

**NEED AND DEMAND ANALYSIS**  
**FOR THE MAGGIE RUSSELL TOWER APARTMENTS**  
**IN**  
**ATLANTA, GEORGIA**

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

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## INTRODUCTION

### PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the redevelopment of the Maggie Russell Towers Apartments, in Atlanta, Georgia. This project was originally developed in 1982 under the HUD Section 8 program. There is a total of 150 units at this property: 142 one-bedroom units and eight two-bedroom units. The complex offers apartments with project based rental assistance for very low income tenants.

### ASSUMPTIONS AND CONDITIONS

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

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

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

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

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

The site of the proposed apartments was visited (on July 17 and 19, 2016). In addition, where appropriate, interviews were held with persons with particular knowledge pertinent to the study.

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

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

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

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

**Submitted, and attested to, by:**

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Date: August, 2016

## A.. EXECUTIVE SUMMARY

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

## 1. Project Description:

The Maggie Russell Tower is at 400 Ralph McGill Boulevard, NE, to the north and east of downtown Atlanta.

The project will be the rehabilitation of single, nine-story, "L"-shaped, mid-rise apartment building. The project is available to very low income elderly renters.

One bedroom units are 576 square feet, two bedroom units are 744 square feet.

The project is to be configured as follows:

| <u>Unit type</u> | <u>No. of units</u> | <u>Rents</u> | <u>Utilities</u> | <u>Targeting*</u>    |
|------------------|---------------------|--------------|------------------|----------------------|
| 1 bedroom/1 bath | 19                  | boi          | \$82             | less than 50 percent |
| 2 bedroom/1 bath | 11                  | boi          | \$109            | less than 50 percent |

\* Percent of area median  
boi - based on income

There are 150 units of project-based rental assistance at this property.

The development features the following unit amenities: kitchen, with stove, refrigerator. Other amenities include: window coverings, and walk-in closets. There will be carpet and vinyl and tiled flooring throughout. The units will have heat pumps, with central air-conditioning. The units include an alarm system and cable/satellite provision. Project amenities include an onsite office and community room.

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

The features and amenities that the Maggie Russell Tower offer are typical of complexes of this type - established multi-story properties for seniors developed through the HUD Section 8 and/or Section 202 program. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

## 2. Site Description/Evaluation:

The site is a relatively flat urban property comprising a single, nine-story, mid-rise apartment building, with adjacent parking.

Adjacent properties focus on the Atlanta Medical Center. Other properties in the area include a small public park, and a variety of small single-family homes and multi-family units - including condominiums and apartments.

The Maggie Russell Tower Apartments are visible from both Ralph McGill Boulevard and Parkway Drive (and beyond), with easy access from Parkway Drive.

The location of the Atlanta Medical Center adjacent to the property is considered a significant positive aspect with respect to the site, and there are or significant negative aspects with respect to the site.

Access from the site to major thoroughfares, shopping, health, and other local services is quite good.

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

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

## 3. Market Area Definition:

The market area for the proposed development is the area located to the north and east of the downtown area that is focused on the site of the proposed development. The property is in the Old Fourth Ward neighborhood, between the Sweet Auburn and Midtown neighborhoods. This area is focused on the site of the proposed development and extends to an approximately one- to two-mile urban hinterland.

#### 4. Community Demographic Data:

The population of the project market area is projected to increase from 51,680 in 2010 to 56,197 in 2017, and 58,386 in 2019. The number of households is projected to increase from 27,417 in 2010, to 34,160 in 2017, and 35,459 in 2019. The number of renter households in the market area in 2010 was 17,553. This is projected to increase to 19,663 in 2017, and to 19,800 in 2019.

In 2010, there were a total of 2,478 persons aged 65 years or older in the project market area. By 2017, it is projected that there will be 4,105 elderly persons in 3,053 households in the market area. The corresponding figures for 2019 are 4,622 persons and 3,437 elderly households. Tenure trends suggests that there will be around 1,779 older renters in the market area in 2017 and around 1,930 in 2019.

