Market	No	2	3.3%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$600	\$0	\$600	\$0	\$600
2BR / 1BA	\$700	\$0	\$700	\$0	\$700
2BR / 1.5BA	\$725	\$0	\$725	\$0	\$725

### Amenities

In-Unit	Security	Services
Blinds	Limited Access	None
Central A/C	Patrol	
Dishwasher		
Oven		
Walk-In Closet		
Carpeting		
Coat Closet		
Garbage Disposal		
Refrigerator		
Washer/Dryer hookup		
Property	Premium	Other
Central Laundry	None	None
On-Site Management		
Off-Street Parking		
Playground		

## **Woods At Glenrose, continued**

### **Comments**

This property was originally renovated with LIHTCs in 1997 and to a market rate property in 2013. This property does not accept Housing Choice Vouchers.

## Woods At Glenrose, continued

### Trend Report

#### Vacancy Rates

2Q12	4Q12	4Q15	3Q16
3.5%	4.2%	2.1%	2.8%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$550	\$0	\$550	\$550
2016	3	0.0%	\$600	\$0	\$600	\$600

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	5.0%	\$665	\$0	\$665	\$665
2016	3	3.3%	\$725	\$0	\$725	\$725

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	4	0.0%	\$625	\$0	\$625	\$625
2016	3	3.8%	\$700	\$0	\$700	\$700

### Trend: Comments

- 2Q12** The contact indicated that there is a waiting list for all units. However, the contact expects to have the current vacancies filled and the waiting list cleared out by the first of next month. The contact expects the occupancy to go up by the first of next month.
- 4Q12** The contact noted that the majority of the vacant units are preleased. Also, the property has a waiting list for the two-bedroom units but the number of households was not provided. The property is currently offering new tenants a reduced deposit fee of \$200 and a waived application fee.
- 4Q15** The property converted from a LIHTC property to a market rate development in 2013.
- 3Q16** This property was originally renovated with LIHTCs in 1997 and to a market rate property in 2013. This property does not accept Housing Choice Vouchers.

## PROPERTY CHARACTERISTICS

### Location

The Subject is located in a residential neighborhood consisting of multifamily properties, single-family homes, vacant wooded land, and small retail uses. The majority of necessary amenities are located within three miles of the Subject. Overall, the surrounding uses are in average to good condition. The comparable properties are located in Atlanta, 0.3 to 4.6 miles from the Subject. Below is a location comparison based on zip codes and respective median household incomes and median gross rent.

#### LOCATION COMPARISON

Property	Zip Code	Median Household Income	Median Gross Rent
<b>Subject</b>	<b>30316</b>	<b>\$44,129</b>	<b>\$896</b>
Columbia Mill	30316	\$44,129	\$896
The Square at Peoplestown	30315	\$20,951	\$776
The Station at Richmond Hill	30315	\$20,951	\$776
Vineyards of Flat Shoals Apartments	30316	\$44,129	\$896
Amberwood Village	30316	\$44,129	\$896
Ashford East Village	30316	\$44,129	\$896
Broadway at East Atlanta	30316	\$44,129	\$896
Manor V Apartments	30316	\$44,129	\$896
Villas at Grant Park	30316	\$44,129	\$896
Woods at Glenrose	30354	\$28,230	\$901

Source: American Community Survey, 8/2016

Comparables located in zip codes 30316 have similar income and rent characteristics as the Subject's location; therefore, we believe that these properties are located in similar locations, while comparables located in zip codes 30315 and 30354 are located in inferior locations relative to the Subject.

### Age, Condition, and Design

The Subject will be newly renovated in 2018 and will therefore be in good condition. The LIHTC comparables were constructed or renovated between 1960 and 2014 and all exhibit good to excellent condition. The older LIHTC comparables that were built in the 1960s were all renovated in the 2000s. The market rate comparables were constructed or renovated between 1964 and 2013 and exhibit average to good condition. In terms of condition, the Subject will be slightly inferior to Columbia Mill, similar to the comparables in good condition, and slightly superior to the comparables in average condition.

The Subject offers two and three-story garden-style design. The comparables offer garden-style and townhouse designs. Overall, it appears that garden-style and townhouse units are both well accepted in the local market. Therefore, we expect the Subject's design to continue to be well received in the local market.

### Amenities

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix below.

UNIT MATRIX REPORT													
	Paradise East Apartments	Columbia Mill	Retreat At Edgewood	Retreat At Edgewood Phase II	The Square At Peopletown	The Station At Richmond Hill	Vineyards Of Flat Shoals	Amberwood Village	Ashford East Village	Broadway At East Atlanta	Manor V Apartments	Villas At Grant Park	Woods At Glenrose
Comp #	Subject	1	2	3	4	5	6	7	8	9	10	11	12
<b>Property Information</b>													
Property Type	Garden (2&3 stories)	Various (2 stories)	Various	Various	Garden (3 stories)	Garden (2 stories)	Garden (2 stories)	Garden (2 stories)	Various (2 stories)	Various (2 stories)	Garden (2 stories)	Garden (2 stories)	Lowrise (2 stories)
Year Built / Renovated	1974 / 2018	2014 / n/a	2011 / n/a	2012 / n/a	1999 / n/a	1960 / 2004	1966 / 2005	1964 / 2013	1979 / Ongoing	1976 / 2015	1970s / n/a	1968 / 2004	1966 / 2013
Market (Conv./Subsidy Type)	LIHTC, Section 8	LIHTC	LIHTC	LIHTC, Market	LIHTC	LIHTC, Market	LIHTC/Market	Market	Market	Market	Market	Market	Market
<b>Utility Adjustments</b>													
Cooking	no	no	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no	no
Water	yes	no	no	no	yes	no	yes	no	no	no	no	yes	yes
Sewer	yes	no	no	no	yes	no	yes	no	no	no	no	yes	yes
Trash Collection	yes	yes	yes	yes	yes	yes	yes	no	no	no	no	yes	yes
<b>In-Unit Amenities</b>													
Balcony/Patio	no	yes	yes	yes	yes	no	no	no	yes	no	no	no	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpet/Hardwood	yes	no	no	yes	no	no	no	no	yes	yes	no	no	no
Carpeting	no	yes	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes
Coat Closet	yes	no	yes	yes	yes	no	no	yes	yes	yes	yes	yes	yes
Dishwasher	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
Exterior Storage	no	no	yes	yes	yes	no	no	no	no	no	no	no	no
Ceiling Fan	yes	no	yes	yes	yes	no	yes	no	yes	yes	no	yes	no
Garbage Disposal	no	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	no	yes
Microwave	no	no	no	no	no	no	no	no	yes	yes	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	yes	yes	yes	yes	no	no	no	no	yes	yes	yes	no	yes
Wall A/C	no	no	no	no	no	no	no	no	no	no	no	yes	no
Washer/Dryer	no	no	yes	yes	no	no	yes	no	yes	no	no	no	no
Washer/Dryer hookup	no	yes	yes	yes	yes	yes	yes	no	no	yes	no	no	yes
<b>Property Amenities</b>													
Business Center/Computer Lab	no	yes	yes	yes	no	yes	yes	no	yes	no	no	no	no
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	yes	yes	no	yes	no	no	no	no
Exercise Facility	no	yes	yes	no	no	yes	no	no	yes	no	no	no	no
Garage	no	no	yes	yes	no	no	no	no	no	no	no	no	no
Central Laundry	yes	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	no	yes	yes	yes	no	no	no	yes	yes	yes	no	yes	no
Playground	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	no	no	yes
Recreation Areas	no	no	no	no	no	no	no	no	no	no	no	yes	no
Sport Court	no	no	no	no	no	no	no	no	yes	no	no	no	no
Swimming Pool	no	no	no	no	no	yes	yes	no	yes	yes	no	no	no
<b>Services</b>													
<b>Security</b>													
In-Unit Alarm	no	yes	yes	yes	no	no	no	no	no	no	no	no	no
Intercom (Video)	no	yes	no	no	no	no	no	no	no	no	no	no	no
Limited Access	no	yes	no	no	yes	no	yes	yes	yes	yes	yes	no	yes
Patrol	yes	no	no	no	yes	yes	no	no	no	no	no	no	yes
Perimeter Fencing	yes	yes	no	no	yes	no	yes	yes	yes	yes	yes	yes	no
Video Surveillance	no	no	no	yes	no	no	no	no	no	no	yes	no	no

**Unit Amenities**

The Subject offers blinds, carpeting, central A/C, ceiling fans, walk-in closets, ovens, and refrigerators in the units. Post-renovation, in-unit amenities will remain the same. Several of the comparable properties do not offer several of these amenities. However, several of the comparables offer balcony/patio, coat closets, and washer/dryer hookups, and in-unit washers/dryers, which the Subject will not offer. Overall, the Subject will have similar to inferior in-unit amenities when compared to the comparable properties.

**Common Area Amenities**

The Subject offers a community room, central laundry, off-street parking, on-site management, and a playground. Post-renovation, common area amenities will remain the same. Five comparables offer a business center, four offer an exercise facility, seven offer a picnic area, one offers a sports court, and four offer a swimming pool, all of which are not offered at the Subject. Overall, the Subject will be similar to slightly inferior in terms of community amenities when compared to the comparable properties.

**Utility Structure**

The utility conventions differ at the comparable properties; therefore, we have adjusted “base” or “asking” rents of the comparable properties to “net” rents, reflecting the Subject’s utility convention.

**Parking**

The Subject will continue to offer free surface parking. All of the comparables offer free surface parking, similar to the Subject. Two of the comparables, Retreat at Edgewood I and II, offer garage parking included in rent. The Subject will be similar to nearly all of the comparables in terms of parking, and slightly inferior relative to Retreat at Edgewood I and II.

**MARKET CHARACTERISTICS**

Following are relevant market characteristics for the comparable properties surveyed.

**Vacancy Levels**

The following table illustrates the current vacancy levels reported by the comparable properties in the market.

<b>OVERALL VACANCY</b>				
<b>Property name</b>	<b>Rent Structure</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Vacancy Rate</b>
Columbia Mill	LIHTC	100	0	0.0%
Retreat At Edgewood	LIHTC	100	1	1.0%
Retreat At Edgewood Phase II	LIHTC, Market	40	0	0.0%
The Square At Peoplestown	LIHTC	94	0	0.0%
The Station At Richmond Hill	LIHTC, Market	181	3	1.7%
Vineyards Of Flat Shoals	LIHTC, Market	228	0	0.0%
Amberwood Village	Market	30	0	0.0%
Ashford East Village	Market	371	14	3.8%
Broadway At East Atlanta*	Market	119	3	2.5%
Manor V Apartments	Market	144	2	1.4%
Villas At Grant Park	Market	112	0	0.0%
Woods At Glenrose**	Market	142	4	2.8%
<b>LIHTC Average (1)</b>		<b>743</b>	<b>4</b>	<b>0.5%</b>
<b>Market Rate Average</b>		<b>918</b>	<b>23</b>	<b>2.5%</b>
<b>Total</b>		<b>1,661</b>	<b>27</b>	<b>1.6%</b>

(1)Includes LIHTC and mixed income properties

\*Undergoing significant renovations. Currently 119 units are online. Once renovations are completed there will be a total of 176 units.

\*\*Located outside the PMA

As illustrated, vacancy rates in the market range from zero to 3.8 percent, with an overall average of 1.6 percent. The LIHTC comparable properties have vacancy rates ranging from zero to 1.7 percent, with a low average vacancy rate of just 0.5 percent. The market rate comparables have vacancy rates ranging from zero to 3.8 percent. The average market rate vacancy rate is 2.5 percent, indicating a stable market for market rate units. The Subject is currently 100 percent occupied with a waiting list of approximately 300 households. According to the Subject's historical audited financials, the Subject has operated with a total vacancy rate (including collection loss) between 2.1 to 2.6 percent over the past two years. As such, we believe the Subject will continue to operate with a physical vacancy rate inclusive of collection loss of 4.0 percent or less for the restricted scenarios and 5.0 percent or less for the unrestricted scenario, which are in line with the historical data and comparable properties.

**Concessions**

One of the market rate comparable properties is offering concessions of \$200 off the first two months' rent on vacant units. We do not expect the Subject to require concessions in order to maintain a stabilized occupancy rate.

## Absorption

We were able to obtain absorption information from three of the comparable properties, illustrated in the following table.

ABSORPTION					
Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Columbia Mill	LIHTC	Family	2014	100	20
Retreat At Edgewood Phase II	LIHTC	Family	2012	40	12
Retreat At Edgewood	LIHTC	Family	2011	100	20

As per DCA guidelines, we have calculated the absorption at comparables as the time necessary to achieve 93 percent occupancy. Columbia Mill, the most recently constructed LIHTC comparable, opened in 2014 and stabilized within five months, equating to an absorption rate of 20 units per month, similar to the absorption period/rate experienced at Retreat at Edgewood. Retreat at Edgewood Phase II, a LIHTC/market rate comparable constructed in 2012, experienced an absorption rate of 12 units per month, equating to an absorption period of approximately three and a half months. According to the developer, renovations will occur with tenants in-place. As such, this situation is purely hypothetical, considering all of tenants will remain at the Subject during the course of the renovations. However, if the Subject were to require re-tenanting all the units, we estimate that the Subject would be able to achieve stabilized occupancy of 93 percent within eight to nine months, or an average monthly absorption pace of 20 units.

## Waiting Lists

The following table illustrates the presence of waiting lists, where applicable.

WAITING LISTS		
Property name	Rent Structure	Waiting List?
Columbia Mill	LIHTC	Yes- length not available
Retreat At Edgewood	LIHTC	No
Retreat At Edgewood Phase II	LIHTC, Market	No
The Square At Peoplestown	LIHTC	No
The Station At Richmond Hill	LIHTC, Market	Yes- 5 HH
Vineyards Of Flat Shoals	LIHTC, Market	Yes- 12 HH
Amberwood Village	Market	Yes- length not available
Ashford East Village	Market	No
Broadway At East Atlanta	Market	No
Manor V Apartments	Market	No
Villas At Grant Park	Market	No
Woods At Glenrose*	Market	No

\*Located outside the PMA

Four of the comparables reported maintaining waiting lists, three of which are LIHTC developments. However, all of the properties surveyed reported low vacancy rates, with an average of 1.6 percent. This is a positive indication of the strength of the market in the local area. As of July 2016, the Subject is fully occupied with a waiting list of approximately 300 households. Additionally, the

Subject will continue to benefit from project-based Section 8 subsidy post-renovation, making it one of the most affordable housing options in the area for local families. Based on the performance of the comparable properties, we expect the Subject to continue to maintain a waiting list following renovations.

### Reasonability of Rents

The following table compares the Subject's proposed LIHTC rents with those at the comparables. It should be noted that the rents in the following table have been adjusted for differences in utilities using the City of Atlanta utility allowances.

<b>LIHTC RENT COMPARISON- @60%- POST RENOVATION</b>		
<b>Property Name</b>	<b>1BR</b>	<b>2BR</b>
Paradise East Apartments (Subject)	\$659	\$790
<b>2016 LIHTC Maximum (Net)</b>	<b>\$659</b>	<b>\$790</b>
<b>2015 Hold Harmless LIHTC Maximum (Net)</b>	<b>\$668</b>	<b>\$799</b>
<b>2010 Hold Harmless LIHTC Maximum (Net)</b>	<b>\$699</b>	<b>\$832</b>
Columbia Mill	\$713	\$870
Retreat At Edgewood Phase	\$690	\$811
Retreat At Edgewood Phase II	\$723	-
		\$784
The Square At Peoplestown	\$666	\$701
		\$767
The Station At Richmond Hill	\$675	\$739
	\$600	\$695
Vineyards Of Flat Shoals	\$555	\$655
<b>Average (excluding Subject)</b>	<b>\$660</b>	<b>\$753</b>
<b>NOVOCO Achievable LIHTC Rent</b>	<b>\$659</b>	<b>\$790</b>

\*Eligible for Hold Harmless Rents

Note: the Subject will operate with Section 8 subsidies on 160 of the 176 units, allowing residents in the 160 units to pay 30 percent of their income as rent.

The AMI in DeKalb County decreased in 2016, remaining below the 2010 hold harmless maximum allowable rent level. The Square at Peoplestown, The Station at Richmond Hill, and Vineyards at Flat Shoals Apartments were placed in service in 1999, 2005, and 2007, respectively, and are thus eligible to be held to the 2010 hold harmless maximum allowable rent, while the remaining comparables are subject to 2015 maximum allowable rents. Columbia Mill, Retreat at Edgewood, and Retreat at Edgewood Phase II are achieving maximum allowable LIHTC rents one and two-bedroom units, while The Station at Richmond Hill is only achieving maximum rents for their one-bedroom units. Management at The Station at Richmond Hill further explained that higher rents on their two-bedroom units would not be achievable. It appears that Columbia Mill, Retreat at Edgewood, and Retreat at Edgewood Phase II are achieving rents over the maximum allowable level; however, this can be attributed to a difference in utility allowance.

The Subject is most similar to The Square at Peoplestown and Vineyards of Flat Shoals Apartments in terms of design, unit types offered, square footages for one and two-bedroom units, and location. The Square at Peoplestown was built in 1999; as such, it will exhibit slightly inferior condition to the renovated Subject. The Square at Peoplestown is located approximately 3.6 miles northwest of the

Subject, and is in an inferior location. The Square at Peoplestown offers slightly superior in-unit amenities, similar common area amenities, and inferior security features relative to those proposed at the Subject. This comparable also has similar to slightly inferior unit sizes relative to the Subject. Taking into account the differences and similarities between this property and the Subject, we believe the renovated Subject would be able to achieve similar to slightly superior rents than The Square at Peoplestown.

Vineyards of Flat Shoals Apartments was built in 1966 and renovated in 2007 and will be in slightly inferior condition to the renovated Subject. Vineyards of Flat Shoals Apartments is located approximately one mile northeast of the Subject, in a similar location. Vineyards of Flat Shoals Apartments offers slightly superior in-unit amenities and common area amenities relative to those proposed at the Subject. This comparable has similar unit sizes relative to the Subject. Taking into account the differences and similarities between this property and the Subject, we believe the renovated Subject would be able to achieve higher rents than Vineyards of Flat Shoals Apartments.

Given the rents and performance of the most similar LIHTC comparables, we believe maximum allowable rents are achievable for the Subject. We have concluded to achievable 60 percent AMI rents of **\$659** and **\$790** for the Subject's one and two-bedroom units, respectively.

#### **Achievable Rents 'As Renovated' Unrestricted**

The as renovated unrestricted income assumes the achievable as renovated unrestricted rents. Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the one and two-bedroom LIHTC rents are below the achievable market rates for the Subject's area. The following tables show the similarity of the market rate comparables to the Subject property.

<b>SUBJECT COMPARISON TO MARKET RENTS</b>						
<b>Unit Type</b>	<b>Subject's Proposed Rents</b>	<b>Surveyed Min</b>	<b>Surveyed Max</b>	<b>Surveyed Average</b>	<b>Achievable Market Rents</b>	<b>Subject Rent Advantage</b>
1BR/1BA- Section 8	\$850	\$600	\$1,125	\$816	\$850	0%
2BR/1BA - Section 8	\$1,000	\$700	\$1,392	\$960	\$1,000	0%
1BR/1BA - LIHTC	\$659	\$600	\$1,125	\$816	\$850	22%
2BR/1BA - LIHTC	\$790	\$700	\$1,392	\$960	\$1,000	21%

<b>MARKET RENT COMPARISON</b>		
<b>Property Name</b>	<b>1BR</b>	<b>2BR</b>
<b>Subject Proposed @60% Rents</b>	<b>\$659</b>	<b>\$790</b>
<b>Subject Proposed Section 8 Rents- Post Renovation</b>	<b>\$850</b>	<b>\$1,000</b>
Amberwood Village	\$775	\$917
Ashford East Village	\$1,125	\$1,392
	\$1,075	\$1,183
	-	\$1,159
Broadway At East Atlanta	\$835	\$1,116
		\$1,097
		\$987
		\$977
Columbia Mill	\$860	\$1,032
Manor V Apartments	\$675	\$962
Retreat At Edgewood Phase II	\$905	\$777
The Station At Richmond Hill	-	\$832
Villas At Grant Park	\$695	\$795
Vineyards Of Flat Shoals	\$610	\$710
Woods At Glenrose	\$600	\$725
		\$700
<b>Average (excluding Subject)</b>	<b>\$816</b>	<b>\$960</b>
<b>Novoco Achievable As Is Market Rent</b>	<b>\$700</b>	<b>\$850</b>
<b>Novoco Achievable Post - Rehabilitation Market Rent</b>	<b>\$850</b>	<b>\$1,000</b>

The Subject's proposed LIHTC one and two-bedroom rents are below the surveyed average market rents, but within the range of the comparables. The Subject's proposed Section 8 one and two-bedroom rents are slightly above the surveyed average, but within the range of the comparables.

Broadway at East Atlanta is the most similar market rate property and it is 97.5 percent occupied. The Subject will offer slightly inferior in-unit and similar property amenities to Broadway at East Atlanta. The Subject will be in similar condition upon completion of renovations, as Broadway at East Atlanta was built in 1976 and was renovated in 2015 and is in good condition. Broadway at East Atlanta offers similar to slightly superior unit sizes. The Subject's proposed Section 8 rents are similar to the rents being achieved at Broadway at East Atlanta.

Overall, we have estimated the Subject's achievable post-renovation one and two-bedroom market rents to be \$850 and \$1,000, respectively and the Subject's As Is achievable one and two-bedroom market rents to be \$700 and \$850, respectively, approximately \$150 below our estimate off post-renovation rents. We believe these rents are reasonable as they are within the range of the comparables, and consistent with the premium/discount typically realized by Section 8 properties that are renovated with tax credits. Nationwide, this premium ranges between \$35 and \$335.

The current HAP contract rents are well below the estimated achievable market rents as is. We believe that a typical owner would apply for an increase in the HAP contract rent to our estimate of achievable market rent levels. As such, we have assumed that the existing and proposed Section 8 HAP contracts rents would mark up to market.

### **Indications of Demand**

Based upon our market research, demographic calculations and analysis, we believe there is demand for the renovated Subject property as proposed. Strengths of the Subject will include its good condition post-renovation and competitive unit sizes. The Subject's weakness will include its lack of washer/dryer hookups and dishwashers, which are offered by several of the comparable properties. Overall, the comparable properties surveyed exhibited an average vacancy rate of 1.6 percent. In addition to strong occupancy levels at most of the comparables, four of the comparables maintain waiting lists, three of which are LIHTC properties. There is adequate demand for the Subject based on our calculations. We also believe the proposed rents offer value in the market.

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by DCA.

### **1. INCOME RESTRICTIONS**

LIHTC rents are based upon a percentage of the Area Median Gross Income ("AMI"), adjusted for household size and utilities. The Georgia Department of Community Affairs ("DCA") will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a household will pay is 30 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom).

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Information Systems, to estimate the number of potential tenants who would qualify to occupy the Subject as a LIHTC project.

The maximum income levels for the LIHTC restricted units are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from the DCA website. For the unrestricted market rate units, the maximum income is based on 140 percent AMI.

### **2. AFFORDABILITY**

As discussed above, the maximum income is set by DCA while the minimum is based upon the minimum income needed to support affordability. This is based upon a standard of 35 percent. Lower and moderate-income families typically spend greater than 30 percent of their income on housing. These expenditure amounts can range higher than 50 percent depending upon market area. However, the 30 to 40 percent range is generally considered a reasonable range of affordability.

DCA guidelines utilize 35 percent for families and 40 percent for seniors. We will use these guidelines to set the minimum income levels for the demand analysis.

### 3. DEMAND

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated in the following tables.