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

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

#### 5. Economic Data:

Covered private employment, as reported, rose from 745,613 in 2013 to 767,233 in 2014 in Fulton County. In that County it is seen that the largest employment sector is professional and technical services - which accounted for 11.7 percent of the total in 2014. Other significant sectors include healthcare and accommodation and food services.

In 2015, the Fulton County labor force comprised an estimated 514,211 persons. Of this total, 484,146 were employed and 30,075 or 5.8 percent were unemployed. Labor force has shown net growth over the last decade, but has fluctuated over that period - with growth in the early part of the decade, decreases from 2008 to 2010, and subsequent increases in recent years. Employment levels also showed growth in the early part of the decade and decreased thereafter, with a net increase since 2010, and improving unemployment rates in recent years

The most significant major new industries or expansions was the relocation of the Mercedes Benz USA headquarters for New Jersey to Atlanta - with the addition of around 1,000 jobs. There have been no recent major closures or job losses. As can be expected in a large, dynamic employment center a certain number of businesses will be increasing and others potentially decreasing their employee base.

Unemployment was recorded at 5.8 percent in 2015, having been 10.5 percent in 2010, and 5.0 percent in 2006.

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

#### 6. Project-Specific Affordability and Demand Analysis:

Our calculations show that there will be a total of 1,123 renter households in the qualifying income range for the proposed rent-assisted development in the project market area.

Total demand for the proposed development based on the Georgia DCA market study methodology is determined to be for 428 units. The net demand is for 428 units. No capture rates are to be determined where the project is an existing property, with full rental assistance.

(In the event that no project-based assistance was made available for the proposed development, calculations show that there will be a total of 150 renter households in the qualifying income range for an unassisted development, with rent at the maximum allowable, and targeted at 60 percent of the median. Under this scenario, and following the Georgia DCA market study methodology, demand is determined to be for 104, with a net demand for 104 units. Thus, a large, 150-unit, development without rental assistance at the maximum rents, targeting households aged 65 and older, in this somewhat conservative market area, is not considered feasible, *per se*.)

## 7. Competitive Rental Analysis:

At present there are many apartment complexes located in the project market area. These comprise a mix of market rate and subsidized properties - both for families and for seniors. The latter are typically subsidized - through HUD - and are available to very low income elderly, handicapped, and disabled renters. The various developments that are designated for seniors have been identified and surveyed, and where useful information was made available to us, this is presented, below.

Those senior properties that are located in the market area, are typically relatively large, are quite old, and exhibit very high occupancy levels (with waiting lists).

Our survey shows that of the 1,375 units in our survey, 1,220 - or 88.7 percent - were fully rent-assisted in complexes that are typically comparable to the subject property. Occupancy for all elderly units surveyed is seen to be 99.9 percent.

The four, established, fully rent-assisted properties that can be considered most comparable to the subject property (and excluding the subject) are seen to be 100.0 percent occupied.

There are no market rate apartment developments in the market area which are designated for seniors.

Based on our survey, market rents for one-bedroom units range from \$800 for the market rate units at the existing tax credit-financed property, to \$963 to \$2,200 in the conventional projects in our sample. The average is found to be around \$1,418. Market rents for two-bedroom units range from \$850 for the market rates units at the existing tax credit-financed property, to \$1,320 to \$2,500 in the conventional projects: an average of around \$1,809.

There are no unsubsidized tax-credit financed senior apartment units in the project market area.

Georgia DCA market study guidelines require the determination of average market rents. Here it is seen that, overall, one-bedroom units in the market area average \$1,418 per month, with the corresponding figure for two-bedroom units being \$1,809.

#### 8. Absorption/Stabilization Estimate:

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

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

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

#### 9. Overall Conclusion:

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

| Summary Table   |          |           |                |               |                       |             |                |                                    |             |
|---|----------|-----------|----------------|---------------|-----------------------|-------------|----------------|------------------------------------|-------------|
| Development Name: Maggie Russell Tower  |          |           |                |               | Total units: 150      |             |                |                                    |             |
| Location: 400 Ralph McGill Blvd., NE, Atlanta   |          |           |                |               | LIHTC units: 150      |             |                |                                    |             |
| PMA Boundary: Portion of Fulton County, north and east of downtown Atlanta  |          |           |                |               |                       |             |                |                                    |             |
| Farthest Boundary Distance to Subject: 2.0 miles  |          |           |                |               |                       |             |                |                                    |             |
| Rental Housing Stock (found on pages )  |          |           |                |               |                       |             |                |                                    |             |
| Type (senior only)  |          |           |                |               | Properties            | Total units | vacant units   | av. occupancy                      |             |
| All Rental Housing  |          |           |                |               | 7                     | 1,375       | 1              | 99.9                               |             |
| Market Rate Housing   |          |           |                |               |                       |             |                |                                    |             |
| Assisted/Subsidized Housing (excluding LIHTC)   |          |           |                |               | 6                     | 1,051       | 0              | 100                                |             |
| LIHTC only  |          |           |                |               | 1                     | 324         | 1              | 99.7                               |             |
| Stabilized comparables  |          |           |                |               | 6                     | 1,295       | 1              | 99.9                               |             |
| Properties in Construction & Lease-up   |          |           |                |               | 1                     | 80          | 0*             | n/a                                |             |
| Subject Development   |          |           |                |               | Average Market Rent** |             |                | Highest unadjusted comparable rent |             |
| units   | bedrooms | bathrooms | size (sq. ft.) | Proposed rent | per unit              | per sq. ft. | Rent Advantage | per unit                           | per sq. ft. |
| 142   | 1        | 1         | 576            | boi           | \$1,418               | \$1.44      | n/a***         | \$2,200                            | \$2.30      |
| 8   | 2        | 1         | 744            | boi           | \$1,809               | \$1.50      | n/a****        | \$2,500                            | \$1.87      |
| * pre-leased<br>** based on sample of market rate (non-elderly) properties<br>*** 109.5% based on maximum tax credit rent of \$677 (at 60% AMI)<br>**** 125.3% based on maximum tax credit rent of \$803 (at 60% AMI) |          |           |                |               |                       |             |                |                                    |             |

| Demographic Data (found on pages )   |       |          |       |        |       |         |
|--|-------|----------|-------|--------|-------|---------|
|  | 2010  |          | 2017  |        | 2019  |         |
| Renter Households (65 years and older)   | 1,223 | 66.4%    | 1,779 | 58.3%  | 1,930 | 56.1%   |
| Income-qualified renter households (assisted)  |       |          |       |        | 617   | 32.1%   |
| Income-qualified renter households (LIHTC)   |       |          |       |        |       |         |
| Income-qualified renter households (market)  |       |          |       |        |       |         |
| Target Income-qualified Renter Household Demand (found on pages)                     |       |          |       |        |       |         |
| Type of demand   | 30%   | assisted | 60%   | Market | Other | Overall |
| Renter Household Growth  |       | 48       |       |        |       |         |
| Existing Households  |       | 321      |       |        |       |         |
| Homeowners (seniors only)  |       | 2        |       |        |       |         |
| Less, Comparable Supply  |       | 0        |       |        |       |         |
| Net Income-eligible Renter Households  |       | 372      |       |        |       |         |
| Capture Rates (found on pages )  |       |          |       |        |       |         |
| Targeted population  | 30%   | assisted | 60%   | Market | Other | Overall |
| Capture Rate   |       | n/a*     |       |        |       |         |
| *all assisted units at the subject property have been deducted from this calculation |       |          |       |        |       |         |