#### 3A. DEMAND FROM NEW HOUSEHOLDS

The number of new households entering the market is the first level of demand calculated. We have utilized 2018, the anticipated date of market entry, as the base year for the analysis. Therefore, 2015 household population estimates are inflated to 2018 by interpolation of the difference between 2015 estimates and 2020 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2018. This number takes the overall growth from 2015 to 2020 and applies it to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

#### 3B. DEMAND FROM EXISTING HOUSEHOLDS

Demand for existing households is estimated by summing three sources of potential tenants. The first source (**2a.**) is tenants who are rent overburdened. These are households who are paying over 35 percent for family households and 40 percent for senior households of their income in housing costs. This data is interpolated using CHAS data based on appropriate income levels.

The second source (**2b.**) is households living in substandard housing. We will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject. The third source (**2c.**) is those seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that per DCA guidelines, we have lowered demand from seniors who convert to homeownership to be at or below 2.0 percent of total demand.

In general, we will utilize this data to determine the number of current residents that are income eligible, renter tenure, overburdened and/or living in substandard housing and likely to consider the Subject.

#### 3C. SECONDARY MARKET AREA

Per the 2016 GA DCA Qualified Allocation Plan (QAP) and Market Study Manual, GA DCA does not consider demand from outside the Primary Market Area (PMA), including the Secondary Market Area (SMA). Therefore, we have not accounted for leakage from outside the PMA boundaries in our demand analysis.

#### 3D. OTHER

DCA does not consider household turnover to be a source of market demand. Therefore, we have not accounted for household turnover in our demand analysis.

#### **4. NET DEMAND, CAPTURE RATES AND STABILIZATION CALCULATIONS**

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed from 2011 to the present.

##### **ADDITIONS TO SUPPLY**

Additions to supply will lower the number of potential qualified households. Pursuant to our understanding of DCA guidelines, we have deducted the following units from the demand analysis.

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2013 through year-to-date 2016.
- Vacancies in projects placed in service prior to 2013 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market in 2013 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

Per GA DCA guidelines, competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the Subject development.

According to the Georgia Department of Community Affairs, three properties have been awarded tax credits since 2013 in the Subject's Primary Market Area.

- Trinity Walk I was allocated tax credits in 2014 and will target both general occupancy and senior households. Trinity Walk I is a new construction development that will be located at 421 West Trinity Place in Decatur approximately 4.3 miles north of the Subject. Trinity Walk I will offer a total of 69 LIHTC units restricted at 60 percent AMI, all of which will benefit from project-based Section 8 subsidy. The development will offer one, two, and three-bedroom units contained in three-story garden-style buildings. Of the 69 total units, 20 will be restricted to senior households aged 55 and older, while the remaining 49 units will target general occupancy households. The Decatur Housing Authority is the development sponsor for Trinity Walk I. As all of the development's units will benefit from project-based Section 8 subsidy, the property will not be competitive with the Subject.
- Columbia Avondale was allocated tax credits in 2015 and will target senior households. Columbia Avondale is a new construction development and will be located 5.1 miles northeast of the Subject. The property will offer a total of 92 LIHTC units restricted to senior, thus will not compete directly with the Subject.
- Trinity Walk II was allocated tax credits in 2015 and will target both general occupancy and senior households. Trinity Walk II is a new construction development that will be located at

421 West Trinity Place in Decatur approximately 4.3 miles north of the Subject. Trinity Walk II will offer a total of 52 LIHTC units restricted at 60 percent AMI, 42 of which will benefit from project-based Section 8 subsidy. The development will offer one, two, and three-bedroom units contained in three-story garden-style and townhouse-style buildings. Of the 52 total units, 12 will be restricted to senior households aged 55 and older, while the remaining 40 units will target general occupancy households. The Decatur Housing Authority is the development sponsor for Trinity Walk II. As 42 of the development's units will benefit from project-based Section 8 subsidy, only ten units will be competitive with the Subject.

As such, we have deducted the competitive one and two-bedroom non subsidized LIHTC units at Trinity Walk II from our demand analysis.

<b>Additions To Supply (Recently Allocated or Unstabilized Units)</b>	<b>60%</b>
One Bedroom	1
Two Bedroom	7
<b>Total</b>	<b>8</b>

#### **PMA OCCUPANCY**

Per DCA's guidelines, we have determined the average occupancy rate based on all available competitive conventional and LIHTC properties in the PMA. We have provided a combined average occupancy level for the PMA based on the average occupancy rates reported.

OVERALL PMA OCCUPANCY

Property Name	Type	Tenancy	Units	Occupancy
Retreat at Edgewood	LIHTC	Family	100	100.0%
Retreat at Edgewood II	LIHTC/Market	Family	40	100.0%
The Station at Richmond Hill	LIHTC/Market	Family	181	98.3%
Columbia Mill	LIHTC	Family	100	100.0%
Reynoldstown Commons	LIHTC	Family	32	96.9%
The Square At Peopletown	LIHTC	Family	94	100.0%
Vineyards At Flat Shoals Apartments	Market/LIHTC	Family	228	100.0%
Amberwood Village	Market	Family	30	100.0%
Ashford East Village	Market	Family	371	96.2%
Broadway At East Atlanta	Market	Family	176	97.5%
Eagles Run Apartments	Market	Family	282	62.8%
Manor V Apartments	Market	Family	144	98.6%
Mountain Park	Market (Section 8)	Family	212	90.6%
Villas At Grant Park (fka Villa Court)	Market	Family	112	100.0%
Woods At Glenrose	Market	Family	142	97.9%
Reynoldstown Senior Apartments	LITHC/HUD 202	Senior	70	N/Av
Branan Towers	Section 8	Senior	176	100%
Park at Bouldercrest	Market	Family	438	N/Av
Enso Apartments	Market	Family	325	89.2%
Glenwood East	Market	Family	236	95.0%
Amberwood Village	Market	Family	30	100.0%
Highlands at East Atlanta	LIHTC	Family	250	N/Av
Fulton Cottom Mill Lofts	LIHTC	Family	207	99.5%
Columbia City Homes (FKA Oakhill)	Market	Family	132	N/Av
Columbia Park Citi	Market/PHA/LIHTC	Family	154	98.7%
Columbia Senior Residence At MLK	LIHTC/PBRA	Senior	122	100.0%
Marcus Street Residences	LIHTC	Family	78	N/Av
Trestletree Village Apts	Section 8	Senior/Family/Disabled	188	N/Av
Patterson Heights	LIHTC	Family	10	N/Av
Washington Heights	LIHTC	Family	10	N/Av
People's Place	LIHTC	Family	76	100.0%
Oakland Court Apts	LIHTC	Family	100	100.0%
Oakland Court Apts Phase II	LIHTC	Family	132	N/Av
Courtyards at Glenview	LIHTC	Family	172	100.0%
Grant Park Apts	LIHTC	Family	291	N/Av
Grant Park Commons	LIHTC	Family	338	N/Av
Presley Woods	LIHTC	Family	40	94.0%
Villages of East Lake I & II	Market	Family	542	100.0%
Irwin Street Apts/Henerson Place/PRI	LIHTC	Family	58	N/Av
Auburn Glenn Apts	Market/LIHTC/PBRA	Family	271	94.1%
Square at Peopletown	LIHTC	Family	94	96.8%
Station at Richmond Hill (FKA Richmond Oaks)	Market/LIHTC	Family	181	N/Av
Columbia at Peopletown	Market/LIHTC	Family	92	N/Av
Columbia Senior Residences at Edgewood	LIHTC	Senior	135	100.0%
Constitution Avenue	LIHTC	Family	166	N/Av
Capitol Gateway, Phase I & II	Market/PBRA/PHALIHTC	Family	421	N/Av
Columbia Tower at MLK Village	Section 8/LIHTC	Senior	96	100.0%
Veranda at Auburn Point	PBRA/Section 8/PHA	Senior	124	100.0%
Columbia Townhomes at Edgewood	Section 8	Family	100	100.0%
Columbia Townhomes at Edgewood, Phase II	LIHTC	Family	132	99.4%
Veranda at Auburn Pointe, Phase II	LIHTC	Senior	98	N/Av
Veranda at Auburn Pointe, Phase III	LIHTC	Senior	102	N/Av
Ashley Auburn Pointe, Phase I	Market/PBRA/PHA	Family	154	99.4%
Ashley Auburn Pointe, Phase II	Market/ACC/LIHTC	Family	150	N/Av
Bedford Pine Apartments IV	Section 8	Family	157	N/Av
Bedford Pine Apartments I	Section 8	Family	134	N/Av
Bedford Pine Apartments V	Section 8	Family	146	N/Av
Boynton Village Apartments	Section 8	Eldery	43	100%
Capitol Avenue School	Section 8	Eldery	48	100%
Capitol Towers	Section 8	Eldery	39	N/Av
Capitol Vanira Apartments	Section 8	Family	60	100%
Forest Cove Apartments	Section 8	Family	396	N/Av
Community Housing Inc.	Section 8	Eldery	4	N/Av
Park Trace Apartments	Section 8	Eldery	169	94%
Presley Woods Apartments	Section 8	Family	20	100%
Wheat Street Towers	Section 8	Eldery	210	N/Av
<b>Total Reporting Occupancy</b>			<b>5,698</b>	<b>97.1%</b>
<b>Total</b>			<b>10,161</b>	

**Rehab Developments and PBRA**

For any properties that are rehab developments, the capture rates will be based on those units that are vacant, or whose tenants will be rent burdened or over income as listed on the Tenant Relocation Spreadsheet.

Units that are subsidized with PBRA or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates. **As such, we have not included the Subject's 160 proposed Section 8 subsidized units in the capture rate analysis.**

**Capture Rates**

The above calculations and derived capture rates are illustrated in the following tables.

Renter Household Income Distribution 2015 to Projected Market Entry January 2018					
Paradise East Apartments					
PMA					
	2015		Projected Mkt Entry January 2018		Percent Growth
	#	%	#	%	
\$0-9,999	8,940	22.7%	9,530	23.4%	6.2%
\$10,000-19,999	7,459	18.9%	7,829	19.3%	4.7%
\$20,000-29,999	6,325	16.0%	6,639	16.3%	4.7%
\$30,000-39,999	4,474	11.3%	4,533	11.1%	1.3%
\$40,000-49,999	3,258	8.3%	3,316	8.2%	1.7%
\$50,000-59,999	2,260	5.7%	2,226	5.5%	-1.5%
\$60,000-74,999	2,606	6.6%	2,563	6.3%	-1.7%
\$75,000-99,999	2,009	5.1%	1,968	4.8%	-2.1%
\$100,000-124,999	985	2.5%	928	2.3%	-6.1%
\$125,000-149,999	383	1.0%	381	0.9%	-0.7%
\$150,000-199,999	548	1.4%	525	1.3%	-4.4%
\$200,000+	221	0.6%	226	0.6%	2.4%
Total	39,469	100.0%	40,665	100.0%	2.9%

Renter Household Income Distribution Projected Market Entry January 2018			
Paradise East Apartments			
	PMA		
	Projected Mkt Entry January 2018		Change 2015 to Prj Mrkt Entry January 2018
	#	%	
\$0-9,999	9,530	23.4%	280
\$10,000-19,999	7,829	19.3%	230
\$20,000-29,999	6,639	16.3%	195
\$30,000-39,999	4,533	11.1%	133
\$40,000-49,999	3,316	8.2%	97
\$50,000-59,999	2,226	5.5%	65
\$60,000-74,999	2,563	6.3%	75
\$75,000-99,999	1,968	4.8%	58
\$100,000-124,999	928	2.3%	27
\$125,000-149,999	381	0.9%	11
\$150,000-199,999	525	1.3%	15
\$200,000+	226	0.6%	7
Total	40,665	100.0%	1,195

Tenure Prj Mrkt Entry January 2018	
Renter	52.5%
Owner	47.5%
Total	100.0%

Renter Household Size for Prj Mrkt Entry January 2018		
Size	Number	Percentage
1 Person	18,089	44.5%
2 Person	10,433	25.7%
3 Person	5,446	13.4%
4 Person	3,297	8.1%
5+ Person	3,399	8.4%
Total	40,665	100.0%

Renter Household Size for 2000		
Size	Number	Percentage
1 Person	12,339	34.8%
2 Person	8,973	25.3%
3 Person	5,537	15.6%
4 Person	3,870	10.9%
5+ Person	4,776	13.5%
Total	35,495	100.0%

60%AMI

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level			60%		
Minimum Income Limit			\$26,023		
Maximum Income Limit			\$36,480		
Income Category	New Renter Households - Total Change in Households PMA 2015 to Prj Mrkt Entry January 2018		Income Brackets	Percent within Cohort	Renter Households within Bracket
	\$0-9,999	280.18			
\$10,000-19,999	230.16	19.3%		0.0%	0
\$20,000-29,999	195.19	16.3%	3,976	39.8%	78
\$30,000-39,999	133.27	11.1%	6,480	64.8%	86
\$40,000-49,999	97.47	8.2%		0.0%	0
\$50,000-59,999	65.45	5.5%		0.0%	0
\$60,000-74,999	75.34	6.3%		0.0%	0
\$75,000-99,999	57.85	4.8%		0.0%	0
\$100,000-124,999	27.30	2.3%		0.0%	0
\$125,000-149,999	11.20	0.9%		0.0%	0
\$150,000-199,999	15.44	1.3%		0.0%	0
\$200,000+	6.65	0.6%		0.0%	0
	1,195	100.0%			164
Percent of renter households within limits versus total number of renter households					13.72%

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level			60%		
Minimum Income Limit			\$26,023		
Maximum Income Limit			\$36,480		
Income Category	Total Renter Households PMA Prj Mrkt Entry January 2018		Income Brackets	Percent within Cohort	Households within Bracket
	\$0-9,999	9,530			
\$10,000-19,999	7,829	19.3%		0.0%	0
\$20,000-29,999	6,639	16.3%	\$3,976	39.8%	2,640
\$30,000-39,999	4,533	11.1%	\$6,480	64.8%	2,938
\$40,000-49,999	3,316	8.2%		0.0%	0
\$50,000-59,999	2,226	5.5%		0.0%	0
\$60,000-74,999	2,563	6.3%		0.0%	0
\$75,000-99,999	1,968	4.8%		0.0%	0
\$100,000-124,999	928	2.3%		0.0%	0
\$125,000-149,999	381	0.9%		0.0%	0
\$150,000-199,999	525	1.3%		0.0%	0
\$200,000+	226	0.6%		0.0%	0
	40,665	100.0%			5,578
Percent of renter households within limits versus total number of renter households					13.72%

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)  
 Location of Subject (Rural versus Urban)  
 Percent of Income for Housing  
 2000 Median Income  
 2015 Median Income  
 Change from 2015 to Prj Mrkt Entry January 2018  
 Total Percent Change  
 Average Annual Change  
 Inflation Rate  
 Maximum Allowable Income  
 Maximum Allowable Income Inflation Adjusted  
 Maximum Number of Occupants  
 Rent Income Categories  
 Initial Gross Rent for Smallest Unit  
 Initial Gross Rent for Smallest Unit Inflation Adjusted

Yes
Family
Urban
35%
\$34,196
\$43,970
\$9,774
22.2%
0.2%
0.2%
\$36,480
\$36,480
3
60%
\$759
\$759

Two year adjustment 1.0000

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	90%	10%	0%	0%	0%	100%
2	0%	35%	65%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2015 to Prj Mrkt Entry January 2018

Income Target Population		60%
New Renter Households PMA		1,195
Percent Income Qualified		13.7%
New Renter Income Qualified Households		164

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2015

Demand form Rent Overburdened Households

Income Target Population		60%
Total Existing Demand		40,665
Income Qualified		13.7%
Income Qualified Renter Households		5,578
Percent Rent Overburdened Prj Mrkt Entry January 2018		32.2%
Rent Overburdened Households		1,797

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		5,578
Percent Living in Substandard Housing		0.8%
Households Living in Substandard Housing		42

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		60%
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		0

Total Demand

Total Demand from Existing Households		1,839
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		1839
Total New Demand		164
Total Demand (New Plus Existing Households)		2,003

Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No

By Bedroom Demand

One Person	44.5%	891
Two Persons	25.7%	514
Three Persons	13.4%	268
Four Persons	8.1%	162
Five Persons	8.4%	167
Total	100.0%	2,003

<u>To place Person Demand into Bedroom Type Units</u>		
Of one-person households in 1BR units	90%	802
Of two-person households in 1BR units	35%	180
Of one-person households in 2BR units	10%	89
Of two-person households in 2BR units	65%	334
Of three-person households in 2BR units	60%	161
Of three-person households in 3BR units	40%	107
Of four-person households in 3BR units	80%	130
Of five-person households in 3BR units	70%	117
Of four-person households in 4BR units	20%	32
Of five-person households in 4BR units	30%	50
Total Demand		2,003
Check		OK
<u>Total Demand by Bedroom</u>		
1 BR		982
2 BR		584
Total Demand		1,566
<u>Additions To Supply 2015 to Prj Mrkt Entry January 2018</u>		
1 BR		1
2 BR		7
Total		8
<u>Net Demand</u>		
1 BR		981
2 BR		577
Total		1,558
<u>Net Demand</u>		
1 BR		981
2 BR		577
Total		1,558
<u>Developer's Unit Mix</u>		
1 BR		14
2 BR		2
Total		16
<u>Capture Rate Analysis</u>		
1 BR		1.4%
2 BR		0.3%
Total		1.0%

## Conclusions

We have conducted such an analysis to determine a base of demand for the Subject as a tax credit property. This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to

be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

## HIGHEST AND BEST USE

## HIGHEST AND BEST USE

Highest and Best Use may be defined as that legal use which will yield the highest net present value to the land, or that land use which may reasonably be expected to produce the greatest net return over a given period of time.

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the greatest net return to the land. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it creates and/or maintains maximum value, and it is maximum value which affords the owner maximum returns.

The Dictionary of Real Estate Appraisal (Sixth Edition, 2015), published by the Appraisal Institute of Real Estate Appraisers, defines Highest and Best Use as:

“1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions).”

It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of Highest and Best Use takes into account the contribution of a specific use to the community and the community’s development goals, as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant, and to the site as it is improved.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. In arriving at the estimate of Highest and Best Use, the Subject site is analyzed “as if vacant”, meaning vacant and available for development, and also “as improved”.

Four tests are typically used to determine the Highest and Best Use of a particular property. Thus, the following areas are addressed.

1. **Physically Possible:** The uses which it is physically possible to put on the site in question.

2. **Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.
3. **Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.
4. **Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

#### **HIGHEST AND BEST USE AS VACANT**

##### **Physically Possible**

The Subject site is approximately 14.47 acres (630,313 square feet). The Subject site has generally level topography and an irregular shape. It has good accessibility and is not located within a flood hazard zone. The site is considered adequate for a variety of legally permissible uses.

##### **Legally Permissible**

According to the DeKalb County GIS Zoning Map, the Subject is zoned MR-1, Medium Density Residential. According to the 2015 Zoning Ordinance, the Subject is permitted to develop up to 174 (12 units per acre) multifamily units with a maximum height of four stories. The Subject is currently developed with slightly more units than legally permitted and has historically operated with strong occupancy indicating that the maximum allowable units of 174 is reasonable.

##### **Financially Feasible**

The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible.

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the site can be used for varying densities of residential uses. Given the site attributes, allowable uses and surrounding uses, we believe multifamily residential development is most likely.

In order to determine financial feasibility for a multifamily property scenario, we performed a simple development analysis, based upon the rental and cost data secured during our market investigation. We used a residual technique to determine the cost feasibility of multifamily development. It should be noted that we derived the replacement costs using the price per square foot to construct multifamily development as provided by RS Means.

**COST ANALYSIS**  
**As Proposed Restricted**

Stabilized Overall Capitalization Rate	6.10%
Typical Economic Life	55
Inferred Annual Building Recapture Rate	1.4%
Inferred Land to Total Value Ratio (M)	18.2%
Land Capitalization Rate	Rl
Building Capitalization Rate (Rl + Recapture Rate)	Rb
$Ro = (Rl * M) + ((1 - M) * Rb)$	
Rl=	5.0%
Rb=	6.4%
Land Value	\$2,090,000
Land Capitalization Rate	5.0%
Required Return to Land	\$104,500
Replacement Cost of Improvements	\$11,513,360
Building Capitalization Rate (Rb)	6.4%
Required Return On and Recapture of Improvement Costs	\$736,855
Total Required Net Operating Income	\$841,355
Net Rentable Square Footage	146,288
Required NOI per SF of Improvements	\$5.75
Operating Expenses per SF	\$7.14
Required Effective Gross Revenue	\$12.89
Stabilized Vacancy Adjustment Factor	64%
<b>Cost Feasible Market Rent</b>	<b>\$13.53</b>
<b>Market Rent (based on market rental rates)</b>	<b>\$13.81</b>

As the table illustrates, the cost feasible market rent is slightly below the achievable market rents. As such, a market rate development is feasible according to this cost analysis.

**Maximally Productive**

The cost feasible market rent is slightly below the achievable rents for the market. Therefore, the maximally productive use of this site as if vacant would be to construct a multifamily rental property with or without financial subsidies.

**Highest and Best Use “As If Vacant”:**

Based on the preceding analysis, the highest and best use “as if vacant” would be to construct a 174-unit multifamily development with subsidy or gap financing, such as LIHTC.

**Highest and Best Use “As Improved”:**

The Subject property currently operates as a mixed income property in average condition. The property currently generates positive income and it is not deemed feasible to tear it down for an alternative use. Therefore, the highest and best use of the site, as improved, would be to continue to operate as a mixed income multifamily housing development.

# **APPRAISAL METHODOLOGY**

## **APPRAISAL METHODOLOGY**

Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities.

## **APPLICABILITY TO THE SUBJECT PROPERTY**

The employment of the Cost Approach in the valuation process is based on the principle of substitution. Investors in the marketplace do not typically rely upon the cost approach. As a result, the cost approach is considered to have only limited use in the valuation of the Subject property. However, we have provided an estimate of land value.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk, and alternative investment possibilities. Because the Subject will be an income producing property, this is considered to be the best method of valuation. A direct capitalization technique is utilized.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use both the EGIM and NOI/Unit analyses in valuing the Subject property.

## **COST APPROACH**

## **COST APPROACH**

The employment of the Cost Approach in the valuation process estimates the replacement cost of improvements, less depreciation from all causes, which is then added to the land value. As discussed, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property. This is primarily attributed to the age and condition of the improvements, and the attendant difficulty in accurately estimating accrued physical depreciation. For these reasons, the Cost Approach has not been presented in this report. However, an indication of land value is a component of this engagement.

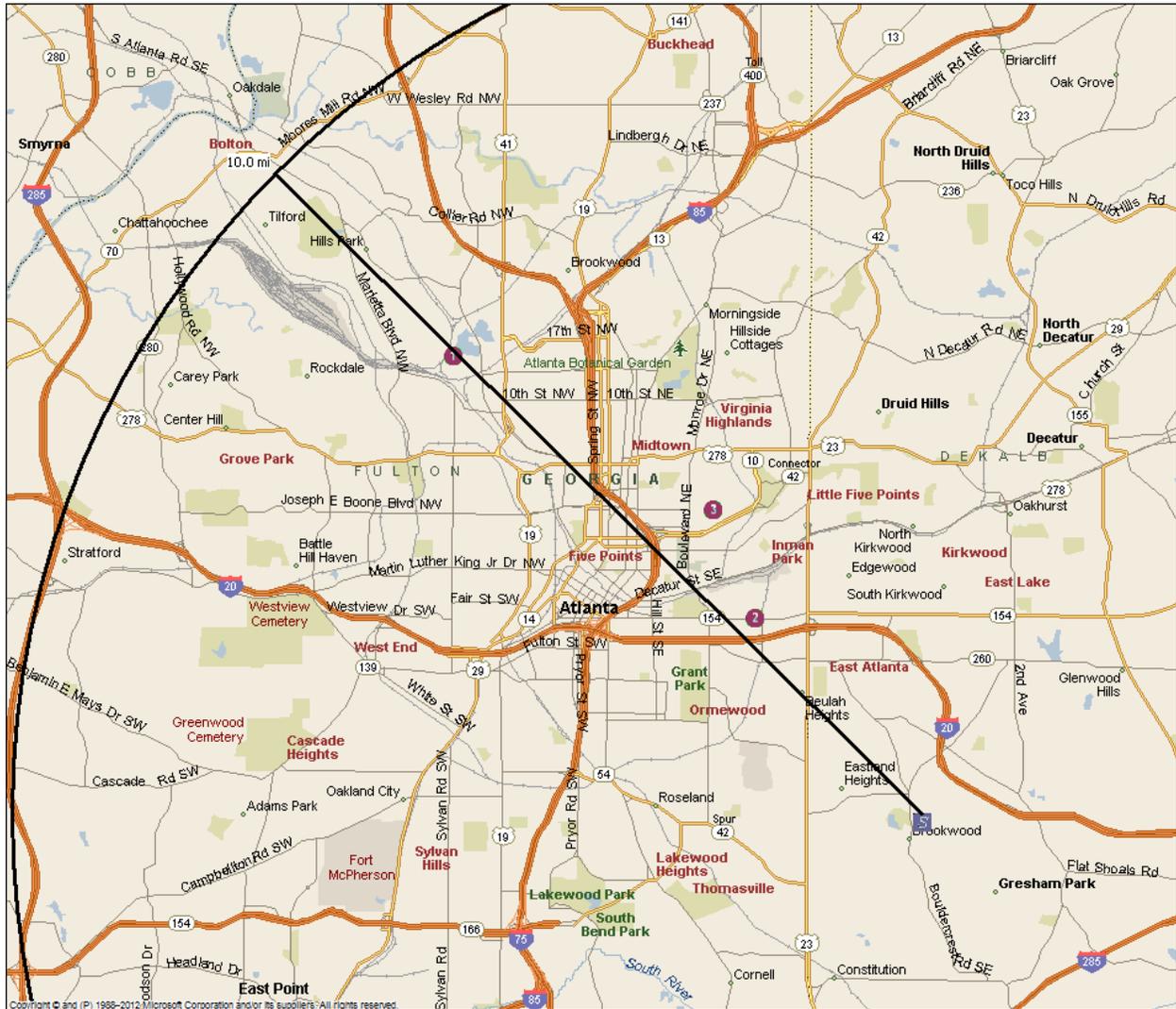
## **LAND VALUATION**

To arrive at an opinion of land value for the Subject site, we have analyzed actual sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the region was made. We were able to locate three land sales occurring between October 2014 and August 2015.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders, and lending institutions. A map of the comparable land sales is included on the following page. Individual descriptions of these land sale transactions are included on the following pages.

We have valued the land assuming that it is vacant without restrictions on use beyond zoning and physical constraints.

Land Sales Map



The following table summarizes the land sale transactions.

COMPARABLE LAND SALES							
Number	Location	City	Sale Date	Price	Acres	Units	Price/Unit
1	903 Huff Road NW	Atlanta, GA 30318	Aug-15	\$4,653,000	5.37	282	\$16,500
2	841 Memorial Drive	Atlanta, GA 30312	Nov-14	\$925,000	1.14	80	\$11,563
3	608 Ralph McGill Blvd	Atlanta, GA 30312	Oct-14	\$5,500,000	2.44	268	\$20,522

**Land Sale 1**

**Location:** 903 Huff Road NW  
Atlanta, GA 30318



**Buyer:** WSE Property Management LLC  
**Seller:** Siskin Steel & Supply Co.  
**Sale Date:** August-15  
**Sale Price:** \$4,653,000  
**Financing:** Cash

**Number of Units:** 282  
**Site:** Acre(s) 5.370  
 Square Footage 233,917  
**Zoning** Multifamily  
**Corner** No  
**Topography** Level  
**Shape** Irregular

**Sale Price:** Per Unit \$16,500  
 Per Acre \$866,480  
 Per SF \$19.89

**Comments:**  
 The site is the former Georgia Steel facility, the improvements were demolished in 2010. A 282 market rate apartment complex is proposed for the site.

**Verification:** CoStar, Public Records

**Land Sale 2**

**Location:** 841 Memorial Drive  
Atlanta, GA 30312



**Buyer:** 841 Mem Drive Holdings LLC  
**Seller:** RES-GA Memorial LLC  
**Sale Date:** November-14  
**Sale Price:** \$925,000  
**Financing:** Cash

**Number of Units:** 80  
**Site:** Acre(s) 1.140  
 Square Footage 49,658  
**Zoning** Multifamily  
**Corner** Yes  
**Topography** Level  
**Shape** Irregular

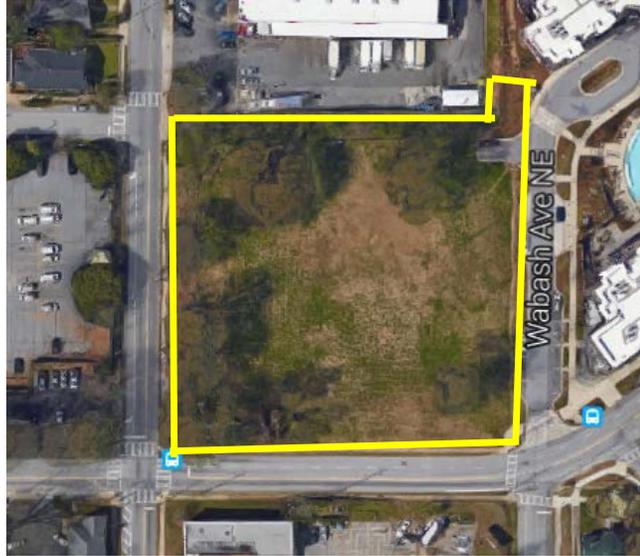
**Sale Price:** Per Unit \$11,563  
 Per Acre \$811,404  
 Per SF \$18.63

**Comments:**  
 The site is currently under construction of the Alexan 1133 Apartments which will contain 167 units in a five-story midrise-style building. The apartment complex is set to be complete in late 2015 or early 2016. The rents will range from \$1,600 to \$1,800 per month and the average unit size will be 875 square feet.

**Verification:** CoStar, Public Records

**Land Sale 3**

**Location:** 608 Ralph McGill Blvd  
Atlanta, GA



**Buyer:** JLB Partners, LP  
**Seller:** Inland Real Estate Corporation  
**Sale Date:** October-14  
**Sale Price:** \$5,500,000  
**Financing:** Cash

**Number of Units:** 268  
**Site:** Acre(s) 2.440  
 Square Footage 106,286  
**Zoning** Multifamily  
**Corner** Yes  
**Topography** Level  
**Shape** Rectangular

**Sale Price:** Per Unit \$20,522  
 Per Acre \$2,254,098  
 Per SF \$51.75

**Comments:**  
 The site is currently vacant, but the developer has filed permits with the city for a new 268-unit upscale apartment complex. The development as planned will be a mix of studio, one, two, and three-bedroom units.

**Verification:** CoStar, Public Records

**ADJUSTMENTS**

The following table illustrates adjustments applied to the sale comparables.

<b>Comparable Land Data Adjustment Grid</b>				
	Subject	1	2	3
Location	1504 Bouldercrest SE	903 Huff Road NW	841 Memorial Drive	608 Ralph McGill Blvd
City, State	Atlanta, GA 30316	Atlanta, GA 30318	Atlanta, GA 30312	Atlanta, GA 30312
Parcel Data				
Zoning	Multifamily	Multifamily	Multifamily	Multifamily
Topography	Level	Level	Level	Level
Shape	Rectangular	Irregular	Irregular	Irregular
Corner	Yes	No	Yes	Yes
Size (SF)	630,313	233,917	49,658	106,286
Size (Acres)	14.5	5.4	1.1	2.4
Units	174	282	80	268
Units Per Acre	12.0	52.5	70.2	109.8
Sales Data				
Date		Aug-15	Nov-14	Oct-14
Interest		Fee Simple	Fee Simple	Fee Simple
Price		\$4,653,000	\$925,000	\$5,500,000
Price per Unit		\$16,500	\$11,563	\$20,522
Adjustments				
Property Rights		0	0	0
		\$4,653,000	\$925,000	\$5,500,000
Financing		0	0	0
		\$4,653,000	\$925,000	\$5,500,000
Conditions of Sale		0	0	0
		\$4,653,000	\$925,000	\$5,500,000
Market Conditions		0.0%	0.0%	0.0%
Adjusted Sale Price		\$4,653,000	\$925,000	\$5,500,000
Adjusted Price Per Unit		\$16,500	\$11,563	\$20,522
Adjustments				
Location		-10%	-10%	-10%
Zoning/Density		-10%	-10%	-25%
Topography		0%	0%	0%
Shape		0%	0%	0%
Size		0%	0%	0%
Overall Adjustment		-20%	-20%	-35%
Adjusted Price Per Unit		\$13,200	\$9,250	\$13,340
Low		\$9,250		
High		\$13,340		
Mean		\$11,930		
Median		\$13,200		
Conclusion		\$12,000 x	174	\$2,088,000
Rounded				\$2,090,000

As illustrated, adjustments have been made based on price differences created by the following factors:

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning/Use**
- **Site Restrictions**
- **Topography**
- **Site Characteristics**
- **Size / Number of Units**

### Property Rights

We are valuing the fee simple interest in the land and all of the sales are fee simple interest; therefore, no adjustments are warranted.

### Financing

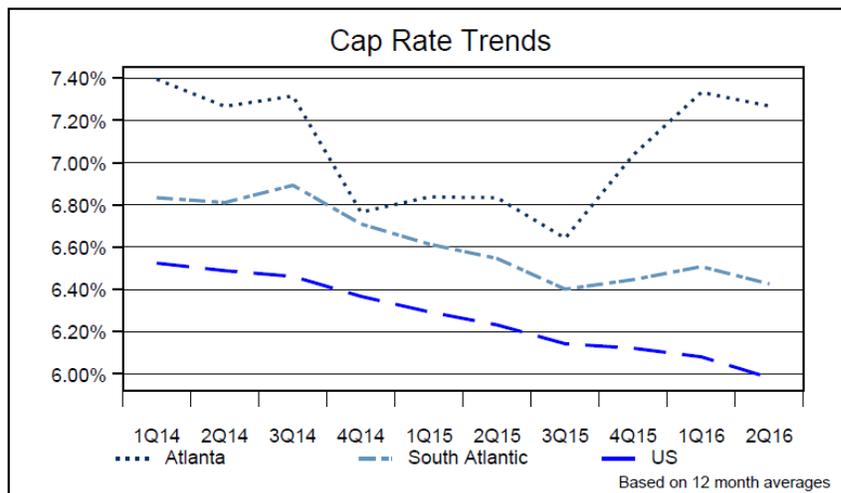
The sales were cash transactions; therefore, no adjustment is necessary.

### Conditions of Sale

No unusual conditions existed or are known; therefore, no adjustment is necessary.

### Market Conditions

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated. We have analyzed the changes in market conditions of multifamily rental property values. The following graph details capitalization trends in the Atlanta market, according to REIS.



Source: REIS, retrieved 8/2016

As illustrated above, capitalization rates in the Atlanta market changed slightly in 2015 due to market perceptions; however, are similar to the 2014 data. Thus, we do not believe an adjustment for market conditions is warranted.

### Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have compared median household incomes, median gross rents, and median home values in the Subject and comparable zip codes in order to determine appropriate adjustments for location.

#### MEDIAN GROSS RENT

Property	Zip Code	Median Gross Rent	Differential With Subject Site
Subject	30316	\$896	-
Comp 1	30318	\$968	-7.4%
Comp 2	30312	\$929	-3.6%
Comp 3	30312	\$929	-3.6%

Source: City-data.com, 8/2016

#### MEDIAN HOME VALUE

Property	Zip Code	Median Home Value	Differential With Subject Site
Subject	30316	\$169,900	-
Comp 1	30318	\$174,800	12%
Comp 2	30312	\$189,400	13%
Comp 3	30312	\$189,400	13%

Source: City-data.com, 8/2016

#### MEDIAN HOUSEHOLD INCOME

Property	Zip Code	Median HH Income	Differential With Subject Site
Subject	30316	\$44,129	-
Comp 1	30318	\$39,421	-3%
Comp 2	30312	\$39,105	-10%
Comp 3	30312	\$39,105	-10%

Source: City-data.com, 8/2016

As indicated above, all the Sales offer slightly superior locations based on median gross rent and median home value relative to the Subject. Further, we also believe that all the Sales have superior proximity/access to interstates. As such, we have made downward 10 percent adjustments to the Sales.

### Zoning / Density

All of the comparable sites allow for multifamily development; thus no adjustments are made for zoning. In general, an upward adjustment is typically warranted for sites with inferior allowable density, and a downward adjustment is warranted for sites with superior allowable density. The

Subject site could be developed to a density of approximately 12.0 units per acre. All the Sales have densities significantly higher than that of the Subject, and all Sales received downward adjustments of 10 to 25 percent.

**Topography**

The land sales vary in topography, but are generally level and appear to be functional. As such, no adjustments are necessary.

**Shape/Access/Visibility**

Site characteristics such as access, frontage, visibility, and shape can affect the marketability of sites, making them more or less attractive to investors. The Subject has a generally similar shape, access and visibility to the Sales. As such, no adjustments are necessary.

**Size/Number of Units**

With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. In urban markets in Atlanta, it is often difficult to discern a size adjustment, as there is a large pool of institutional purchasers that will often pay a premium for a site that will support more units as opposed to fewer units. Accordingly, no adjustments for size are deemed necessary.

**CONCLUSION**

The comparables indicate a range of adjusted prices from \$9,250 to \$13,340 per unit. The mean and the median are \$11,930 and \$13,200 per unit, respectively. We have given reliance to all three Sales. Overall, we have concluded to a value of \$12,000 per unit, or \$2,090,000 for the land that will support the 174 units.

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the fee simple value of the underlying land in fee simple, as of August 16, 2016, is:

**TWO MILLION NINETY THOUSAND DOLLARS  
(\$2,090,000)**

## **INCOME CAPITALIZATION APPROACH**

## INCOME CAPITALIZATION APPROACH

### INTRODUCTION

We were asked to provide several value estimates, including:

- Market Value “As Is.”
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Restricted Rents.
- Hypothetical Market Value “As Complete and Stabilized” – Assuming Unrestricted Rents.
- Prospective Market Value at Loan Maturity Assuming Restricted Rents.
- Prospective Market Value at Loan Maturity Assuming Unrestricted Rents.

The market values “upon completion and stabilization” are prospective value estimates based upon the anticipated benefits and timing of encumbrances and the development plan as proposed by the developer, as described in the “Description of Improvements” section of this report. *Please see attached assumptions and limiting conditions for additional remarks concerning hypothetical value estimates.*

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property’s market value is derived via the capitalization of these future income streams.

**POTENTIAL GROSS INCOME**

In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject's potential rental income assuming both restricted rents and market rents is based upon the As Restricted and As Unrestricted as derived in the Supply Section of this report and are calculated as follows. *It is an extraordinary assumption that the existing and proposed Section 8 HAP contracts rents would mark up to market.*

<b>POTENTIAL GROSS RENTAL INCOME - AS IS</b>				
<b>Unit Type</b>	<b># of Units</b>	<b>Achievable Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
<i>Section 8*</i>				
1BR/1BA	16	\$700	\$11,200	\$134,400
2BR/1BA	144	\$850	\$122,400	\$1,468,800
<i>Unrestricted</i>				
1BR/1BA	14	\$700	\$9,800	\$117,600
2BR/1BA	2	\$850	\$1,700	\$20,400
<b>Total</b>	<b>176</b>			<b>\$1,741,200</b>

\*HAP contract rent assumes a mark up to market

<b>POTENTIAL GROSS RENTAL INCOME - AS RENOVATED RESTRICTED</b>				
<b>Unit Type</b>	<b># of Units</b>	<b>Proposed Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
<i>60% AMI (Section 8)*</i>				
1BR/1BA	16	\$850	\$13,600	\$163,200
2BR/1BA	144	\$1,000	\$144,000	\$1,728,000
<i>60% AMI</i>				
1BR/1BA	14	\$659	\$9,226	\$110,712
2BR/1BA	2	\$790	\$1,580	\$18,960
<b>Total</b>	<b>176</b>			<b>\$2,020,872</b>

\*HAP contract rent assumes a mark up to market

<b>POTENTIAL GROSS RENTAL INCOME - AS RENOVATED UNRESTRICTED</b>				
<b>Unit Type</b>	<b># of Units</b>	<b>Achievable Market Rents</b>	<b>Monthly Gross Rent</b>	<b>Annual Gross Rent</b>
1BR/1BA	30	\$850	\$25,500	\$306,000
2BR/1BA	146	\$1,000	\$146,000	\$1,752,000
<b>Total</b>	<b>176</b>			<b>\$2,058,000</b>

### **Other Income**

The other income category is primarily revenue generated from interest income, late charges, special service fees, vending machines, etc. The comparables reported other income, ranging from \$13 to \$2,876 per unit, excluding the high outlier the range is \$13 to \$407 per unit. The Subject's historical other income has ranged from \$17 to \$67 per unit. The developer's budget other income is \$36. We will conclude to other income of \$50 per unit, which is within the range of the comparables and historicals, but slightly above the developer's proposed budget.

### **Vacancy and Collection Loss**

The vacancy rates in the market are generally stable. As indicated in the supply analysis, we have concluded to a vacancy and collections loss rate of 4.0 percent for the restricted scenarios and 5.0 percent for the unrestricted scenario.

### **EXPLANATION OF EXPENSES**

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. Historical operating expenses of comparable properties were relied upon in estimating the Subject's operating expenses. The comparable data can be found on the following pages.

It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted. The Subject currently offers 176 units targeting households of all age, which will remain the same post renovation. We have utilized the Subject's historical 2014 and 2015 financial, as well as the current 2016 year-to date financials which have been annualized. Additionally, comparable operating expense data from 2014 was collected from properties located in Atlanta, East Point, and Lithonia to serve as a comparison for the Subject's proposed operating budget.

**Paradise East Apartments, Atlanta, GA; Appraisal**

EXPENSE CATEGORY	Novogradac Estimates As Is Atlanta, GA		Novogradac Estimates As Renovated Restricted Atlanta, GA		Novogradac Estimates As Renovated Unrestricted Atlanta, GA		SUBJECT AS RENOVATED BUDGETED EXPENSES Atlanta, GA		2016 (annualized) SUBJECT ACTUAL EXPENSES Atlanta, GA		2015 SUBJECT ACTUAL EXPENSES Atlanta, GA		2014 SUBJECT ACTUAL EXPENSES Atlanta, GA	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>OTHER INCOME</b>	\$8,800	\$50	\$8,800	\$50	\$8,800	\$50	\$6,336	\$36	\$11,877	\$67	\$2,975	\$17	\$6,323	\$36
<b>MARKETING</b>														
Advertising / Screening / Credit	\$4,400	\$25	\$4,400	\$25	\$4,400	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$4,400</b>	<b>\$25</b>	<b>\$4,400</b>	<b>\$25</b>	<b>\$4,400</b>	<b>\$25</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>ADMINISTRATION</b>														
Legal	\$3,520	\$20	\$3,520	\$20	\$3,520	\$20	\$7,100	\$40	\$0	\$0	\$4,049	\$23	\$3,526	\$20
Audit	\$6,160	\$35	\$6,160	\$35	\$3,520	\$20	\$0	\$0	\$0	\$0	\$12,369	\$70	\$7,800	\$44
Office & Other	\$45,760	\$260	\$45,760	\$260	\$43,120	\$245	\$52,800	\$300	\$0	\$0	\$39,369	\$224	\$58,926	\$335
<b>SUBTOTAL</b>	<b>\$55,440</b>	<b>\$315</b>	<b>\$55,440</b>	<b>\$315</b>	<b>\$50,160</b>	<b>\$285</b>	<b>\$59,900</b>	<b>\$340</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,787</b>	<b>\$317</b>	<b>\$70,252</b>	<b>\$399</b>
<b>TOTAL ADMINISTRATION</b>	<b>\$59,840</b>	<b>\$340</b>	<b>\$59,840</b>	<b>\$340</b>	<b>\$54,560</b>	<b>\$310</b>	<b>\$59,900</b>	<b>\$340</b>	<b>\$58,530</b>	<b>\$333</b>	<b>\$55,787</b>	<b>\$317</b>	<b>\$70,252</b>	<b>\$399</b>
<b>MAINTENANCE</b>														
Painting / Turnover / Cleaning	\$8,800	\$50	\$9,680	\$55	\$9,680	\$55	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repairs	\$8,800	\$50	\$7,040	\$40	\$7,040	\$40	\$0	\$0	\$0	\$0	\$15,080	\$86	\$6,557	\$37
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies/Other	\$23,760	\$135	\$22,000	\$125	\$22,000	\$125	\$114,400	\$650	\$0	\$0	\$27,493	\$156	\$22,553	\$128
<b>SUBTOTAL</b>	<b>\$41,360</b>	<b>\$235</b>	<b>\$38,720</b>	<b>\$220</b>	<b>\$38,720</b>	<b>\$220</b>	<b>\$114,400</b>	<b>\$650</b>	<b>\$51,318</b>	<b>\$292</b>	<b>\$42,573</b>	<b>\$242</b>	<b>\$29,110</b>	<b>\$165</b>
<b>OPERATING</b>														
Contracts	\$103,840	\$590	\$62,480	\$355	\$62,480	\$355	\$0	\$0	\$0	\$0	\$143,812	\$817	\$113,863	\$647
Exterminating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security	\$59,840	\$340	\$57,200	\$325	\$57,200	\$325	\$35,200	\$200	\$0	\$0	\$53,460	\$304	\$73,535	\$418
<b>SUBTOTAL</b>	<b>\$163,680</b>	<b>\$930</b>	<b>\$119,680</b>	<b>\$680</b>	<b>\$119,680</b>	<b>\$680</b>	<b>\$35,200</b>	<b>\$200</b>	<b>\$98,097</b>	<b>\$557</b>	<b>\$197,272</b>	<b>\$1,121</b>	<b>\$187,398</b>	<b>\$1,065</b>
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$205,040</b>	<b>\$1,165</b>	<b>\$158,400</b>	<b>\$900</b>	<b>\$158,400</b>	<b>\$900</b>	<b>\$149,600</b>	<b>\$850</b>	<b>\$149,415</b>	<b>\$849</b>	<b>\$239,845</b>	<b>\$1,363</b>	<b>\$216,508</b>	<b>\$1,230</b>
<b>PAYROLL</b>														
On-site manager	\$90,000	\$511	\$90,000	\$511	\$90,000	\$511	\$239,360	\$1,360	\$0	\$0	\$25,200	\$143	\$51,628	\$293
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,807	\$238	\$0	\$0
Maintenance staff	\$60,000	\$341	\$60,000	\$341	\$60,000	\$341	\$0	\$0	\$0	\$0	\$94,220	\$535	\$101,506	\$577
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$15,000	\$85	\$15,000	\$85	\$15,000	\$85	\$0	\$0	\$0	\$0	\$25,538	\$145	\$14,841	\$84
Payroll taxes	\$18,000	\$102	\$18,000	\$102	\$18,000	\$102	\$0	\$0	\$0	\$0	\$11,093	\$63	\$8,986	\$51
<b>SUBTOTAL</b>	<b>\$183,000</b>	<b>\$1,040</b>	<b>\$183,000</b>	<b>\$1,040</b>	<b>\$183,000</b>	<b>\$1,040</b>	<b>\$239,360</b>	<b>\$1,360</b>	<b>\$240,084</b>	<b>\$1,364</b>	<b>\$197,858</b>	<b>\$1,124</b>	<b>\$176,961</b>	<b>\$1,005</b>
<b>UTILITIES</b>														
Water & Sewer	\$133,760	\$760	\$123,200	\$700	\$123,200	\$700	\$132,504	\$753	\$0	\$0	\$130,998	\$744	\$138,981	\$790
Electricity	\$57,200	\$325	\$52,800	\$300	\$52,800	\$300	\$60,000	\$341	\$0	\$0	\$58,496	\$332	\$61,824	\$351
Gas	\$6,160	\$35	\$5,280	\$30	\$5,280	\$30	\$6,000	\$34	\$0	\$0	\$6,200	\$35	\$5,784	\$33
Cable Television	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trash	\$31,680	\$180	\$29,920	\$170	\$29,920	\$170	\$33,000	\$188	\$0	\$0	\$31,634	\$180	\$31,804	\$181
<b>SUBTOTAL</b>	<b>\$228,800</b>	<b>\$1,300</b>	<b>\$211,200</b>	<b>\$1,200</b>	<b>\$211,200</b>	<b>\$1,200</b>	<b>\$231,504</b>	<b>\$1,315</b>	<b>\$328,518</b>	<b>\$1,867</b>	<b>\$227,328</b>	<b>\$1,292</b>	<b>\$238,393</b>	<b>\$1,355</b>
<b>MISCELLANEOUS</b>														
Insurance	\$52,800	\$300	\$61,600	\$350	\$61,600	\$350	\$51,979	\$295	\$32,913	\$187	\$69,228	\$393	\$57,216	\$325
Real Estate Taxes / PILOT	\$102,022	\$580	\$219,740	\$1,249	\$235,435	\$1,338	\$154,726	\$879	\$109,779	\$624	\$104,552	\$594	\$76,401	\$434
Reserves	\$61,600	\$350	\$52,800	\$300	\$52,800	\$300	\$61,600	\$350	\$0	\$0	\$0	\$0	\$0	\$0
Supportive Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$216,422</b>	<b>\$1,230</b>	<b>\$334,140</b>	<b>\$1,899</b>	<b>\$349,835</b>	<b>\$1,988</b>	<b>\$268,305</b>	<b>\$1,524</b>	<b>\$142,692</b>	<b>\$811</b>	<b>\$173,780</b>	<b>\$987</b>	<b>\$133,617</b>	<b>\$759</b>
<b>MANAGEMENT</b>														
<b>SUBTOTAL</b>	<b>\$84,000</b>	<b>\$477</b>	<b>\$97,424</b>	<b>\$554</b>	<b>\$78,538</b>	<b>\$446</b>	<b>\$75,514</b>	<b>\$429</b>	<b>\$66,425</b>	<b>\$377</b>	<b>\$74,189</b>	<b>\$422</b>	<b>\$72,888</b>	<b>\$414</b>
<b>TOTAL EXPENSES</b>	<b>\$977,102</b>	<b>\$5,552</b>	<b>\$1,044,004</b>	<b>\$5,932</b>	<b>\$1,035,534</b>	<b>\$5,884</b>	<b>\$1,024,183</b>	<b>\$5,819</b>	<b>\$985,664</b>	<b>\$5,600</b>	<b>\$968,787</b>	<b>\$5,504</b>	<b>\$908,619</b>	<b>\$5,163</b>