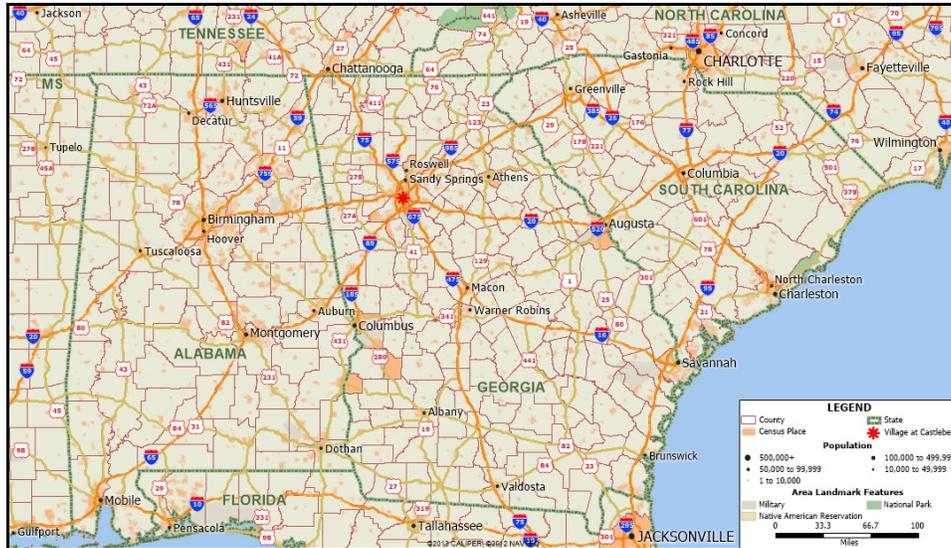
The preceding data for an unassisted property, based on maximum tax credit rents, would suggest the following:

| Demographic Data (found on pages )                               |       |       |       |        |       |         |
|--|-------|-------|-------|--------|-------|---------|
|  | 2010  |       | 2017  |        | 2019  |         |
| Renter Households (65 years and older)                           | 1,223 | 66.4% | 1,779 | 58.3%  | 1,930 | 56.1%   |
| Income-qualified renter households (assisted)                    |       |       |       |        | 156   | 8.1%    |
| Income-qualified renter households (LIHTC)                       |       |       |       |        |       |         |
| Income-qualified renter households (market)                      |       |       |       |        |       |         |
| Target Income-qualified Renter Household Demand (found on pages) |       |       |       |        |       |         |
| Type of demand   | 30%   | 50%   | 60%   | Market | Other | Overall |
| Renter Household Growth  |       |       | 12    |        |       |         |
| Existing Households  |       |       | 90    |        |       |         |
| Homeowners (seniors only)  |       |       | 1     |        |       |         |
| Less, Comparable Supply  |       |       | 0     |        |       |         |
| Net Income-eligible Renter Households                            |       |       | 103   |        |       |         |
| Capture Rates (found on pages )                                  |       |       |       |        |       |         |
| Targeted population  | 30%   | 50%   | 60%   | Market | Other | Overall |

## B. PROJECT DESCRIPTION

### Project Location

The site of the Maggie Russell Towers Apartments is at the intersection of the Ralph McGill Boulevard, NE and Parkway Drive, NE, to the north and east of downtown Atlanta.



Construction type: Rehabilitation of residential buildings - single, nine-story, "L"-shaped, mid-rise apartment building.

Occupancy type : Senior (aged 62 and older)

Target income group: Very low income elderly tenants, with rent-assisted rents.

Special population target: Not Applicable

Proposed unit mix, etc.

One bedroom units are 576 square feet, two bedroom units are 744 square feet.

The project is to be configured as follows:

| <u>Unit type</u> | <u>No. of units</u> | <u>Rents</u> | <u>Utilities</u> | <u>Targeting*</u>    |
|------------------|---------------------|--------------|------------------|----------------------|
| 1 bedroom/1 bath | 142                 | boi          | \$82             | less than 50 percent |
| 2 bedroom/1 bath | 8                   | boi          | \$109            | less than 50 percent |

\* Percent of area median - based on HUD target income range  
boi - based on income

There are 150 units of rental assistance at this property.

Features of the property include:

#### Apartment features

- Central air/heat
- Alarm system
- Cable/satellite
- Dishwashers
- Garbage disposal
- walk-in closet
- water/sewer/trash/ electric/heat/ included in rent
- Window coverings

#### Project features

- secure access
- elevator
- ample parking
- On-site community room
- On-site laundry
- Disability access

Rehabilitation information:

Based on information supplied by the developer, the proposed renovation will include basic kitchen and bathroom fixture upgrades, new ceiling fans in bedroom and living room, re-painting, new flooring, and HVAC upgrades as necessary; as well as landscaping and parking lot improvements.

The development is a 150-unit low income property: with 150 units of project-based rental assistance for very low income tenants.