**Paradise East Apartments, Atlanta, GA; Appraisal**

EXPENSE CATEGORY	Novogradac Estimates As Is Atlanta, GA		Novogradac Estimates As Renovated Restricted Atlanta, GA		Novogradac Estimates As Renovated Unrestricted Atlanta, GA		2014 CONFIDENTIAL ACTUAL EXPENSES Lithonia, GA		2014 CONFIDENTIAL ACTUAL EXPENSES Atlanta, GA		2014 CONFIDENTIAL ACTUAL EXPENSES Atlanta, GA		2014 CONFIDENTIAL ACTUAL EXPENSES East Point, GA	
	176		176		176		120		171		60		276	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
<b>OTHER INCOME</b>	\$8,800	\$50	\$8,800	\$50	\$8,800	\$50	\$48,826	\$407	\$2,279	\$13	\$172,569	\$2,876	\$99,115	\$359
<b>MARKETING</b>														
Advertising / Screening / Credit	\$4,400	\$25	\$4,400	\$25	\$4,400	\$25	\$10,010	\$83	\$10,427	\$61	\$0	\$0	\$10,500	\$38
<b>SUBTOTAL</b>	<b>\$4,400</b>	<b>\$25</b>	<b>\$4,400</b>	<b>\$25</b>	<b>\$4,400</b>	<b>\$25</b>	<b>\$10,010</b>	<b>\$83</b>	<b>\$10,427</b>	<b>\$61</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,500</b>	<b>\$38</b>
<b>ADMINISTRATION</b>														
Legal	\$4,400	\$25	\$4,400	\$25	\$3,520	\$20	\$10,100	\$84	\$5,080	\$30	\$2,872	\$48	\$31,552	\$114
Audit	\$7,040	\$40	\$7,040	\$40	\$3,520	\$20	\$6,000	\$50	\$8,757	\$51	\$3,834	\$64	\$2,849	\$10
Office & Other	\$45,760	\$260	\$45,760	\$260	\$44,000	\$250	\$18,535	\$154	\$161,281	\$943	\$44,181	\$736	\$188,495	\$683
<b>SUBTOTAL</b>	<b>\$57,200</b>	<b>\$325</b>	<b>\$57,200</b>	<b>\$325</b>	<b>\$51,040</b>	<b>\$290</b>	<b>\$34,635</b>	<b>\$289</b>	<b>\$175,118</b>	<b>\$1,024</b>	<b>\$50,887</b>	<b>\$848</b>	<b>\$222,896</b>	<b>\$808</b>
<b>TOTAL ADMINISTRATION</b>	<b>\$61,600</b>	<b>\$350</b>	<b>\$61,600</b>	<b>\$350</b>	<b>\$55,440</b>	<b>\$315</b>	<b>\$44,645</b>	<b>\$372</b>	<b>\$185,545</b>	<b>\$1,085</b>	<b>\$50,887</b>	<b>\$848</b>	<b>\$233,396</b>	<b>\$846</b>
<b>MAINTENANCE</b>														
Painting / Turnover / Cleaning	\$9,680	\$55	\$9,680	\$55	\$9,680	\$55	\$22,784	\$190	\$24,930	\$146	\$0	\$0	\$0	\$0
Repairs	\$9,680	\$55	\$7,040	\$40	\$7,040	\$40	\$26,959	\$225	\$59,693	\$349	\$333	\$6	\$55,321	\$200
Elevator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grounds	\$0	\$0	\$0	\$0	\$0	\$0	\$16,131	\$134	\$12,262	\$72	\$11,110	\$185	\$102	\$0
Pool	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,757	\$10	\$0	\$0	\$0	\$0
Supplies/Other	\$24,640	\$140	\$22,000	\$125	\$22,000	\$125	\$0	\$0	\$7,666	\$45	\$9,318	\$155	\$105,542	\$382
<b>SUBTOTAL</b>	<b>\$44,000</b>	<b>\$250</b>	<b>\$38,720</b>	<b>\$220</b>	<b>\$38,720</b>	<b>\$220</b>	<b>\$65,874</b>	<b>\$549</b>	<b>\$106,308</b>	<b>\$622</b>	<b>\$20,761</b>	<b>\$346</b>	<b>\$160,965</b>	<b>\$583</b>
<b>OPERATING</b>														
Contracts	\$105,600	\$600	\$62,480	\$355	\$62,480	\$355	\$0	\$0	\$14,400	\$84	\$0	\$0	\$0	\$0
Exterminating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,604	\$15	\$539	\$9	\$0	\$0
Security	\$61,600	\$350	\$57,200	\$325	\$57,200	\$325	\$0	\$0	\$21,721	\$127	\$543	\$9	\$0	\$0
<b>SUBTOTAL</b>	<b>\$167,200</b>	<b>\$950</b>	<b>\$119,680</b>	<b>\$680</b>	<b>\$119,680</b>	<b>\$680</b>	<b>\$0</b>	<b>\$0</b>	<b>\$38,725</b>	<b>\$226</b>	<b>\$1,082</b>	<b>\$18</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL MAINTENANCE AND OPERATING</b>	<b>\$211,200</b>	<b>\$1,200</b>	<b>\$158,400</b>	<b>\$900</b>	<b>\$158,400</b>	<b>\$900</b>	<b>\$65,874</b>	<b>\$549</b>	<b>\$145,033</b>	<b>\$848</b>	<b>\$21,843</b>	<b>\$364</b>	<b>\$160,965</b>	<b>\$583</b>
<b>PAYROLL</b>														
On-site manager	\$90,000	\$511	\$90,000	\$511	\$90,000	\$511	\$36,754	\$306	\$129,016	\$754	\$27,971	\$466	\$111,062	\$402
Other management staff	\$0	\$0	\$0	\$0	\$0	\$0	\$48,520	\$404	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance staff	\$60,000	\$341	\$60,000	\$341	\$60,000	\$341	\$36,413	\$303	\$79,549	\$465	\$12,159	\$203	\$108,276	\$392
Janitorial staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	\$15,000	\$85	\$15,000	\$85	\$15,000	\$85	\$19,416	\$162	\$0	\$0	\$6,442	\$107	\$0	\$0
Payroll taxes	\$18,000	\$102	\$18,000	\$102	\$18,000	\$102	\$10,140	\$85	\$0	\$0	\$2,055	\$34	\$78,074	\$283
<b>SUBTOTAL</b>	<b>\$183,000</b>	<b>\$1,040</b>	<b>\$183,000</b>	<b>\$1,040</b>	<b>\$183,000</b>	<b>\$1,040</b>	<b>\$151,243</b>	<b>\$1,260</b>	<b>\$208,565</b>	<b>\$1,220</b>	<b>\$48,627</b>	<b>\$810</b>	<b>\$297,412</b>	<b>\$1,078</b>
<b>UTILITIES</b>														
Water & Sewer	\$133,760	\$760	\$123,200	\$700	\$123,200	\$700	\$95,413	\$795	\$246,860	\$1,444	\$64,600	\$1,077	\$30,563	\$111
Electricity	\$57,200	\$325	\$52,800	\$300	\$52,800	\$300	\$32,093	\$267	\$64,814	\$379	\$9,814	\$164	\$56,933	\$206
Gas	\$6,160	\$35	\$5,280	\$30	\$5,280	\$30	\$0	\$0	\$26,877	\$157	\$3,056	\$51	\$16,724	\$61
Cable Television	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trash	\$31,680	\$180	\$29,920	\$170	\$29,920	\$170	\$14,416	\$120	\$0	\$0	\$19,770	\$330	\$0	\$0
<b>SUBTOTAL</b>	<b>\$228,800</b>	<b>\$1,300</b>	<b>\$211,200</b>	<b>\$1,200</b>	<b>\$211,200</b>	<b>\$1,200</b>	<b>\$141,922</b>	<b>\$1,183</b>	<b>\$338,551</b>	<b>\$1,980</b>	<b>\$97,240</b>	<b>\$1,621</b>	<b>\$104,220</b>	<b>\$378</b>
<b>MISCELLANEOUS</b>														
Insurance	\$52,800	\$300	\$61,600	\$350	\$61,600	\$350	\$37,802	\$315	\$42,909	\$251	\$19,422	\$324	\$49,980	\$181
Real Estate Taxes / PILOT	\$102,022	\$580	\$211,892	\$1,204	\$227,587	\$1,293	\$75,451	\$629	\$61,036	\$357	\$14,442	\$241	\$386,771	\$1,401
Reserves	\$61,600	\$350	\$52,800	\$300	\$52,800	\$300	\$42,000	\$350	\$0	\$350	\$0	\$350	\$0	\$300
Supportive Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL</b>	<b>\$216,422</b>	<b>\$1,230</b>	<b>\$326,292</b>	<b>\$1,854</b>	<b>\$341,987</b>	<b>\$1,943</b>	<b>\$155,253</b>	<b>\$1,294</b>	<b>\$103,945</b>	<b>\$608</b>	<b>\$33,864</b>	<b>\$564</b>	<b>\$436,751</b>	<b>\$1,582</b>
<b>MANAGEMENT</b>														
<b>SUBTOTAL</b>	<b>\$84,000</b>	<b>\$477</b>	<b>\$97,424</b>	<b>\$554</b>	<b>\$78,538</b>	<b>\$446</b>	<b>\$56,181</b>	<b>\$468</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,064</b>	<b>\$551</b>	<b>\$86,715</b>	<b>\$314</b>
<b>TOTAL EXPENSES</b>	<b>\$985,022</b>	<b>\$5,597</b>	<b>\$1,037,916</b>	<b>\$5,897</b>	<b>\$1,028,566</b>	<b>\$5,844</b>	<b>\$615,118</b>	<b>\$5,126</b>	<b>\$981,639</b>	<b>\$5,741</b>	<b>\$285,525</b>	<b>\$4,759</b>	<b>\$1,319,459</b>	<b>\$4,781</b>

### General Administrative

This category includes all professional fees for items such as legal, accounting, and marketing expenses, as well as office supplies and general and administrative costs. The Subject's historical administrative expenses range from \$317 to \$399 per unit. The developer's budget indicates a general administrative expense of \$340 per unit. The comparable expense data ranges from \$372 to \$1,085 per unit. We have concluded to \$340 per unit for the restricted scenario and \$310 per unit for the unrestricted scenario. According to a Novogradac & Company LLP comprehensive analysis of national 2013 operating expense data (Multifamily Rental Housing Operating Expense Report, 2015), it costs on average approximately 10 percent more per unit for administrative costs for low income housing tax credit property nationally than it does for a market-rate property.

### Repairs, Maintenance, and Operating

Included in this expense are normal items of repair including roof, painting, decorating, maintenance of public areas, cleaning, etc. The Subject's historical maintenance and operating expenses range from \$849 to \$1,363 per unit. The developer's budgeted expense is \$850 per unit. The comparable expense data ranges from \$364 to \$848 per unit. We have concluded to an expense of \$1,200 per unit for as is scenario, which is within the historical range. Due to the renovation of the Subject, we estimated maintenance expenses to be lower in the as renovated scenario. As such, we estimate the maintenance and repair expense to be just within the range of the historical data and within the range of the comparable data at \$900 per unit, given the extent of the renovations proposed for the Subject.

### Payroll

Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category. The Subject's historical payroll expenses range from \$1,005 to \$1,364 per unit, with an average of \$1,165. The developer has estimated a payroll expense of \$1,364 per unit. The comparable expense data ranges from \$810 to \$1,260 per unit, with an average of \$1,092. We estimate two full-time office staff and one full-time and one part-time maintenance staff for the Subject. The following table illustrates Novoco's staffing plan for the Subject.

<b>PAYROLL EXPENSE CALCULATION - AS IS</b>		
	<b>Expense</b>	<b>Per Unit</b>
Manager's Salary (Two people)	\$90,000	\$511
Maintenance Salary (1.5 people)	\$60,000	\$341
Benefits (\$5,000 per FTE)	\$15,000	\$85
Payroll Taxes (estimated at 12%)	\$18,000	\$102
<b>Total Annual Payroll</b>	<b>\$183,000</b>	<b>\$1,040</b>

<b>PAYROLL EXPENSE CALCULATION - AS RENOVATED</b>		
	<b>Expense</b>	<b>Per Unit</b>
Manager's Salary (Two people)	\$90,000	\$511
Maintenance Salary (1.5 people)	\$60,000	\$341
Benefits (\$5,000 per FTE)	\$15,000	\$85
Payroll Taxes (estimated at 12%)	\$18,000	\$102
<b>Total Annual Payroll</b>	<b>\$183,000</b>	<b>\$1,040</b>

### Utilities

The landlord will be responsible for trash collection and common area utilities. The Subject's historical utility expenses range from \$1,292 to \$1,867 per unit, with an average of \$1,504 per unit. The Subject's budgeted utility expense is \$1,315 per unit. Comparable operating expenses indicate a range of \$378 to \$1,980 per unit. Due to the fact that properties often vary in terms of utility responsibilities, comparisons are difficult. Per GA DCA guidelines, we have relied on the City of Atlanta Utility Allowance Schedule to determine the Subject's utility expense as the Subject is located the city of Atlanta.

#### UTILITY ALLOWANCES

Utility	Paid By	One-bedroom	Two-bedroom
Utilities-Electricity	Tenant	\$39	\$48
Utilities-Gas Heating	Tenant	\$15	\$17
Utilities-Air Conditioning	Tenant	\$18	\$30
Utilities-Gas Cooking	Tenant	\$5	\$6
Utilities-Gas Hot Water	Tenant	\$9	\$13
Utilities-Water and Sewer Services	Landlord	\$75	\$117
Utilities-Trash Collection	Landlord		
<b>Total Utility Allowance</b>		<b>\$161</b>	<b>\$231</b>
Total Tenant Paid Utilities		\$86	\$114

Source: Atlanta Housing Authority, effective 7/1/2015

Utility Expense Calculation	One-bedroom	Two-bedroom	Total
Unit Mix	30	146	176
Electric/Gas Annually Per Unit (assuming 5% vacancy/common area)	\$30,960	\$199,728	\$66
Water and Sewer Annually Per Unit (assuming 5% vacancy/common :	\$27,000	\$204,984	\$1,318
Total Annual Trash Per Unit	\$0	\$0	\$0
<b>Total Annual Utility Expense Per Unit</b>			<b>\$1,384</b>

The developer's budgeted utility expense is slightly below the Utility Allowance estimate yet appears reasonable when considering the newly renovated quality and increased energy efficiency. Therefore, we have concluded to an expense \$1,200 per unit for the renovated scenarios and \$1,300 per unit for the as is scenario.

### Insurance

The Subject's historical utility insurance expenses range from \$187 to \$393 per unit. The developer has projected an annual insurance expense of \$295 per unit. The comparables range from \$181 to \$324 per unit. We have concluded to an expense of \$300 per unit in the as is and \$350 per unit in the as renovated scenarios.

### Taxes

Real estate taxes have been previously discussed in the real estate tax analysis.

### Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the

marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically range from \$250 to \$350 per unit per year. We have used an expense of \$300 per unit for the as renovated scenarios and \$350 for the as is scenario.

### Management Fees

The typical range for professionally managing an apartment property such as the Subject is 4.0 to 7.0 percent of effective gross rental income, depending upon the size and age of the apartment complex with the latter percentage being charged to smaller or older complexes. This amount will also vary dependent upon what is included in the management task which some would also classify as administration. Historically, the Subject's management fee was approximately 6.0 percent of EGI. Management fee as a percent of EGI at the comparables ranges from \$314 to \$468 per unit. The developer's budgeted management fee is 4.0 percent. We have concluded to a management fee of 5.0 percent for the restricted scenarios and a management fee of 4.0 percent for the unrestricted scenario.

### SUMMARY

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the total operating expenses per unit proposed by the Subject with the Subject's historical expenses, and the total expenses reported by comparable expense properties.

<b>Comparable Expense Properties</b>		
<b>Total Expense per Unit</b>	<b>W/ Taxes</b>	<b>W/O Taxes</b>
Subject 2014	\$5,163	\$4,729
Subject 2015	\$5,504	\$4,910
Subject 2016 (Annualized)	\$5,600	\$4,977
Developer's Budget - Post-rehabilitation	\$5,819	\$4,940
Expense Comparable 1	\$5,126	\$4,497
Expense Comparable 2	\$5,741	\$5,384
Expense Comparable 3	\$4,759	\$4,518
Expense Comparable 4	\$4,781	\$3,379
<b>Subject (As Is Restricted)</b>	<b>\$5,552</b>	<b>\$4,972</b>
<b>Subject (As Proposed Restricted)</b>	<b>\$5,932</b>	<b>\$4,683</b>
<b>Subject (As Proposed Unrestricted)</b>	<b>\$5,884</b>	<b>\$4,546</b>

The estimated operating expenses for the Subject as is restricted is within the historical range, while the expenses as proposed are above based primarily on an increase in tax expenses. The as is and as proposed scenario expenses are within the range of comparables without taxes. We believe the estimated expenses for the restricted and unrestricted scenarios are reasonable based upon the comparable expenses and the Subject's newly renovated condition.

### Prospective Market Value at Loan Maturity

To quantify the income potential of the Subject, a future cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate terminal capitalization and discount rates. As examined earlier, we believe there is ample demand in the income ranges targeted by the management of the Subject to support a stable cash flow. The stability associated with the HAP contract also reduces risk. Therefore, the restrictions do not affect the risk of the Subject investment. We based our valuation on market-derived reversion and discount rates. It should be noted that we have only utilized the future cash flow analysis to identify the prospective market value at loan maturity.

### Income and Expense Growth Projections

The AMI in DeKalb County increased 0.7 percent annually between 1999 and 2016. The AMI within this county has decreased in three of the last five years and a majority of the LIHTC and market rate comparables experienced rent growth over the past year. We have increased the income and expense line items by one percent per annum over the holding period. This is based upon the slight AMI growth in DeKalb County.

### Terminal Capitalization Rate

In order to estimate the appropriate capitalization rate, we used the *PwC Real Estate Investor Survey*. The following summarizes this survey:

<b>PwC REAL ESTATE INVESTOR SURVEY</b>	
<b>National Apartment Market</b>	
<b>Overall Capitalization Rate - Institutional Grade Investments</b>	
Range:	3.50% - 8.00%
Average:	5.29%
<b>Non-Institutional Grade Investments</b>	
Range:	3.75% - 12.00%
Average:	6.76%

Source: PwC Real Estate Investor Survey, Q2 2016

Additionally, we have considered the market extracted capitalization rates in the Atlanta market. As discussed in detail later in this report, we have estimated a going in capitalization rate of 6.10 percent for all scenarios.

The following issues impact the determination of a residual capitalization rate for the Subject:

- Anticipated annual capture of the Subject.
- The anticipated demand growth in the market associated with both local residential and corporate growth.
- The Subject's construction and market position.
- Local market overall rates.

In view of the preceding data, observed rate trends, and careful consideration of the Subject's physical appeal and economic characteristics, a terminal rate of 6.60 percent has been used in the

restricted and unrestricted scenarios which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following renovation

This is calculated using estimated 2045 NOI, assuming linear income and expense growth. The terminal capitalization rates were derived from the reconciled rates discussed later in this appraisal; however, we have added 50 basis points to the reconciled capitalization rates to reach our terminal rate. The higher rate is due to the length of the holding period prior to disposition after 2045.

**VALUATION ANALYSIS**

Based upon the indicated operating statements and the discount rate discussion above, we developed a cash flow for the Subject. The following pages illustrate the cash flow and present value analysis.

As Renovated Restricted Scenario (Years 1 through 15)

LIHTC Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	Year 6 2020	Year 7 2021	Year 8 2022	Year 9 2023	Year 10 2024	Year 11 2025	Year 12 2026	Year 13 2027	Year 14 2028	Year 15 2029
<b>Income</b>															
Low Income Units	\$2,020,872	\$2,051,185	\$2,081,953	\$2,113,182	\$2,144,880	\$2,177,053	\$2,209,709	\$2,242,855	\$2,276,497	\$2,310,645	\$2,345,304	\$2,380,484	\$2,416,191	\$2,452,434	\$2,489,221
Nonresidential	\$8,800	\$8,932	\$9,066	\$9,202	\$9,340	\$9,480	\$9,622	\$9,767	\$9,913	\$10,062	\$10,213	\$10,366	\$10,521	\$10,679	\$10,839
Gross Project Income	\$2,029,672	\$2,060,117	\$2,091,019	\$2,122,384	\$2,154,220	\$2,186,533	\$2,219,331	\$2,252,621	\$2,286,410	\$2,320,707	\$2,355,517	\$2,390,850	\$2,426,713	\$2,463,113	\$2,500,060
Vacancy Allowance	-\$81,187	-\$82,405	-\$83,641	-\$84,895	-\$86,169	-\$87,461	-\$88,773	-\$90,105	-\$91,456	-\$92,828	-\$94,221	-\$95,634	-\$97,069	-\$98,525	-\$100,002
Effective Gross Income	\$1,948,485	\$1,977,712	\$2,007,378	\$2,037,489	\$2,068,051	\$2,099,072	\$2,130,558	\$2,162,516	\$2,194,954	\$2,227,878	\$2,261,297	\$2,295,216	\$2,329,644	\$2,364,589	\$2,400,058
<b>Expenses</b>															
Administrative and Marketing	\$59,840	\$60,738	\$61,649	\$62,573	\$63,512	\$64,465	\$65,432	\$66,413	\$67,409	\$68,420	\$69,447	\$70,488	\$71,546	\$72,619	\$73,708
Maintenance and Operating	\$158,400	\$160,776	\$163,188	\$165,635	\$168,120	\$170,642	\$173,201	\$175,799	\$178,436	\$181,113	\$183,830	\$186,587	\$189,386	\$192,227	\$195,110
Payroll	\$183,000	\$185,745	\$188,531	\$191,359	\$194,230	\$197,143	\$200,100	\$203,102	\$206,148	\$209,240	\$212,379	\$215,565	\$218,798	\$222,080	\$225,411
Utilities	\$211,200	\$214,368	\$217,584	\$220,847	\$224,160	\$227,522	\$230,935	\$234,399	\$237,915	\$241,484	\$245,106	\$248,783	\$252,515	\$256,302	\$260,147
Insurance	\$61,600	\$62,524	\$63,462	\$64,414	\$65,380	\$66,361	\$67,356	\$68,366	\$69,392	\$70,433	\$71,489	\$72,562	\$73,650	\$74,755	\$75,876
Real Estate Taxes	\$219,740	\$223,036	\$226,381	\$229,777	\$233,224	\$236,722	\$240,273	\$243,877	\$247,535	\$251,248	\$255,017	\$258,842	\$262,725	\$266,665	\$270,665
Replacement Reserve	\$52,800	\$53,592	\$54,396	\$55,212	\$56,040	\$56,881	\$57,734	\$58,600	\$59,479	\$60,371	\$61,277	\$62,196	\$63,129	\$64,076	\$65,037
Management Fee	\$97,424	\$98,886	\$100,369	\$101,874	\$103,403	\$104,954	\$106,528	\$108,126	\$109,748	\$111,394	\$113,065	\$114,761	\$116,482	\$118,229	\$120,003
Total Expenses	\$1,044,004	\$1,059,664	\$1,075,559	\$1,091,692	\$1,108,068	\$1,124,689	\$1,141,559	\$1,158,682	\$1,176,063	\$1,193,703	\$1,211,609	\$1,229,783	\$1,248,230	\$1,266,953	\$1,285,958
<b>Net Operating Income</b>	<b>\$904,481</b>	<b>\$918,049</b>	<b>\$931,819</b>	<b>\$945,797</b>	<b>\$959,984</b>	<b>\$974,383</b>	<b>\$988,999</b>	<b>\$1,003,834</b>	<b>\$1,018,892</b>	<b>\$1,034,175</b>	<b>\$1,049,688</b>	<b>\$1,065,433</b>	<b>\$1,081,414</b>	<b>\$1,097,636</b>	<b>\$1,114,100</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	6.60%														
Sales Costs	3.0%														
Net Sales Proceeds	\$16,400,000														

As Renovated Restricted Scenario (Years 16 through 30)

LIHTC Cash Flow Value Derivation of "as complete"																
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
<b>Income</b>																
Low Income Units	\$2,526,559	\$2,564,457	\$2,602,924	\$2,641,968	\$2,681,598	\$2,721,822	\$2,762,649	\$2,804,089	\$2,846,150	\$2,888,842	\$2,932,175	\$2,976,157	\$3,020,800	\$3,066,112	\$3,112,103	
Nonresidential	\$11,002	\$11,167	\$11,335	\$11,505	\$11,677	\$11,852	\$12,030	\$12,211	\$12,394	\$12,580	\$12,768	\$12,960	\$13,154	\$13,352	\$13,552	
Gross Project Income	\$2,537,561	\$2,575,624	\$2,614,259	\$2,653,473	\$2,693,275	\$2,733,674	\$2,774,679	\$2,816,299	\$2,858,544	\$2,901,422	\$2,944,943	\$2,989,117	\$3,033,954	\$3,079,463	\$3,125,655	
Vacancy Allowance	-\$101,502	-\$103,025	-\$104,570	-\$106,139	-\$107,731	-\$109,347	-\$110,987	-\$112,652	-\$114,342	-\$116,057	-\$117,798	-\$119,565	-\$121,358	-\$123,179	-\$125,026	
Effective Gross Income	\$2,436,059	\$2,472,599	\$2,509,688	\$2,547,334	\$2,585,544	\$2,624,327	\$2,663,692	\$2,703,647	\$2,744,202	\$2,785,365	\$2,827,145	\$2,869,553	\$2,912,596	\$2,956,285	\$3,000,629	
<b>Expenses</b>																
Administrative and Marketing	\$74,814	\$75,936	\$77,075	\$78,231	\$79,405	\$80,596	\$81,805	\$83,032	\$84,277	\$85,541	\$86,825	\$88,127	\$89,449	\$90,791	\$92,152	
Maintenance and Operating	\$198,037	\$201,007	\$204,022	\$207,083	\$210,189	\$213,342	\$216,542	\$219,790	\$223,087	\$226,433	\$229,830	\$233,277	\$236,776	\$240,328	\$243,933	
Payroll	\$228,792	\$232,224	\$235,708	\$239,243	\$242,832	\$246,474	\$250,172	\$253,924	\$257,733	\$261,599	\$265,523	\$269,506	\$273,548	\$277,652	\$281,816	
Utilities	\$264,049	\$268,010	\$272,030	\$276,110	\$280,252	\$284,456	\$288,723	\$293,053	\$297,449	\$301,911	\$306,440	\$311,036	\$315,702	\$320,437	\$325,244	
Insurance	\$77,014	\$78,170	\$79,342	\$80,532	\$81,740	\$82,966	\$84,211	\$85,474	\$86,756	\$88,057	\$89,378	\$90,719	\$92,080	\$93,461	\$94,863	
Real Estate Taxes	\$274,725	\$278,846	\$283,029	\$287,274	\$291,584	\$295,957	\$300,397	\$304,903	\$309,476	\$314,118	\$318,830	\$323,612	\$328,467	\$333,394	\$338,395	
Replacement Reserve	\$66,012	\$67,002	\$68,007	\$69,028	\$70,063	\$71,114	\$72,181	\$73,263	\$74,362	\$75,478	\$76,610	\$77,759	\$78,925	\$80,109	\$81,311	
Management Fee	\$121,803	\$123,630	\$125,484	\$127,367	\$129,277	\$131,216	\$133,185	\$135,182	\$137,210	\$139,268	\$141,357	\$143,478	\$145,630	\$147,814	\$150,031	
Total Expenses	\$1,305,247	\$1,324,826	\$1,344,698	\$1,364,869	\$1,385,342	\$1,406,122	\$1,427,214	\$1,448,622	\$1,470,351	\$1,492,406	\$1,514,792	\$1,537,514	\$1,560,577	\$1,583,986	\$1,607,745	
<b>Net Operating Income</b>	<b>\$1,130,812</b>	<b>\$1,147,774</b>	<b>\$1,164,990</b>	<b>\$1,182,465</b>	<b>\$1,200,202</b>	<b>\$1,218,205</b>	<b>\$1,236,478</b>	<b>\$1,255,025</b>	<b>\$1,273,851</b>	<b>\$1,292,959</b>	<b>\$1,312,353</b>	<b>\$1,332,038</b>	<b>\$1,352,019</b>	<b>\$1,372,299</b>	<b>\$1,392,884</b>	
<b>Reversion Calculation</b>																
Terminal Capitalization Rate					6.60%					6.60%					6.60%	
Sales Costs					3.0%					3.0%					3.0%	
Net Sales Proceeds					\$17,600,000					\$19,000,000					\$20,500,000	

As Renovated Unrestricted Scenario (Years 1 through 15)

Market Cash Flow Value Derivation of "as complete"

Fiscal Year	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	Year 6 2020	Year 7 2021	Year 8 2022	Year 9 2023	Year 10 2024	Year 11 2025	Year 12 2026	Year 13 2027	Year 14 2028	Year 15 2029
<b>Income</b>															
Low Income Units	\$2,058,000	\$2,088,870	\$2,120,203	\$2,152,006	\$2,184,286	\$2,217,050	\$2,250,306	\$2,284,061	\$2,318,322	\$2,353,097	\$2,388,393	\$2,424,219	\$2,460,582	\$2,497,491	\$2,534,953
Nonresidential	\$8,800	\$8,932	\$9,066	\$9,202	\$9,340	\$9,480	\$9,622	\$9,767	\$9,913	\$10,062	\$10,213	\$10,366	\$10,521	\$10,679	\$10,839
Gross Project Income	\$2,066,800	\$2,097,802	\$2,129,269	\$2,161,208	\$2,193,626	\$2,226,531	\$2,259,929	\$2,293,827	\$2,328,235	\$2,363,158	\$2,398,606	\$2,434,585	\$2,471,104	\$2,508,170	\$2,545,793
Vacancy Allowance	-\$103,340	-\$104,890	-\$106,463	-\$108,060	-\$109,681	-\$111,327	-\$112,996	-\$114,691	-\$116,412	-\$118,158	-\$119,930	-\$121,729	-\$123,555	-\$125,409	-\$127,290
Effective Gross Income	\$1,963,460	\$1,992,912	\$2,022,806	\$2,053,148	\$2,083,945	\$2,115,204	\$2,146,932	\$2,179,136	\$2,211,823	\$2,245,000	\$2,278,675	\$2,312,856	\$2,347,548	\$2,382,762	\$2,418,503
<b>Expenses</b>															
Administrative and Marketing	\$54,560	\$55,378	\$56,209	\$57,052	\$57,908	\$58,777	\$59,658	\$60,553	\$61,461	\$62,383	\$63,319	\$64,269	\$65,233	\$66,211	\$67,205
Maintenance and Operating	\$158,400	\$160,776	\$163,188	\$165,635	\$168,120	\$170,642	\$173,201	\$175,799	\$178,436	\$181,113	\$183,830	\$186,587	\$189,386	\$192,227	\$195,110
Payroll	\$183,000	\$185,745	\$188,531	\$191,359	\$194,230	\$197,143	\$200,100	\$203,102	\$206,148	\$209,240	\$212,379	\$215,565	\$218,798	\$222,080	\$225,411
Utilities	\$211,200	\$214,368	\$217,584	\$220,847	\$224,160	\$227,522	\$230,935	\$234,399	\$237,915	\$241,484	\$245,106	\$248,783	\$252,515	\$256,302	\$260,147
Insurance	\$61,600	\$62,524	\$63,462	\$64,414	\$65,380	\$66,361	\$67,356	\$68,366	\$69,392	\$70,433	\$71,489	\$72,562	\$73,650	\$74,755	\$75,876
Real Estate Taxes	\$235,435	\$238,967	\$242,551	\$246,189	\$249,882	\$253,631	\$257,435	\$261,297	\$265,216	\$269,194	\$273,232	\$277,331	\$281,491	\$285,713	\$289,999
Replacement Reserve	\$52,800	\$53,592	\$54,396	\$55,212	\$56,040	\$56,881	\$57,734	\$58,600	\$59,479	\$60,371	\$61,277	\$62,196	\$63,129	\$64,076	\$65,037
Management Fee	\$78,538	\$99,646	\$101,140	\$102,657	\$104,197	\$105,760	\$107,347	\$108,957	\$110,591	\$112,250	\$113,934	\$115,643	\$117,377	\$119,138	\$120,925
Total Expenses	\$1,035,534	\$1,070,996	\$1,087,061	\$1,103,367	\$1,119,917	\$1,136,716	\$1,153,767	\$1,171,073	\$1,188,639	\$1,206,469	\$1,224,566	\$1,242,934	\$1,261,578	\$1,280,502	\$1,299,709
<b>Net Operating Income</b>	<b>\$927,926</b>	<b>\$921,916</b>	<b>\$935,745</b>	<b>\$949,781</b>	<b>\$964,028</b>	<b>\$978,488</b>	<b>\$993,166</b>	<b>\$1,008,063</b>	<b>\$1,023,184</b>	<b>\$1,038,532</b>	<b>\$1,054,110</b>	<b>\$1,069,921</b>	<b>\$1,085,970</b>	<b>\$1,102,260</b>	<b>\$1,118,794</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate	6.60%														6.60%
Sales Costs	3.0%														3.0%
Net Sales Proceeds															\$16,400,000

As Renovated Unrestricted Scenario (Years 16 through 30)

Market Cash Flow Value Derivation of "as complete"															
Fiscal Year	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
<b>Income</b>															
Low Income Units	\$2,572,978	\$2,611,572	\$2,650,746	\$2,690,507	\$2,730,865	\$2,771,828	\$2,813,405	\$2,855,606	\$2,898,440	\$2,941,917	\$2,986,046	\$3,030,836	\$3,076,299	\$3,122,443	\$3,169,280
Nonresidential	\$11,002	\$11,167	\$11,335	\$11,505	\$11,677	\$11,852	\$12,030	\$12,211	\$12,394	\$12,580	\$12,768	\$12,960	\$13,154	\$13,352	\$13,552
Gross Project Income	\$2,583,980	\$2,622,739	\$2,662,080	\$2,702,012	\$2,742,542	\$2,783,680	\$2,825,435	\$2,867,817	\$2,910,834	\$2,954,496	\$2,998,814	\$3,043,796	\$3,089,453	\$3,135,795	\$3,182,832
Vacancy Allowance	-\$129,199	-\$131,137	-\$133,104	-\$135,101	-\$137,127	-\$139,184	-\$141,272	-\$143,391	-\$145,542	-\$147,725	-\$149,941	-\$152,190	-\$154,473	-\$156,790	-\$159,142
Effective Gross Income	\$2,454,781	\$2,491,602	\$2,528,976	\$2,566,911	\$2,605,415	\$2,644,496	\$2,684,163	\$2,724,426	\$2,765,292	\$2,806,772	\$2,848,873	\$2,891,606	\$2,934,980	\$2,979,005	\$3,023,690
<b>Expenses</b>															
Administrative and Marketing	\$68,213	\$69,236	\$70,274	\$71,329	\$72,398	\$73,484	\$74,587	\$75,705	\$76,841	\$77,994	\$79,164	\$80,351	\$81,556	\$82,780	\$84,021
Maintenance and Operating	\$198,037	\$201,007	\$204,022	\$207,083	\$210,189	\$213,342	\$216,542	\$219,790	\$223,087	\$226,433	\$229,830	\$233,277	\$236,776	\$240,328	\$243,933
Payroll	\$228,792	\$232,224	\$235,708	\$239,243	\$242,832	\$246,474	\$250,172	\$253,924	\$257,733	\$261,599	\$265,523	\$269,506	\$273,548	\$277,652	\$281,816
Utilities	\$264,049	\$268,010	\$272,030	\$276,110	\$280,252	\$284,456	\$288,723	\$293,053	\$297,449	\$301,911	\$306,440	\$311,036	\$315,702	\$320,437	\$325,244
Insurance	\$77,014	\$78,170	\$79,342	\$80,532	\$81,740	\$82,966	\$84,211	\$85,474	\$86,756	\$88,057	\$89,378	\$90,719	\$92,080	\$93,461	\$94,863
Real Estate Taxes	\$294,349	\$298,764	\$303,245	\$307,794	\$312,411	\$317,097	\$321,854	\$326,681	\$331,582	\$336,555	\$341,604	\$346,728	\$351,929	\$357,208	\$362,566
Replacement Reserve	\$66,012	\$67,002	\$68,007	\$69,028	\$70,063	\$71,114	\$72,181	\$73,263	\$74,362	\$75,478	\$76,610	\$77,759	\$78,925	\$80,109	\$81,311
Management Fee	\$122,739	\$124,580	\$126,449	\$128,346	\$130,271	\$132,225	\$134,208	\$136,221	\$138,265	\$140,339	\$142,444	\$144,580	\$146,749	\$148,950	\$151,185
Total Expenses	\$1,319,205	\$1,338,993	\$1,359,078	\$1,379,464	\$1,400,156	\$1,421,159	\$1,442,476	\$1,464,113	\$1,486,075	\$1,508,366	\$1,530,991	\$1,553,956	\$1,577,266	\$1,600,925	\$1,624,938
<b>Net Operating Income</b>	<b>\$1,135,576</b>	<b>\$1,152,609</b>	<b>\$1,169,898</b>	<b>\$1,187,447</b>	<b>\$1,205,258</b>	<b>\$1,223,337</b>	<b>\$1,241,687</b>	<b>\$1,260,313</b>	<b>\$1,279,217</b>	<b>\$1,298,406</b>	<b>\$1,317,882</b>	<b>\$1,337,650</b>	<b>\$1,357,715</b>	<b>\$1,378,080</b>	<b>\$1,398,752</b>
<b>Reversion Calculation</b>															
Terminal Capitalization Rate					6.60%					6.60%					6.60%
Sales Costs					3.0%					3.0%					3.0%
Net Sales Proceeds					\$17,700,000					\$19,100,000					\$20,600,000

**Conclusion**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, subject to the rental restrictions in the year 2046, as of August 16, 2016, is:

**TWENTY MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$20,500,000)**

**Prospective Market Value as Renovated Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject's fee simple interest, as an unrestricted property in the year 2046, as of October 30, 2015, is:

**TWENTY MILLION SIX HUNDRED THOUSAND DOLLARS  
(\$20,600,000)**

## DIRECT CAPITALIZATION

We have provided an estimate of the Subject's prospective value assuming completion and stabilization as of the date of value, for the restricted rate scenario. *Please see the assumptions and limiting conditions regarding hypothetical conditions.*

To quantify the income potential of the Subject, a direct capitalization of a stabilized cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income.

### Overall Capitalization Rate

In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

### Market Extraction

The table below summarizes the recent improved sales of the most comparable properties that were used in our market extraction analysis:

SALES COMPARISON									
	Property	City	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1	Inman Way	Atlanta, GA	1962	15-Jul	\$2,985,000	28	\$106,607	8.3	6.80%
2	Ivy Park	Atlanta, GA	1980	14-Dec	\$8,750,000	176	\$49,716	8.9	6.10%
3	Creekside Corners Apartments	Lithonia, GA	2001	14-Dec	\$32,000,000	444	\$72,072	7.5	6.10%
4	Oak Forest Apartments	Scottsdale, GA	1974	14-Feb	\$8,780,000	150	\$58,533	6.5	6.00%
	<b>Average</b>				<b>\$13,128,750</b>	<b>200</b>	<b>\$71,732</b>	<b>7.8</b>	<b>6.30%</b>

The properties are all stabilized and represent typical market transactions for multifamily properties in Atlanta, Georgia. The primary factors that influences the selection of a rate is the Subject's condition and location. The sales illustrate a range of overall rates from 6.0 percent to 6.8 percent and occurred between February 2014 and July 2015. With the understanding that Sale 1 is smaller in size, it appears that capitalization rates have remained stable in the region during this time period. All of the sales exhibited generally similar condition and are located in similar areas. Again, Sale 1 is inferior in size, Sale 3 is superior in size, and the remaining comparables are similar. We believe a capitalization rate of 6.10 percent is considered reasonable based on market extraction for the Subject.

The following chart details capitalization rates as provided by REIS for the Atlanta, Georgia multifamily sales market for the second quarter of 2016.

	2Q 2016 Metro Statistics			Metro Statistics - 12 Month Rolling		
	Mean	Median	25th Percentile	Mean	Median	75th Percentile
Cap Rate	7.1%	7.3%	5.5%	7.3%	6.7%	8.7%
Sale Price	\$8,913,500	\$1,616,500	\$2,480,175	\$17,162,132	\$9,188,250	\$26,050,000
Sale Price Per Unit	\$74,240	\$48,958	\$41,041	\$86,739	\$73,026	\$104,316
Number of Units	120	75	64	198	210	281
Number of Floors	2	2	2	3	3	3
Year Built	1983	1971	1968	1987	1984	1991

Source: REIS.com, 8/2016

The average capitalization rate in Atlanta during the second quarter of 2016 was 7.1 percent, with a median capitalization rate of 7.3 percent. The average 12-month rolling capitalization rate for this market was 7.3 percent, with a median capitalization rate of 6.7 percent. We believe the Subject could achieve a capitalization rate slightly below the average for the Atlanta market, or 6.10 percent.

### **The PwC Real Estate Investor Survey**

The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarizes the information for the national multifamily housing market:

#### **PwC REAL ESTATE INVESTOR SURVEY**

##### **National Apartment Market**

##### **Overall Capitalization Rate - Institutional Grade Investments**

Range: 3.50% - 8.00%

Average: 5.29%

##### **Non-Institutional Grade Investments**

Range: 3.75% - 12.00%

Average: 6.76%

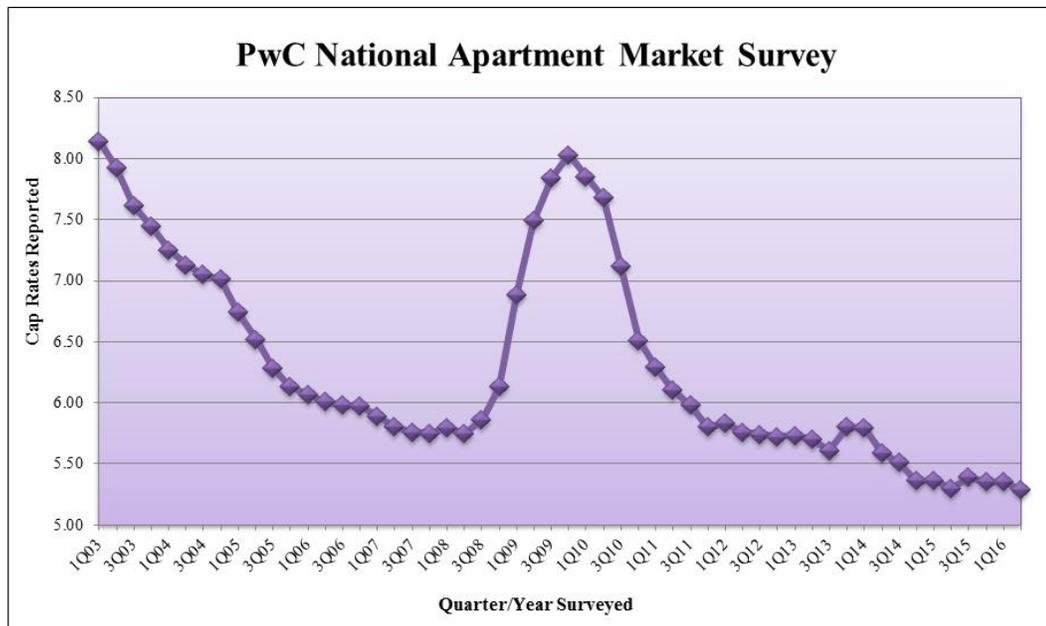
Source: PwC Real Estate Investor Survey, Q2 2016

The *PwC Real Estate Investor Survey* defines “Institutional – Grade” real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria<sup>2</sup>. Typical “Institutional – Grade” apartment properties are newly constructed, well amenitized, market rate properties in urban or suburban locations. Rarely could subsidized properties, either new construction or acquisition/rehabilitation, be considered institutional grade real estate. Therefore, for our purpose, the Non-Institutional Grade capitalization rate is most relevant; this is currently 147 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.

<sup>2</sup> PwC Real Estate Investor Survey

PwC Real Estate Investor Survey - National Apartment Market					
Overall Capitalization Rate - Institutional Grade Investments					
Quarter	Cap Rate	Change (bps)	Quarter	Cap Rate	Change (bps)
1Q03	8.14	-	4Q09	8.03	0.19
2Q03	7.92	-0.22	1Q10	7.85	-0.18
3Q03	7.61	-0.31	2Q10	7.68	-0.17
4Q03	7.45	-0.16	3Q10	7.12	-0.56
1Q04	7.25	-0.20	4Q10	6.51	-0.61
2Q04	7.13	-0.12	1Q11	6.29	-0.22
3Q04	7.05	-0.08	2Q11	6.10	-0.19
4Q04	7.01	-0.04	3Q11	5.98	-0.12
1Q05	6.74	-0.27	4Q11	5.80	-0.18
2Q05	6.52	-0.22	1Q12	5.83	0.03
3Q05	6.28	-0.24	2Q12	5.76	-0.07
4Q05	6.13	-0.15	3Q12	5.74	-0.02
1Q06	6.07	-0.06	4Q12	5.72	-0.02
2Q06	6.01	-0.06	1Q13	5.73	0.01
3Q06	5.98	-0.03	2Q13	5.70	-0.03
4Q06	5.97	-0.01	3Q13	5.61	-0.09
1Q07	5.89	-0.08	4Q13	5.80	0.19
2Q07	5.80	-0.09	1Q14	5.79	-0.01
3Q07	5.76	-0.04	2Q14	5.59	-0.20
4Q07	5.75	-0.01	3Q14	5.51	-0.08
1Q08	5.79	0.04	4Q14	5.36	-0.15
2Q08	5.75	-0.04	1Q15	5.36	0.00
3Q08	5.86	0.11	2Q15	5.30	-0.06
4Q08	6.13	0.27	3Q15	5.39	0.09
1Q09	6.88	0.75	4Q15	5.35	-0.04
2Q09	7.49	0.61	1Q16	5.35	0.00
3Q09	7.84	0.35	2Q16	5.29	-0.06

Source: PwC Real Estate Investor Survey, Q2 2016



As the graph indicates, the downward trend through early 2007 is clear. The average capitalization rate decreased 225 basis points over a four-year period from 2003 to 2007. However, capitalization rates stabilized in 2007 and began a steep increase in late 2008. They appear to have peaked in the fourth quarter of 2009 and have generally decreased through the first quarter of 2016. Capitalization rates as of the second quarter of 2016 have exhibited a slight decrease over capitalization rates from the second quarter of 2015. Overall, we have estimated a capitalization rate of 6.10 percent, which is within the range of the Non-Institutional Grade capitalization rates.

### Debt Coverage Ratio

The debt coverage ratio (DCR) is frequently used as a measure of risk by lenders wishing to measure the margin of safety and by purchasers analyzing leveraged property. It can be applied to test the reasonableness of a project in relation to lender loan specifications. Lenders typically use the debt coverage ratio as a quick test to determine project feasibility. The debt coverage ratio has two basic components: the properties net operating income and its annual debt service (represented by the mortgage constant).

The ratio used is:

$$\text{Net Operating Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

One procedure by which the debt coverage ratio can be used to estimate the overall capitalization rate is by multiplying the debt coverage ratio by the mortgage constant and the lender required loan-to-value ratio. The indicated formula is:

$$R_O = \text{D.C.R} \times R_M \times M$$

Where:

$R_O$  = Overall Capitalization Rate

D.C.R = Debt Coverage Ratio

$R_M$  = Mortgage Constant

M = Loan-to-Value Ratio

### Band of Investment

This method involves deriving the property's equity dividend rate from the improved comparable sales and applying it, at current mortgage rate and terms, to estimate the value of the income stream.

The formula is:

$$R_O = M \times R_M + (1-M) \times R_E$$

Where:

$R_O$  = Overall Capitalization Rate

M = Loan-to-Value Ratio

$R_M$  = Mortgage Constant

$R_E$  = Equity Dividend

The Mortgage Constant ( $R_M$ ) is based upon the calculated interest rate from the ten year treasury. The equity dividend rate  $R_E$ , also known as the cash on cash return rate, is the rate of return that an

equity investor expects on an annual basis. It is a component of the overall return requirement. The equity dividend rate is impacted by the returns on other similar investments as well as the risk profile of the investment market and finally the expectation for future value growth. The equity dividend rate is lower in cases where the market is strong and there is a perception of lower risk related to the return of the investment. Further, the dividend rate is lower in markets that have greater expectation for capital appreciation. In some cases we have seen dividend rates that are zero or even negative, suggesting that buyers are willing to forego an annual return because of a larger expectation of capital appreciation. Of course the converse is also true. Generally we see equity dividend rates ranging from two to 10 percent. In this case, the Subject is located within an urban market. An equity dividend estimate of 5.0 percent is considered reasonable in this analysis.

The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 4.5 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.00 and 6.00 percent. Therefore, we believe a 4.5 percent interest rate with a 30 year amortization period and a loan to value of 80 percent is reasonable. The following table illustrates the band of investment for the Subject property

**CAPITALIZATION RATE DERIVATION**

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.25	Treasury Bond Basis*	
Rm	0.06	10 Year T Bond Rate (8/16)	1.56%
Interest (per annum)*	4.50%	Interest rate spread	294
Amortization (years)	30	Interest Rate (per annum)	4.50%
M	80%		
Re	5%		

---

*Debt Coverage Ratio*

<b>Ro</b>	=	DCR	X	Rm	X	M
<b>6.08%</b>	=	1.25	X	0.06	X	80%

---

*Band of Investment*

<b>Ro</b>	=	(M	X	Rm)	+	((1-M)	X	Re)
<b>5.86%</b>	=	80%	X	0.06	+	20%	X	5%

\* Source: Bloomberg.com, 8/2016

**Conclusion of Overall Rate Selection**

After reviewing the appropriate methods for developing an overall rate, the following ranges of overall capitalization rates are indicated:

**CAPITALIZATION RATE SELECTION SUMMARY**

Method	Indicated Rate
Market Extraction	6.10%
REIS	7.10%
PwC Survey	6.10%
Debt Coverage Ratio	6.08%
Band of Investment	5.86%

The following issues impact the determination of a capitalization rate for the Subject:

- Current market health
- Existing competition
- Subject’s construction type and tenancy and physical appeal
- The anticipated demand growth in the Subject sub-market
- The demand growth expected over the next three years
- Local market overall rates

The four approaches indicate a range from 5.9 to 7.1 percent. Therefore, we reconciled to a 6.10 percent capitalization rate for all scenarios based primarily upon the market-extracted rates. A summary of the direct capitalization analysis for these scenarios follows.

Direct Capitalization Technique Year One Operating Statement									
Expense Analysis									
Operating Revenues									
Unit Mix		As Is Restricted			As Proposed Restricted		As Proposed Unrestricted		
Unit Type	As Is	As Renovated	Rent	Total Revenue	Rent	Total Revenue	Rent	Total Revenue	
1 BR (Section 8)	16	16	\$700	\$134,400	\$850	\$163,200	\$850	\$163,200	
2 BR (Section 8)	144	144	\$850	\$1,468,800	\$1,000	\$1,728,000	\$1,000	\$1,728,000	
1 BR @ 60%	14	14	\$700	\$117,600	\$659	\$110,712	\$850	\$142,800	
2 BR @ 60%	2	2	\$850	\$20,400	\$790	\$18,960	\$1,000	\$24,000	
<b>Total Potential Rental Income</b>	<b>176</b>	<b>176</b>	<b>\$824</b>	<b>\$1,741,200</b>	<b>\$957</b>	<b>\$2,020,872</b>	<b>\$974</b>	<b>\$2,058,000</b>	
Other Income									
Miscellaneous			\$50	\$8,800	\$50	\$8,800	\$50	\$8,800	
<b>Residential Potential Revenues</b>			<b>\$9,943</b>	<b>\$1,750,000</b>	<b>\$11,532</b>	<b>\$2,029,672</b>	<b>\$11,743</b>	<b>\$2,066,800</b>	
Vacancy			<b>-\$398</b>	<b>-\$70,000</b>	<b>-\$461</b>	<b>-\$81,187</b>	<b>-\$587</b>	<b>-\$103,340</b>	
vacancy and Collections Loss Percentage				-4%		-4%		-5%	
<b>Effective Gross Income</b>			<b>\$9,545</b>	<b>\$1,680,000</b>	<b>\$11,071</b>	<b>\$1,948,485</b>	<b>\$11,156</b>	<b>\$1,963,460</b>	
Operating Expenses									
		As Is Restricted			As Proposed Restricted		As Proposed Unrestricted		
Administration and Marketing			\$340	\$59,840	\$340	\$59,840	\$310	\$54,560	
Maintenance and Operating			\$1,165	\$205,040	\$900	\$158,400	\$900	\$158,400	
Payroll			\$1,040	\$183,000	\$1,040	\$183,000	\$1,040	\$183,000	
Utilities			\$1,300	\$228,800	\$1,200	\$211,200	\$1,200	\$211,200	
Property & Liability Insurance			\$300	\$52,800	\$350	\$61,600	\$350	\$61,600	
Real Estate and Other Taxes			\$580	\$102,022	\$1,249	\$219,740	\$1,338	\$235,435	
Replacement Reserves			\$350	\$61,600	\$300	\$52,800	\$300	\$52,800	
Management Fee		5.00%	\$477	\$84,000	\$554	\$97,424	4.00%	\$78,538	
<b>Total Operating Expenses</b>			<b>\$5,552</b>	<b>\$977,102</b>	<b>\$5,932</b>	<b>\$1,044,004</b>	<b>\$5,884</b>	<b>\$1,035,534</b>	
<b>Expenses as a ratio of EGI</b>				<b>58%</b>		<b>54%</b>		<b>53%</b>	
Valuation									
		As Is Restricted			As Proposed Restricted		As Proposed Unrestricted		
Net Operating Income			\$3,994	\$702,898	\$5,139	\$904,481	\$5,272	\$927,926	
Capitalization Rate				6.10%		6.10%		6.10%	
<b>Indicated Value "rounded"</b>				<b>\$11,500,000</b>		<b>\$14,800,000</b>		<b>\$15,200,000</b>	

**Conclusion**

The following table summarizes the findings of the previously conducted direct capitalization analysis.

<b>DIRECT CAPITALIZATION ANALYSIS - "AS IS"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.10%	\$702,898	\$11,500,000

<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.10%	\$904,481	\$14,800,000
As Proposed Unrestricted	6.10%	\$927,926	\$15,200,000

The Subject's fee simple market value of the real estate "As Is", via the Income Capitalization Approach, as of August 16, 2016 is:

**ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$11,500,000)**

The Subject's hypothetical market value of the real estate assuming Section 8 contract rents "As Complete and Stabilized", via the Income Capitalization Approach, as of August 16, 2016 is:

**FOURTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$14,800,000)**

The Subject's hypothetical market value of the real estate assuming the achievable unrestricted rents "As Complete and Stabilized", via the Income Capitalization Approach, as of August 16, 2016 is:

**FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$15,200,000)**

*The Subject's current Section 8 contract rents are below achievable market rents in the market, assuming as is condition of the Subject. It is reasonable to assume that a buyer would request the contract rents to be increased to the achievable market rents. It is an extraordinary assumption of this report that the Subject's contract rents will be market up to market; as such, the "as is" value assumes the contract rents are increased to the current achievable market rents. Likewise, the post-renovation restricted valuation also assumes a mark up to market, based upon our determination of achievable market rents as renovated. These assumptions are consistent with the client's/developer's plans. We have been furnished a HUD-compliant Rent Comparability Study that the client intends to submit to HUD for contract renewal and rent increase. Our findings in terms of achievable market rents as is and post-renovation are consistent with the findings of this RCS.*

**Below Market Debt**

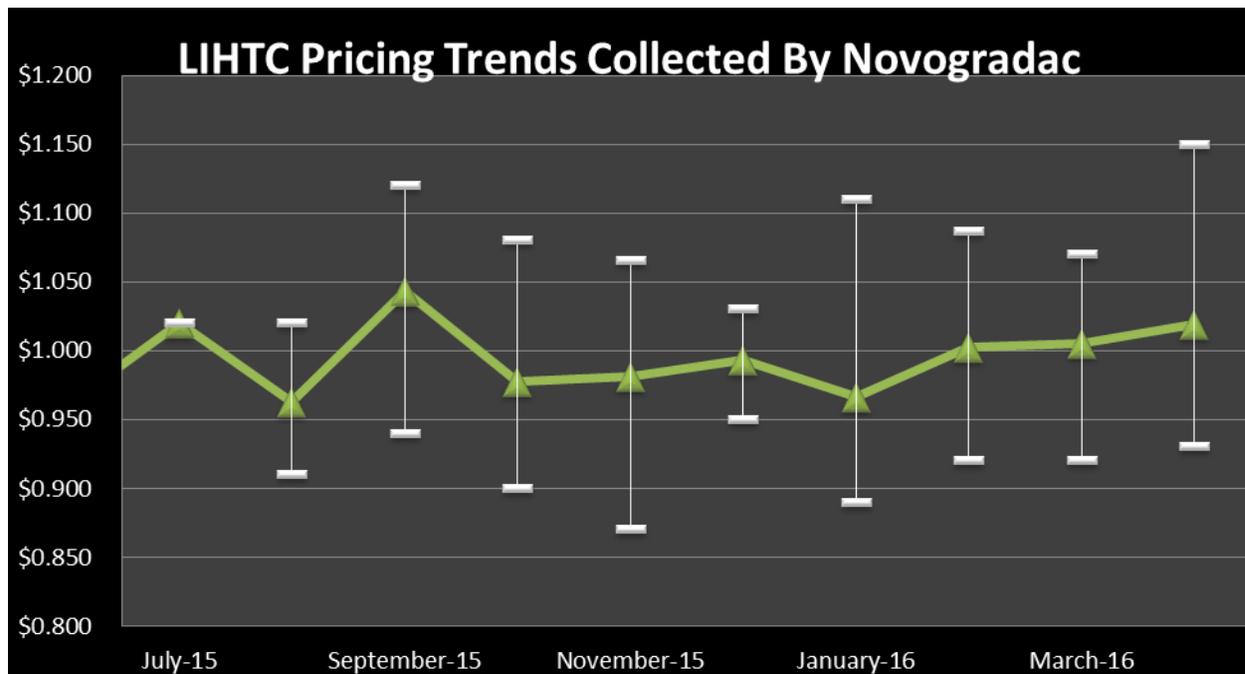
The developer has indicated that the only source of debt will be a first mortgage with an interest rate of 4.38 percent and 35-year term. Which is in line with current interest rates. As such, the rate and terms are market-oriented; therefore, there is no favorable financing value.

## VALUATION - TAX CREDIT EQUITY

We were asked to value the federal tax credits. A 10-year federal tax credit incentive program encumbers the Subject. The Subject is a proposed multifamily LIHTC and market rate property. We were asked to value the tax credits.

As an incentive to participate in the low-income housing program the developer is awarded “tax credits” which provide the incentive to construct and rehabilitate affordable housing in otherwise financially infeasible markets. The tax credit program was created by the Internal Revenue Code Section 42, and is a Federal tax program administered by the states. The developer expects to receive a total LIHTC allocation of \$12,422,487 (\$8,434,751 federal tax credit equity and \$3,987,736 Georgia State tax credit equity, respectively).

Valuation of LIHTC is typically done by a sales approach. The industry typically values and analyzes the LIHTC transaction on a dollar per credit basis. Novogradac & Company LLP conducts monthly surveys in which we contact developers, syndicators and consultants involved in LIHTC transactions to obtain information on recent LIHTC pricing. The following graph illustrates LIHTC pricing trends. The graph illustrates the average price achieved on a monthly basis for the projects included in our survey.



As the previous table illustrates, tax credit raise rates in recent months have ranged from the low \$0.90s to the mid \$1.10s. The March 2016 average was \$1.00 per \$1.00 of credit. Recent credit prices for the past six months have ranged from \$0.89 to \$1.15. The pricing above reflects transactions similar to the Subject. As part of the yield analysis and pricing determination investors consider, among other factors, construction risk, lease-up risk and timing of the credits. The Subject will be located in Atlanta, GA, which is a major market, offer Section 8 subsidy, and will be substantially renovated with LIHTC equity. The developer’s budget is \$1.10 per federal credit. We believe that the developer’s estimate range is reasonable and have concluded to \$1.10 per federal credit.

The developer has also indicated that the project will receive a total state credit allocation of \$3,987,736. The following table illustrates Georgia state tax credit pricing from 2012 to 2015.

<b>GEORGIA STATE TAX CREDIT PRICING</b>			
<b>Closing Date</b>	<b>Price Per Credit</b>	<b>Location</b>	<b>Type</b>
2015	\$0.52	Fort Valley	Acquisition/Rehabilitation
2015	\$0.49	Decatur	New Construction
2015	\$0.52	Atlanta	Acquisition/Rehabilitation
2014	\$0.32	Union City	New Construction
2013	\$0.30	Griffin	New Construction
2013	\$0.25	Auburn	New Construction
2012	\$0.25	Ellijay	New Construction
2012	\$0.25	Cairo	Acquisition/Rehabilitation
2012	\$0.26	Locust Grove	New Construction
2012	\$0.34	Atlanta	Acquisition/Rehabilitation
2012	\$0.34	Union City	Acquisition/Rehabilitation

According to recent data, the Georgia state credit pricing ranged from \$0.25 to \$0.52 between 2012 and 2015. However, we also contacted a Georgia state LIHTC investor. Our conversations indicated a range of \$0.55 to \$0.60 per credit in 2016. The developer’s budget indicates \$0.52 per credit. The developer’s estimate is high, but within the range of the recent data. Therefore, we conclude to \$0.52 per Georgia state credit, consistent with the most recent data.

**FEDERAL AND STATE TAX CREDIT VALUE**

	<b>Value*</b>	<b>Pricing</b>
<b>Total credits</b>	\$8,434,751	
<b>Annual amount</b>	\$843,475	
<b>Federal</b>	\$9,300,000	\$1.10
<b>State</b>	\$2,070,000	\$0.52
<b>Total Value</b>	<b>\$11,370,000</b>	

\*Rounded

We believe a price of approximately \$1.10 per credit for federal tax credits and \$0.52 for state tax credits is reasonable. This rate results in a total tax credit value of approximately \$11,350,000 (rounded). This value is effective as of August 16, 2016.

*Total LIHTC Value: Combined Federal and State*  
**ELEVEN MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS**  
**(\$11,370,000)**

*Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

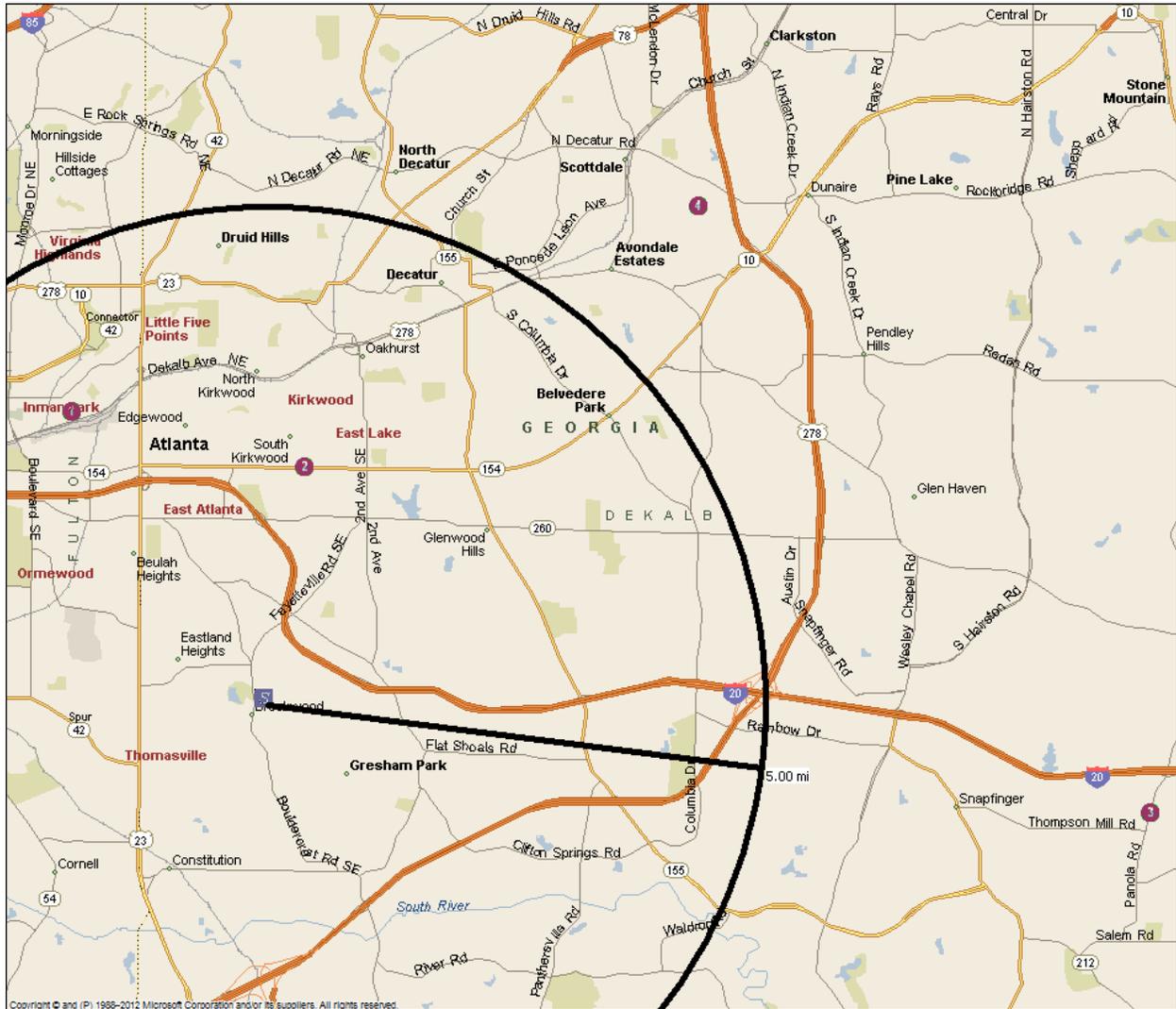
**SALES COMPARISON APPROACH**

## **SALES COMPARISON APPROACH**

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost them to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

The following pages supply the analyzed sale data and will conclude with a value estimate considered reasonable.

Comparable Sales Map



SALES COMPARISON

Property	City	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate
1 Inman Way	Atlanta, GA	1962	15-Jul	\$2,985,000	28	\$106,607	8.3	6.80%
2 Ivy Park	Atlanta, GA	1980	14-Dec	\$8,750,000	176	\$49,716	8.9	6.10%
3 Creekside Corners Apartments	Lithonia, GA	2001	14-Dec	\$32,000,000	444	\$72,072	7.5	6.10%
4 Oak Forest Apartments	Scottsdale, GA	1974	14-Feb	\$8,780,000	150	\$58,533	6.5	6.00%
<b>Average</b>				<b>\$13,128,750</b>	<b>200</b>	<b>\$71,732</b>	<b>7.8</b>	<b>6.30%</b>

**Comparable Sale 1**

**Name:** Inman Way  
**Location:** 70 Spruce Street  
 Atlanta, GA 30307



**Seller:** Pantheon Piedmont, LLC  
**Buyer:** Schottenstein Realty Company  
**Sale Date:** Jul-15  
**Sale Price:** \$2,985,000

**Financing:** Conventional  
**Number of Units:** 28  
**Year Built:** 1962  
**Site:** 0.69 Acres

**Units of Comparison:**  
 Effective Gross Income: \$359,780  
 EGIM 8.3  
 Total Expenses: \$156,800  
 Net Operating Income: \$202,980  
 Net Operating Income per Unit: \$7,249  
 Overall Rate with Reserves: 6.80%  
 Sale Price per Unit: \$106,607

**Comments:**

The property consists of 28 two-bedroom units. The property occupancy rate was unknown at the time of sale. The sale price, capitalization rate, and expenses were verified with buyer broker, Andy Lundsberg with Bull Realty Inc.

**Verification:** Costar, Broker

**Comparable Sale 2**

**Name:** Ivy Park  
**Location:** 2035 Memorial Drive SE  
 Atlanta, GA 30317



**Seller:** Courland Partners  
**Buyer:** Domum Equity I  
**Sale Date:** Dec-14  
**Sale Price:** \$8,750,000

**Financing:** Conventional  
**Number of Units:** 176  
**Year Built:** 1980  
**Site:** 15.46

**Units of Comparison:**

Effective Gross Income:	\$1,416,375
EGIM	8.9
Total Expenses:	\$880,000
Net Operating Income:	\$536,375
Net Operating Income per Unit:	\$5,566
Overall Rate with Reserves:	6.13%
Sale Price per Unit:	\$49,716

**Comments:**

The property consists of 92 one-bedroom units and 84 two-bedroom units. Occupancy was approximately 98 percent occupied at time of sale and in average condition. The sale price, capitalization rate, and expenses were verified with the broker, Tyler Averitt of National Multi Housing Advisors.

**Verification:** Costar, Broker

**Comparable Sale 3**

**Name:** Creekside Corners Apartments  
**Location:** 5301 W. Fairington Parkway  
 Lithonia, GA 30038



**Buyer:** HPI Creekside, LLC  
**Seller:** Turnberry Gardens Associates, LLC  
**Sale Date:** Dec-14  
**Sale Price:** \$32,000,000

**Financing:** Conventional  
**Number of Units:** 444  
**Year Built:** 2001  
**Site:** 36.45

**Units of Comparison:**

Effective Gross Income:	\$4,283,000
EGIM	7.5
Total Expenses:	\$2,331,000
Net Operating Income:	\$1,952,000
Net Operating Income per Unit:	\$4,396
Overall Rate with Reserves:	6.10%
Sale Price per Unit:	\$72,072

**Comments:**

This three-story, garden-style property offers 166 one-bedroom, 244 two-bedroom units, and 34 three-bedroom units. The property was reportedly 93 percent occupied at the time of transfer. The sale price, capitalization rate, and expenses were verified with the broker, Joshua Goldfarb of Regional Multi Housing Advisors.

**Verification:** Costar, Broker

**Comparable Sale 4**

**Name:** Oak Forest Apartments  
**Location:** 338 Hatton Drive  
 Scottdale, GA 30079



**Buyer:** Oak Forest Scottdale LP  
**Seller:** Oak Forest II LLC  
**Sale Date:** Feb-14  
**Sale Price:** \$8,780,000

**Financing:** Conventional  
**Number of Units:** 150  
**Year Built:** 1974  
**Site:** 13.3

**Units of Comparison:**

Effective Gross Income:	\$1,351,800
EGIM	6.5
Total Expenses:	\$825,000
Net Operating Income:	\$526,800
Net Operating Income per Unit:	\$3,512
Overall Rate with Reserves:	6.0%
Sale Price per Unit:	\$58,533

**Comments:**

This is a Section 8 property that consists of 110 two-bedroom units and 40 two-bedroom units. The property was in good condition at the time of the sale and was approximately 98 percent occupied. The income and capitalization rate information was confirmed with the broker, Gene Levental of Sperry Van Ness.

**Verification:** Costar, Broker (Kris Mikkelsen, Engler Financial Group, 678-992-2000)

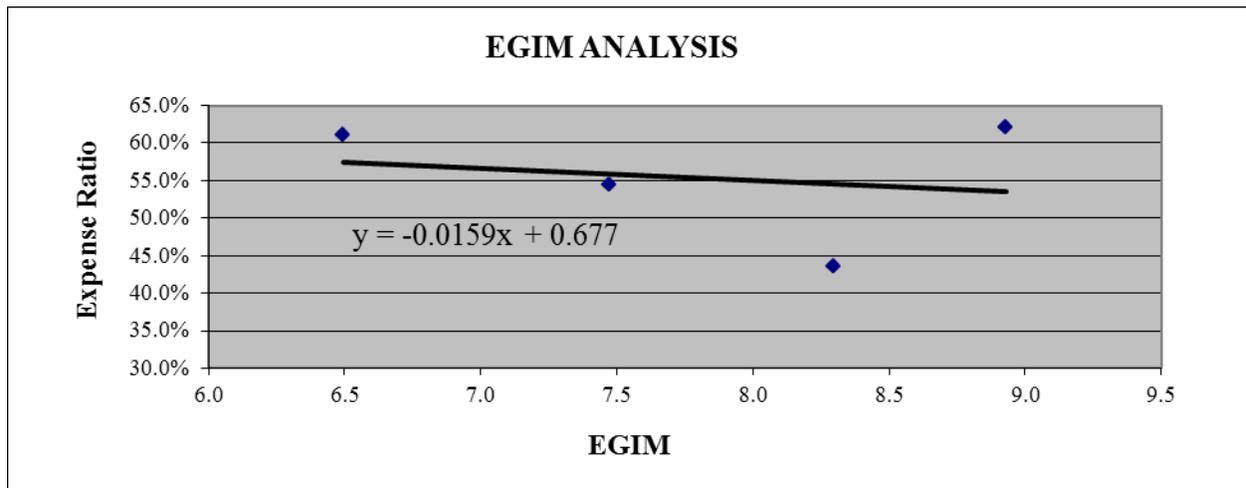
**VALUATION ANALYSIS**

The sales selected for this analysis are summarized in the following table.

SALES COMPARISON									
Property	City	Year Built	Sale Date	Sale Price	# of Units	Price / Unit	Effective Gross Income Multiplier	Overall Rate	
1	Inman Way	Atlanta, GA	1962	15-Jul	\$2,985,000	28	\$106,607	8.3	6.80%
2	Ivy Park	Atlanta, GA	1980	14-Dec	\$8,750,000	176	\$49,716	8.9	6.10%
3	Creekside Corners Apartments	Lithonia, GA	2001	14-Dec	\$32,000,000	444	\$72,072	7.5	6.10%
4	Oak Forest Apartments	Scottsdale, GA	1974	14-Feb	\$8,780,000	150	\$58,533	6.5	6.00%
	<b>Average</b>				<b>\$13,128,750</b>	<b>200</b>	<b>\$71,732</b>	<b>7.8</b>	<b>6.30%</b>

**EGIM Analysis**

We first estimate the Subject’s value using the EGIM analysis. The EGIM compares the ratios of sales price to the annual gross income for the property, less a deduction for vacancy and collection loss. A reconciled multiplier for the Subject is then used to convert the Subject’s anticipated effective gross income into an estimate of value. The following chart highlights the correlation between the EGIM and the expense ratios reported by the comparable sales utilized in our analysis.



	Sale Price	EGI	Expenses	Expense Ratio	EGIM
<b>As Is</b>	<b>\$11,500,000</b>	<b>\$1,680,000</b>	<b>\$977,102</b>	<b>58%</b>	<b>6.9</b>
<b>As Proposed Restricted</b>	<b>\$14,800,000</b>	<b>\$1,948,485</b>	<b>\$1,044,004</b>	<b>54%</b>	<b>7.6</b>
<b>As Proposed Unrestricted</b>	<b>\$15,200,000</b>	<b>\$1,963,460</b>	<b>\$1,035,534</b>	<b>53%</b>	<b>7.7</b>
Comparable #1	\$2,985,000	\$359,780	\$156,800	44%	8.3
Comparable #2	\$8,750,000	\$1,416,375	\$880,000	62%	8.9
Comparable #3	\$32,000,000	\$4,283,000	\$2,331,000	54%	7.5
Comparable #4	\$8,780,000	\$1,351,800	\$825,000	61%	6.5

We have estimated EGIMs of 6.9 to 7.7 for the restricted and unrestricted scenarios. The Subject's indicated value using the EGIM method is presented in the following table.

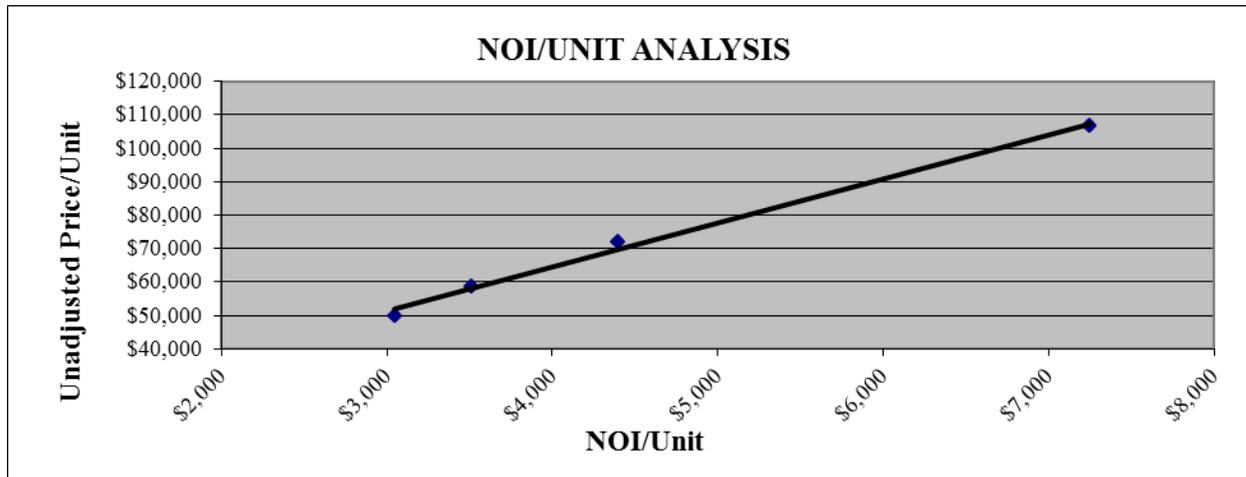
**EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"**

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Is	6.9	\$1,680,000	\$11,500,000
As Proposed Restricted	7.6	\$1,948,485	\$14,800,000
As Proposed Unrestricted	7.7	\$1,963,460	\$15,200,000

**NOI/UNIT ANALYSIS**

The available sales data also permits the use of the NOI/Unit analysis. This NOI/Unit analysis examines the income potential of a property relative to the price paid per unit. The sales indicate that, in general, investors are willing to pay more for properties with greater income potential. Based on this premise, we are able to gauge the Subject's standing in our market survey group, thereby estimating a value on a price per unit applicable to the Subject. This analysis allows us to provide a quantitative adjustment process and avoids qualitative, speculative adjustments.

To estimate an appropriate price/unit for the Subject, we examined the change in NOI/Unit and how it affects the price/unit. By determining the percent variance of the comparable properties NOI/Unit to the Subject, we determine an adjusted price/unit for the Subject. As the graph illustrates there is a direct relationship between the NOI and the sale price of the comparable properties.



The tables below summarize the calculated adjustment factors and the indicated adjusted prices.

## NOI/UNIT ANALYSIS

## As Is

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$3,994	/	\$7,249	=	0.55	X	\$106,607	=	\$58,731
2	\$3,994	/	\$3,048	=	1.31	X	\$49,716	=	\$65,151
3	\$3,994	/	\$4,396	=	0.91	X	\$72,072	=	\$65,471
4	\$3,994	/	\$3,512	=	1.14	X	\$58,533	=	\$66,562
			<b>\$4,551</b>		<b>0.98</b>		<b>\$71,732</b>		<b>\$63,979</b>

## NOI/UNIT ANALYSIS

## As Proposed Restricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$5,139	/	\$7,249	=	0.71	X	\$106,607	=	\$75,575
2	\$5,139	/	\$3,048	=	1.69	X	\$49,716	=	\$83,835
3	\$5,139	/	\$4,396	=	1.17	X	\$72,072	=	\$84,248
4	\$5,139	/	\$3,512	=	1.46	X	\$58,533	=	\$85,652
			<b>\$4,551</b>		<b>1.26</b>		<b>\$71,732</b>		<b>\$82,327</b>

## NOI/UNIT ANALYSIS

## As Proposed Unrestricted

No.	Subject's Stabilized NOI/Unit	/	Sale's NOI/Unit	=	Adjustment Factor	x	Unadjusted Price/Unit	=	Adjusted Price/Unit
1	\$5,272	/	\$7,249	=	0.73	X	\$106,607	=	\$77,534
2	\$5,272	/	\$3,048	=	1.73	X	\$49,716	=	\$86,008
3	\$5,272	/	\$4,396	=	1.20	X	\$72,072	=	\$86,431
4	\$5,272	/	\$3,512	=	1.50	X	\$58,533	=	\$87,872
			<b>\$4,551</b>		<b>1.29</b>		<b>\$71,732</b>		<b>\$84,461</b>

The comparables have generally similar condition and locations as the Subject. Based upon the comparable properties, we have concluded to a price per unit within the middle of the range. Value indications via the NOI per unit analysis are summarized below.

## NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Is	176	\$65,500	\$11,500,000
As Proposed Restricted	176	\$84,000	\$14,800,000
As Proposed Unrestricted	176	\$86,500	\$15,200,000

## Conclusion

We utilized the EGIM, the NOI/Unit, and the per unit adjustment analyses to estimate the Subject's value using the sales comparison approach. These two methods must be reconciled into a single value estimate. Both techniques provide a reasonable indication of the Subject's value. While the EGIM analysis is considered to be a reasonable method of valuation, the NOI/unit analysis is

typically considered to be the better approach due to its concentration on NOI or a point more reflective of investor returns, and its use with relation to the sales prices.

The Subject's market value of the real estate "As Is", via the Sales Comparison Approach, as of August 16, 2016 is:

**ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS**  
**(\$11,500,000)**

The Subject's prospective fee simple market value of the real estate As Restricted assuming the proposed LIHTC and Section 8 rents "As Complete and Stabilized", via the Sales Comparison Approach, as of August 16, 2016 is:

**FOURTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**(\$14,800,000)**

The Subject's hypothetical fee simple market value of the real estate assuming achievable market rents "As Complete and Stabilized", via the Sales Comparison Approach, as of August 16, 2016 is:

**FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS**  
**(\$15,200,000)**

*It is an extraordinary assumption that the existing and proposed Section 8 HAP contracts rents would mark up to market. Please refer to the assumptions and limiting conditions regarding the valuation and hypothetical value conclusions.*

# **RECONCILIATION**

**RECONCILIATION**

We were asked to provide an estimate of the Subject's value with LIHTC restrictions and without restricted operations. We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

<b>AS IF VACANT LAND</b>			
<b>Scenario</b>	<b>Units</b>	<b>Price Per Unit</b>	<b>Indicated Value (Rounded)</b>
Land Value	174	\$12,000	\$2,090,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS IS"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.10%	\$702,898	\$11,500,000
<b>DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Cap Rate</b>	<b>Net Operating Income</b>	<b>Indicated Value (Rounded)</b>
As Proposed Restricted	6.10%	\$904,481	\$14,800,000
As Proposed Unrestricted	6.10%	\$927,926	\$15,200,000
<b>EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>EGIM</b>	<b>Effective Gross Income</b>	<b>Indicated Value (Rounded)</b>
As Is	6.9	\$1,680,000	\$11,500,000
As Proposed Restricted	7.6	\$1,948,485	\$14,800,000
As Proposed Unrestricted	7.7	\$1,963,460	\$15,200,000
<b>NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"</b>			
<b>Scenario</b>	<b>Number of Units</b>	<b>Price per unit</b>	<b>Indicated Value (Rounded)</b>
As Is	176	\$65,500	\$11,500,000
As Proposed Restricted	176	\$84,000	\$14,800,000
As Proposed Unrestricted	176	\$86,500	\$15,200,000
<b>VALUE AT LOAN MATURITY - RESTRICTED</b>			
	<b>Year</b>	<b>Indicated Value (Rounded)</b>	
As Proposed Restricted	30 years	\$20,500,000	
<b>VALUE AT LOAN MATURITY - UNRESTRICTED</b>			
	<b>Year</b>	<b>Indicated Value (Rounded)</b>	
As Proposed Unrestricted	30 years	\$20,600,000	
<b>TAX CREDIT VALUATION</b>			
	<b>Credit Amount</b>	<b>Price Per Credit</b>	<b>Indicated Value (Rounded)</b>
Federal LIHTC	\$8,434,751	\$1.10	\$9,300,000
State LIHTC	\$3,987,736	\$0.52	\$2,070,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject will be an income producing in nature, this approach is the most applicable method of valuing the Subject property. Furthermore, when valuing the intangible items it is the only method of valuation considered.

The sales comparison approach reflects an estimate of value as indicated by the sales market. In this approach, we searched the local market for transfers of similar type properties. These transfers were analyzed for comparative units of value based upon the most appropriate indices (i.e. \$/Unit, OAR, etc.). Our search revealed several sales over the past three years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a NOI/unit analysis. These analyses provide a good indication of the Subject's market value.

In the final analysis, we considered the influence of the two approaches in relation to one another and in relation to the Subject. In the case of the Subject several components of value can only be valued using either the income or sales comparison approach.

#### **Underlying Land Value**

As a result of our investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the value of the underlying land in fee simple, as of August 16, 2016, is:

**TWO MILLION NINETY THOUSAND DOLLARS  
(\$2,090,000)**

#### **“As Is” Value**

The Subject's market value of the real estate “As Is”, assuming restricted operations, as of August 16, 2016 is:

**ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$11,500,000)**

#### **“As Complete and Stabilized” Restricted**

The Subject's hypothetical estimated market value “As Complete and Stabilized” assuming restricted operations, as of August 16, 2016, is:

**FOURTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS  
(\$14,800,000)**

**“As Complete and Stabilized” Unrestricted**

The Subject’s hypothetical estimated market value “As Complete and Stabilized” assuming unrestricted operations, as of August 16, 2016, is:

**FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS  
(\$15,200,000)**

**Prospective Market Value as Restricted 30 years (Loan Maturity),**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject’s fee simple interest, subject to the rental restrictions in the year 2046, as of August 16, 2016, is:

**TWENTY MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$20,500,000)**

**Prospective Market Value as Unrestricted at 30 years (Loan Maturity)**

The hypothetical prospective market value at 30 years (loan maturity) of the Subject’s fee simple interest, as an unrestricted property in the year 2046, as of August 16, 2016, is:

**TWENTY MILLION SIX HUNDRED THOUSAND DOLLARS  
(\$20,600,000)**

**Tax Credit Value**

The market value of the tax credits allocated to the Subject over a 10-year period, on a cash equivalent basis, as of August 16, 2016, is:

***Total LIHTC Value: Combined Federal and State***  
**ELEVEN MILLION THREE HUNDRED SEVENTY THOUSAND DOLLARS  
(11,370,000)**

*The Subject’s current Section 8 contract rents are below achievable market rents in the market, assuming as is condition of the Subject. It is reasonable to assume that a buyer would request the contract rents to be increased to the achievable market rents. It is an extraordinary assumption of this report that the Subject’s contract rents will be market up to market; as such, the “as is” value assumes the contract rents are increased to the current achievable market rents. Likewise, the post-renovation restricted valuation also assumes a mark up to market, based upon our determination of achievable market rents as renovated. These assumptions are consistent with the client’s/developer’s plans. We have been furnished a HUD-compliant Rent Comparability Study that the client intends to submit to HUD for contract renewal and rent increase. Our findings in terms of achievable market rents as is and post-renovation are consistent with the findings of this RCS.*

**MARKETING TIME PROJECTION:**

**Marketing Time** is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property "as is" will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of nine to 12 months is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the PwC survey. This estimate assumes a strong advertising and marketing program during the marketing period.

**Reasonable Exposure Time:**

Statement 6, Appraisal Standards to USPAP notes that reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to proceed the effective date of the appraisal.

It is defined as the "estimated length of time the property interests appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market." Based on our read of the market, historical information provided by the *PwC Investor Survey* and recent sales of apartment product, an exposure time of nine to 12 months appears adequate.

*Addendum A*

*Assumptions and Limiting Conditions, Certification*

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time. A final inspection and value estimate upon the completion of said improvements should be required.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.

21. The party for whom this report is prepared has reported to the appraiser there are no original existing condition or development plans that would subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser does not warrant the condition or adequacy of such systems.
24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.

*The Subject's current Section 8 contract rents are below achievable market rents in the market, assuming as is condition of the Subject. It is reasonable to assume that a buyer would request the contract rents to be increased to the achievable market rents. It is an extraordinary assumption of this report that the Subject's contract rents will be market up to market; as such, the "as is" value assumes the contract rents are increased to the current achievable market rents. Likewise, the post-renovation restricted valuation also assumes a mark up to market, based upon our determination of achievable market rents as renovated. These assumptions are consistent with the client's/developer's plans. We have been furnished a HUD-compliant Rent Comparability Study that the client intends to submit to HUD for contract renewal and rent increase. Our findings in terms of achievable market rents as is and post-renovation are consistent with the findings of this RCS.*

## **SPECIFIC ASSUMPTIONS**

The terms of the subsidy programs are preliminary as of the appraisal's effective date, August 16, 2016; therefore, any description of such terms is intended to reflect the current expectations and perceptions of market participants along with available factual data. The terms should be judged on the information available when the forecasts are made, not whether specific items in the forecasts or programs are realized. The program terms outlined in this report, as of August 16, 2016, form the basis upon which the value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter the stated terms subsequent to the date of this report.

The prospective value estimates reported herein are prepared using assumptions stated in this report which are based on the owner's/developer's plan to complete the Subject. As of August 16, 2016, the Subject's completion date is in 2018.

Prospective value estimates, which are by the nature hypothetical estimates, are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The market conditions outlined in the report will be as of the last inspection date of the Subject, and these conditions will form the basis upon which the prospective value estimates are made. Novogradac & Co. LLP cannot be held responsible for unforeseen events that alter market conditions and/or the proposed property improvements subsequent to the date of the report.

At the clients' request we appraised the Subject property under a hypothetical condition. The hypothesis is that the developer proposes to use private financing and assistance from Low Income Housing Tax Credits to construct the Subject.

It is an extraordinary assumption that the existing and proposed Section 8 HAP contracts rents would mark up to market.

## **CERTIFICATION**

The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- We are performing a concurrent market study of the subject property. Additionally, we performed a preliminary RCS in July 2016, and a market study and appraisal for the Subject in November 2015; we have not performed any other work within the three year period immediately preceding acceptance of this appraisal assignment;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
- Rebecca S. Arthur and Rachel B. Denton have not made a personal inspection of the property that is the Subject of this report, but reviewed all comparable and market data. Brian Neukam made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report and are competent to perform such analyses;
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Rebecca S. Arthur, MAI has completed the continuing education program for Designated members of the Appraisal Institute.

- As of the date of this report, Rachel B. Denton has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



---

Rebecca S. Arthur, MAI  
Partner



---

Rachel B. Denton, MAI  
Principal



---

Brian Neukam  
Certified General Real Estate Appraiser  
GA License # 4329471

*Addendum B*

*Qualifications of Consultants*

**STATEMENT OF PROFESSIONAL QUALIFICATIONS**  
**REBECCA S. ARTHUR, MAI**

**I. Education**

University of Nebraska, Lincoln, Nebraska  
Bachelor of Science in Business Administration – Finance

Appraisal Institute  
Designated Member (MAI)

**II. Licensing and Professional Affiliation**

Designated Member of the Appraisal Institute (MAI)  
Kansas City Chapter of the Appraisal Institute Board of Directors – 2013 & 2014  
Member of Commercial Real Estate Women (CREW) Network  
Member of National Council of Housing Market Analysts (NCHMA)

State of Arkansas Certified General Real Estate Appraisal No. CG2682  
State of Arizona Certified General Real Estate Appraisal No. 31992  
State of California Certified General Real Estate Appraiser No. AG041010  
State of Hawaii Certified General Real Estate Appraiser No. CGA-1047  
State of Iowa Certified General Real Estate Appraiser No. CG03200  
State of Indiana Certified General Real Estate Appraiser No. CG41300037  
State of Kansas Certified General Real Estate Appraiser No. G-2153  
State of Minnesota Certified General Real Estate Appraiser No. 40219655  
State of Missouri Certified General Real Estate Appraiser No. 2004035401  
State of Louisiana Certified General Real Estate Appraiser No. 4018  
State of Texas Certified General Real Estate Appraiser No. TX-1338818-G

**III. Professional Experience**

Partner, Novogradac & Company LLP  
Principal, Novogradac & Company LLP  
Manager, Novogradac & Company LLP  
Real Estate Analyst, Novogradac & Company LLP  
Corporate Financial Analyst, Deloitte & Touche LLP

**IV. Professional Training**

USPAP Update, January 2016  
Forecasting Revenue, June 2015  
Discounted Cash Flow Model, June 2015  
Business Practices and Ethics, April 2015  
HUD MAP Training – June 2013  
The Appraiser as an Expert Witness: Preparation & Testimony, April 2013  
How to Analyze and Value Income Properties, May 2011

Appraising Apartments – The Basics, May 2011  
HUD MAP Third Party Tune-Up Workshop, September 2010  
HUD MAP Third Party Valuation Training, June 2010  
HUD LEAN Third Party Training, January 2010  
National Uniform Standards of Professional Appraisal Practice, April 2010  
MAI Comprehensive Four Part Exam, July 2008  
Report Writing & Valuation Analysis, December 2006  
Advanced Applications, October 2006  
Highest and Best Use and Market Analysis, July 2005  
HUD MAP – Valuation Advance MAP Training, April 2005  
Advanced Sales Comparison and Cost Approaches, April 2005  
Advanced Income Capitalization, October 2004  
Basic Income Capitalization, September 2003  
Appraisal Procedures, October 2002  
Appraisal Principals, September 2001

## **V. Real Estate Assignments**

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2001, with an emphasis on multifamily housing and land.
- Have managed and conducted numerous market and feasibility studies for multifamily housing. Properties types include Section 42 Low Income Housing Tax Credit (LIHTC) Properties, Section 8, USDA and/or conventional. Local housing authorities, developers, syndicators, HUD and lenders have used these studies to assist in the financial underwriting and design of multifamily properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying, and overall market analysis. The Subjects include both new construction and rehabilitation properties in both rural and metro regions throughout the United States and its territories.
- Have managed and conducted numerous appraisals of multifamily housing. Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered LIHTC and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and PILOT agreements.
- Performed market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs, as well as the LIHTC PILOT Program.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are

used by states, FannieMae, USDA, and the developer in the underwriting process. Market studies are compliant to State, FannieMae, and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.

- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multi-family properties for DUS Lenders.
- Managed and Completed numerous Section 8 Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- Managed and conducted various City and County-wide Housing Needs Assessments in order to determine the characteristics of existing housing, as well as determine the need for additional housing within designated areas.
- Performed numerous valuations of the General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.

## **VI. Speaking Engagements**

A representative sample of industry speaking engagements follows:

- Institute for Professional Education and Development (IPED): Tax Credit Seminars
- Institute for Responsible Housing Preservation (IRHP): Annual Meetings
- Midwest FHA Lenders Conference: Annual Meetings
- National Council of Housing Market Analysts (NCHMA): Seminars and Workshops
- Nebraska's County Assessors: Annual Meeting
- Novogradac & Company LLP: LIHTC, Developer and Bond Conferences
- AHF Live! Affordable Housing Finance Magazine Annual Conference
- Kansas Housing Conference
- California Council for Affordable Housing Meetings

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
RACHEL BARNES DENTON, MAI**

**I. EDUCATION**

Cornell University, Ithaca, NY  
School of Architecture, Art & Planning, Bachelor of Science in City & Regional Planning

**II. LICENSING AND PROFESSIONAL AFFILIATION**

Designated Member of the Appraisal Institute  
Member of National Council of Housing Market Analysts (NCHMA)  
Member of Commercial Real Estate Women (CREW) Network  
    2011 and 2012 Communications Committee Co-Chair for the Kansas City CREW Chapter  
    2013 Director of Communications and Board Member for Kansas City CREW  
    2014 Secretary and Board Member for Kansas City CREW  
    2015 and 2016 Treasurer and Board Member for Kansas City CREW

State of California Certified General Real Estate Appraiser No. AG044228  
State of Colorado Certified General Real Estate Appraiser No. 100031319  
State of Hawaii Certified General Real Estate Appraiser No. CGA1048  
State of Illinois Certified General Real Estate Appraiser No. 553.002012  
State of Kansas Certified General Real Estate Appraiser No. G-2501  
State of Minnesota Certified General Real Estate Appraiser No. 40420897  
State of Missouri Certified General Real Estate Appraiser No. 2007035992  
State of New Mexico Certified General Real Estate Appraiser No. 03424-G  
State of Oklahoma Certified General Real Estate Appraiser No. 13085CGA  
State of Oregon Certified General Real Estate Appraiser No. C000951  
State of Texas Certified General Real Estate Appraiser No. 1380396

**III. PROFESSIONAL EXPERIENCE**

Novogradac & Company LLP, Principal  
Novogradac & Company LLP, Manager  
Novogradac & Company LLP, Senior Real Estate Analyst

**IV. PROFESSIONAL TRAINING**

Educational requirements successfully completed for the Appraisal Institute:  
    Appraisal Principals, September 2004  
    Basic Income Capitalization, April 2005  
    Uniform Standards of Professional Appraisal Practice, November 2005  
    Advanced Income Capitalization, August 2006  
    General Market Analysis and Highest & Best Use, July 2008  
    Advanced Sales Comparison and Cost Approaches, June 2009  
    Advanced Applications, June 2010  
    General Appraiser Report Writing and Case Studies, July 2014  
    Standards and Ethics (USPAP and Business Practices and Ethics)  
    MAI Designation General Comprehensive Examination, January 2015  
    MAI Demonstration of Knowledge Report

Completed HUD MAP Training, Columbus, Ohio, May 2010

Have presented and spoken at both national Novogradac conferences and other industry events, including the National Council of Housing Market Analysts (NCHMA) Annual Meetings and FHA Symposia, Institute for Professional and Executive Development (IPED) conferences, and state housing conferences, such as Housing Colorado.

## **V. REAL ESTATE ASSIGNMENTS**

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2003, with an emphasis on affordable multifamily housing.

Conducted and managed appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, HUD MAP Section 221(d)(4) and 223(f) properties, USDA Rural Development, and market rate multifamily developments on a national basis. Analysis includes property screenings, economic and demographic analysis, determination of the Highest and Best Use, consideration and application of the three traditional approaches to value, and reconciliation to a final value estimate. Both tangible real estate values and intangible values in terms of tax credit valuation, beneficial financing, and PILOT are considered. Additional appraisal assignments completed include commercial land valuation, industrial properties for estate purposes, office buildings for governmental agencies, and leasehold interest valuation. Typical clients include developers, lenders, investors, and state agencies.

Managed and conducted market studies for proposed Low-Income Housing Tax Credit, HUD MAP, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis. Property types include proposed multifamily, senior independent living, large family, acquisition/rehabilitation, historic rehabilitation, adaptive reuse, and single family developments. Typical clients include developers, state agencies, syndicators, investors, and lenders.

Completed and have overseen numerous Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Performed and managed market studies and appraisals of proposed new construction and existing properties insured and processed under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.

Performed and have overseen numerous market study/appraisal assignments for USDA RD properties in several states in conjunction with acquisition/rehabilitation redevelopments. Documents are used by states, lenders, USDA, and the developer in the underwriting process. Market studies are compliant to State, lender, and USDA requirements. Appraisals are compliant to lender requirements and USDA HB-1-3560 Chapter 7 and Attachments.

Performed appraisals for estate valuation and/or donation purposes for various types of real estate, including commercial office, industrial, and multifamily assets. These engagements were conducted in accordance with the Internal Revenue Service's Real Property Valuation Guidelines, Section 4.48.6 of the Internal Revenue Manual.

Conducted a Highest and Best Use Analysis for a proposed two-phase senior residential development for a local Housing Authority in the western United States. Completed an analysis of existing and proposed senior supply of all types, including both renter and owner-occupied options, and conducted various demand analyses in order to determine level of need and ultimate highest and best use of the site.

Prepared a three-year Asset Management tracking report for a 16-property portfolio in the southern United States. Data points monitored include economic vacancy, levels of concessions, income and operating

expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.

Performed various community-wide affordable housing market analyses and needs assessments for communities and counties throughout the Midwest and Western states. Analysis included demographic and demand forecasts, interviews with local stakeholders, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.

Managed a large portfolio of Asset Management reports for a national real estate investor. Properties were located throughout the nation, and were diverse in terms of financing, design, tenancy, and size. Information compiled included income and expenses, vacancy, and analysis of property's overall position in the market.

Performed appraisals of LIHTC assets for Year 15 purposes; valuations of both the underlying real estate asset and partnership interests have been completed. These reports were utilized to assist in potential disposition options for the property, including sale of the asset, buyout of one or more partners, or potential conversion to market rate.

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
BRIAN NEUKAM**

**EDUCATION**

Georgia Institute of Technology, Bachelor of Industrial Engineering, 1995

**State of Georgia Certified General Real Property Appraiser No. 329471**

**PROFESSIONAL TRAINING**

National USPAP and USPAP Updates

General Appraiser Market Analysis and Highest & Best Use

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Capitalization Approach I and II

General Appraiser Report Writing and Case Studies

**EXPERIENCE**

**Novogradac & Company LLP, Real Estate Analyst, September 2015- Present**

J Lawson & Associates, Associate Appraiser, October 2013- September 2015

Carr, Lawson, Cantrell, & Associates, Associate Appraiser, July 2007-October 2013

**REAL ESTATE ASSIGNMENTS**

A representative sample of due diligence, consulting or valuation assignments includes:

- Prepare market studies and appraisals throughout the U.S. for proposed and existing family and senior Low-Income Housing Tax Credit (LIHTC), market rate, HOME financed, USDA Rural Development, and HUD subsidized properties. Appraisal assignments involve determining the as is, as if complete, and as if complete and stabilized values.
- Conduct physical inspections of subject properties and comparables to determine condition and evaluate independent physical condition assessments.
- Performed valuations of a variety of commercial properties throughout the Southeast which included hotels, gas stations and convenience stores, churches, funeral homes, full service and fast-food restaurants, stand-alone retail, strip shopping centers, distribution warehouse and manufacturing facilities, cold storage facilities, residential and commercial zoned land, and residential subdivision lots. Intended uses included first mortgage, refinance, foreclosure/repossession (REO), and divorce.
- Employed discounted cash flow analysis (utilizing Argus or Excel) to value income-producing properties and prepare or analyze cash flow forecasts.
- Reviewed and analyzed real estate leases, including identifying critical lease data such as commencement/expiration dates, various lease option types, rent and other income, repair and maintenance obligations, Common Area Maintenance (CAM), taxes, insurance, and other important lease clauses.

# **STATEMENT OF PROFESSIONAL QUALIFICATIONS**

## **Tami D. Cook**

### **I. EDUCATION**

**Avila University – Kansas City, Missouri**  
Master of Business Administration – Finance

**University of Missouri – Columbia, Missouri**  
Bachelor of Science – Finance and Real Estate

### **II. LICENSING AND PROFESSIONAL AFFILIATION**

State of Missouri Certified General Real Estate Appraiser Trainee No. 2015023292

### **II. PROFESSIONAL EXPERIENCE**

*Analyst*- Novogradac & Company LLP  
*Real Estate Researcher*- Novogradac & Company LLP  
*Appraisal Analyst*- North American Savings Bank

### **III. PROFESSIONAL TRAINING**

Educational requirements successfully completed for the Appraisal Institute  
Basic Appraisal Principles- September 2013  
Basic Appraisal Procedures- November 2013  
National Uniform Standards of Professional Appraisal Practice- December 2013  
Real Estate Finance Statistics and Valuation Modeling- February 2014  
General Appraiser Sales Comparison Approach- April 2014  
Supervisor-Trainee Course for Kansas- July 2014

### **IV. REAL ESTATE ASSIGNMENTS**

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including

adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.

- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.

*Addendum C*  
*Subject Photos*



*Subject's exterior*



*Subject's exterior*



*Subject's exterior*



*Subject's exterior*



*Subject's exterior*



*Subject's exterior*



*Typical kitchen*



*Typical living room*



*Typical bedroom*



*Typical bathroom*



*Typical kitchen*



*Typical living room*



*Typical bathroom*



*Typical bedroom closet*



*Subject's mailboxes*



*Typical laundry space*



*Subject's playground*



*Subject's leasing office*



*Ashford East Village comparable (market rate) to the north*



*Ashford East Village comparable (market rate) to the west*



*Park to the north*



*Gas station to the north*



*Single-family to the south*



*Single-family in Subject's neighborhood*



*Single-family in Subject's neighborhood*



*Single-family in Subject's neighborhood*



*Retail center to the east*



*McNair High School to the south*

*Addendum D*  
*Developer's Budget and Proforma*

**VITUS Paradise East**  
**INCOME AND EXPENSE UNDERWRITING**

	2013 Audit		2014 Audit		2015 Audit		Average Historical		Project Underwriting	
	\$	PUPA	\$	PUPA	\$	PUPA	\$	PUPA	\$	PUPA
<b>GROSS ANNUAL RENTAL INCOME</b>	0	0	1,241,850	7,056	1,290,598	7,333	1,266,224	7,194	1,959,912	11,136
Garage and Parking Spaces	0	0	0	0	0	0	0	0	0	0
Commercial Income	0	0	0	0	0	0	0	0	0	0
IRP Income	0	0	0	0	0	0	0	0	0	0
Laundry, Vending, Tenant Charges	0	0	6,323	36	6,986	40	6,655	38	6,336	36
<b>Total Gross Income</b>	0	0	1,248,173	7,092	1,297,584	7,373	1,272,879	7,232	1,966,248	11,172
Residential Vacancy and Bad Debts	0	0	45,684	260	35,800	203	40,742	231	78,396	445
<i>Residential Vacancy Rate</i>	0.0%		3.7%		2.8%		3.2%		4.0%	
Parking Vacancy	0	0	0	0	0	0	0	0	0	0
<i>Parking Vacancy Rate</i>	0.0%		0.0%		0.0%		0.0%		10.0%	
Commercial Vacancy	0	0	0	0	0	0	0	0	0	0
<i>Commercial Vacancy Rate</i>	0.0%		0.0%		0.0%		0.0%		10.0%	
<b>EFFECTIVE GROSS INCOME</b>	0	0	1,202,489	6,832	1,261,784	7,169	1,232,136	7,001	1,887,851	10,726
<b>EXPENSES AND RESERVES</b>										
Professional Management	0	0	72,888	414	74,189	422	73,539	418	75,514	429
Payroll & Benefits	0	0	176,961	1,005	197,858	1,124	187,410	1,065	239,360	1,360
Security Payroll/Contract	0	0	73,535	418	53,460	304	63,498	361	35,200	200
Office & Administration	0	0	59,941	341	48,039	273	53,990	307	52,800	300
LIHTC Compliance Monitoring	0	0	0	0	0	0	0	0	7,100	40
Utilities										
Water/Sewer	0	0	138,981	790	130,998	744	134,990	767	132,504	753
Garbage	0	0	31,804	181	31,634	180	31,719	180	33,000	188
Gas	0	0	5,784	33	6,200	35	5,992	34	6,000	34
Electricity	0	0	61,824	351	58,496	332	60,160	342	60,000	341
Maintenance										
Supplies & Repairs	0	0	142,973	812	186,385	1,059	164,679	936	114,400	650
Turnover & Redecorating	0	0	0	0	0	0	0	0	0	0
Grounds	0	0	0	0	0	0	0	0	0	0
Elevator Maintenance	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	54,592	310	67,333	383	60,963	346	51,979	295
Real Property Taxes	0	0	76,401	434	104,552	594	90,477	514	154,726	879
<b>Operating Expenses before Reserves</b>	0	0	895,684	5,089	959,144	5,450	927,414	5,269	962,583	5,469
Replacement Reserves	n/a		n/a		n/a		n/a		61,600	350
<b>Total Operating Expenses with Reserves</b>	0	0	895,684	5,089	959,144	5,450	927,414	5,269	1,024,183	5,819
<b>NET OPERATING INCOME</b>	0	0	306,805	1,743	302,640	1,720	304,722	1,731	863,668	4,907

**Paradise East**  
**1504 Bouldercrest Rd, SE**  
**Atlanta, Georgia 30316**

**176 Units**  
**(9 Handicapped Units)**

**Apollon Contracting LLC**  
33 Powerhouse Road  
Roslyn Heights, NY 11577

Construction Budget  
7.6.2016

Line	Division	Trade Item	TRADE DESCRIPTION	Cost	Per Unit Cost
1	1	<b>SPECIAL REQUIREMENTS</b>			
2		Asbestos Abatement	Owner		
3		Lead Hazard Reduction	Owner		
4					
5	2	<b>DEMOLITION</b>			
6		Demolition of kitchen	Demolition, removal and disposal of kitchens, 176 units.	\$85,000.00	
7		Demolition of bathroom	Demolition, removal, and disposal of bathrooms, 9 HC units.	\$35,000.00	
8		Disposal of appliances (154 units)	Removal and disposal of appliances, 176 units.	\$88,000.00	
9		Demo Flooring/ Carpeting	Demolition, removal, and disposal of carpeting	\$48,888.89	
10		Demo Roof	Demolition, removal, and disposal of roofing.	\$65,000.00	
11					
12	3	<b>CONCRETE</b>			
13		Sidewalk	Remove and replace 1500sf sidewalk	\$60,000.00	
14		Curb	Remove and replace 400 LF curb	\$17,500.00	
15					
16	4	<b>MASONRY</b>			
17		Masonry	Masonry tuckpointing, Brick Surface: an average of 300 sqf per bld (8 blds).	\$170,000.00	
18		Powerwash	Powerwash and clean exterior bricks of entire buildings (n=8).	\$180,000.00	
19					
20	5	<b>METALS</b>			
21		Metals	Scrape and repaint all lintels	\$65,000.00	
22		Sheet metal work	Gutters, leaders, and flashings	\$102,500.00	
23					
24	6	<b>WOOD AND PLASTICS</b>			
25		Rough Carpentry	Miscellaneous carpentry in 9 Handicapped Units.	\$45,000.00	
26		Finish Carpentry	Handicapped units, 9 units.	\$42,500.00	
27		Drywall	Drywall for handicapped units total of 9.	\$37,500.00	
28		Miscellaneous Exterior Caulking	Miscellaneous exterior caulking and sealant, 150sf per building, quantity 8 buildings.	\$25,000.00	
29					
30	7	<b>THERMAL AND MOISTURE PROTECTION</b>			
31		Roofing	Install new roofing 8 buildings.	\$475,000.00	
32		Siding	Vinyl siding replacement 8 building.	\$275,000.00	
33					
34	8	<b>OPENINGS (DOORS &amp; WINDOWS)</b>			
35		Window Lintels	Replacement of window lintels in brick, 160 LF total	\$95,000.00	
36		Windows	Remove windows & replace with new 8 blds, Crystal Windows.	\$625,000.00	
37					
38	9	<b>FINISHES</b>			
39		Flooring	Sand and polish hardwood flooring in living room and bedroom - total 9 HC units	\$44,866.21	
40		Vinyl Flooring	Install new vinyl floor in kitchens and bathrooms, allowance 10% units, 9 units.	\$40,000.00	
41		Laundry Room	Install new vinyl tiles and vinyl base, and paint laundry room	\$17,000.00	
42		Paint Kitchens and Bathrooms	Prepare and paint kitchens and bathrooms, 176 units	\$95,000.00	
43		Ceramic tile	Ceramic tile repair, 10sf average per unit 20% units.	\$60,000.00	
44		Stairs to Second Floor	Sand and Stain or Paint 1st and 2nd Floor Stairways	\$82,500.00	
45					
46	10	<b>SPECIALITIES</b>			
47		Specialties	Provide new toilet accessories (soap dish, toothbrush holder, tilt mirror, medicine cabinet, toilet paper holder, towel bar, robe hook) 9 handic	\$10,000.00	
48		Specialties	Provide new medicine cabinets only, 176 unit bathrooms.	\$42,500.00	
49					
50	11	<b>RESIDENTIAL APPLIANCES</b>			
51		Appliances	Refrigerators, Stoves (General Electric or Westinghouse)	\$528,000.00	
52					
53	12	<b>FURNISHINGS</b>			
54		Cabinets	Remove and install all new Smart kitchen cabinets in 176 units.	\$684,400.00	
55					
56	14	<b>CONVEYING SYSTEM</b>			
57					
58	22	<b>PLUMBING</b>			
59		Plumbing	New kitchen sinks/ faucets; Bathroom new vanity, and tub glazing, 176 units	\$310,000.00	
60		Tub Enclosures	New bathtub enclosures with grab bars, 9 handicapped units.	\$75,000.00	
61		Water Heaters	Water heater replacements, 176 units	\$352,000.00	
62		Hand held Shower	Provide adjustable hand held shower heads with slide bar for 9 handicapped accessible units	\$3,500.00	
63					
64	23	<b>HEATING AND VENTILATION</b>			
65		Boilers/ Furnace	New boiler/ furnace 176 units.	\$395,000.00	
66					
67	24	<b>ELECTRICAL</b>			
68		Electrical	Electrical work (hardwired new smoke/co detectors), 176 units.	\$185,000.00	
69		Electrical	Electrical work testing and upgrades.	\$88,000.00	
70		Electrical	Electrical work (installation of new lighting in units, and 4 replacement LED lighting in existing fixture per unit, 176).	\$175,000.00	
71		Electrical	LED Exterior Lighting 60 total, existing fixtures.	\$75,000.00	
72					
73	32	<b>EXTERIOR IMPROVEMENT</b>			
74		Asphalt	Remove all loose asphalt, fill areas with binder overlay with new asphalt 1 1/2"thick. New striping & handicapped parking sign approximately 25,000sf	\$165,000.00	
75		Playground Equipments	Playground Equipment allowance.	\$35,000.00	
76		Benches	Benches, Signage, Bike Racks (exterior bike racks & interior)	\$22,500.00	
77					
78		<b>SUBTOTAL (Structures)</b>		<b>\$6,022,155.10</b>	
79					
80		<b>TOTAL</b>		<b>\$6,022,155.10</b>	
81		Site Improvements	Landscaping, 6,000 sf	\$137,845.00	
82					
83		Subtotal (Land Improvements Only)		<b>\$137,845.00</b>	
84		<b>TOTAL Structural and Land Improvements</b>		<b>\$6,160,000.10</b>	<b>\$35,000.00</b>
85		General Requirements (3%)		\$184,800.00	
86		<b>SUBTOTAL</b>		<b>\$6,344,800.10</b>	
87		Builder's Overhead (5%)		\$317,240.01	
88		Builder's Profit (8%)		\$532,963.21	
89				<b>\$7,195,003.32</b>	
90		Bond	Owner		
91		Insurance	Owner		
92		<b>TOTAL for ALL Improvements</b>		<b>\$7,195,003.32</b>	

\*This project is not Prevailing Wages.

*Addendum E*  
*Site Plans*



*Addendum F*  
*License*

# STATE OF GEORGIA REAL ESTATE APPRAISERS BOARD

**BRIAN CURTIS NEUKAM**

329471

IS AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF GEORGIA IN THE CAPACITY AS

**CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES HEREWITH ARE CONTINGENT UPON THE REQUISITE FEES AND ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY  
Chairperson

RONALD M. HECKMAN  
JEANMARIE HOLMES  
KEITH STONE

JEFF A. LAWSON  
Vice Chairperson