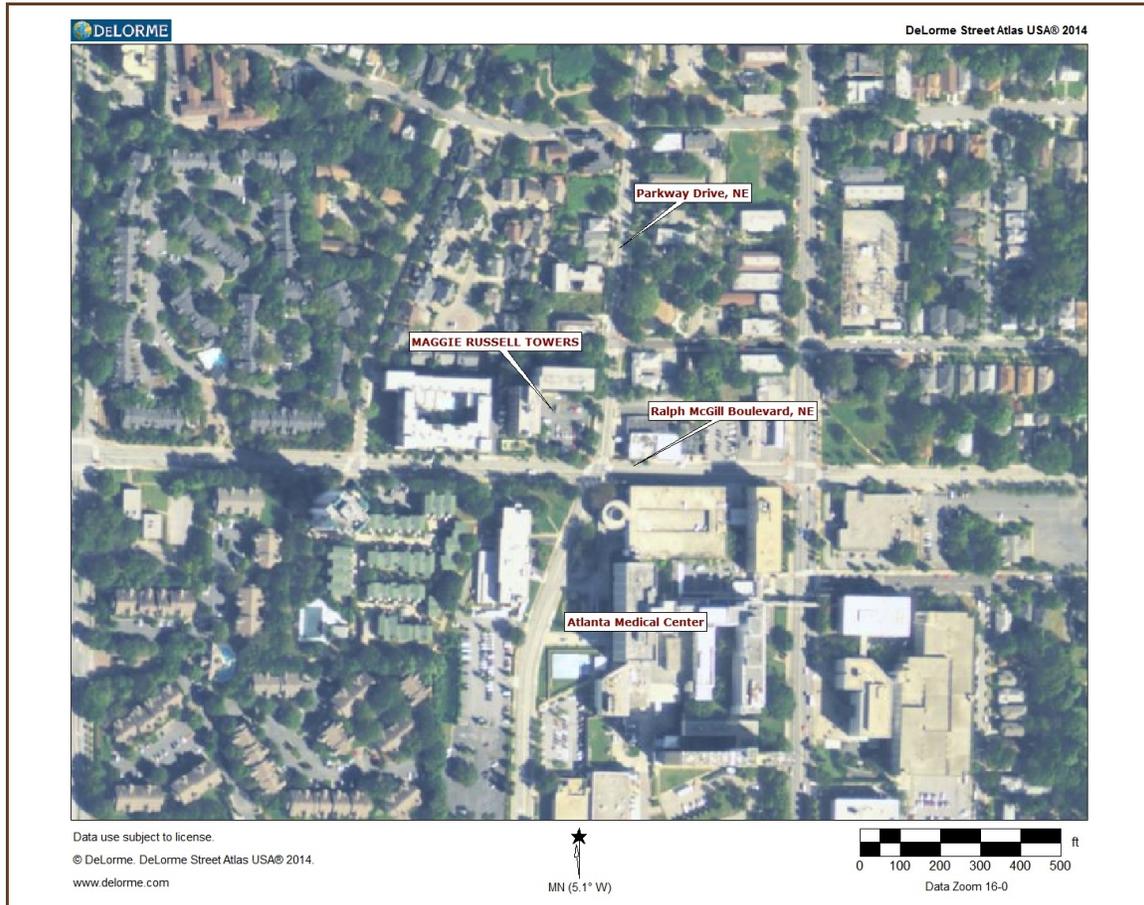
Occupancy is currently 96.7 percent, averaging just over 94 percent over the last six months or so) with a waiting list (for the rent-assisted units)

Based on the rent roll for the property, paid rents for the assisted units, paid rents range from \$97 to \$1,125 - with an average of \$277, per month.

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

## C. SITE EVALUATION

The site of the Maggie Russell Towers Apartments is at the intersection of the Ralph McGill Boulevard, NE and Parkway Drive, NE, to the north and east of downtown Atlanta. Adjacent properties focus on the Atlanta Medical Center. Other properties in the area include a small public park, and a variety of small single-family homes and multi-family units - including condominiums and apartments.



Aerial view of the site

The site visit was conducted by T. Ronald Brown on July 16 and 17, 2016

Access from the site to major thoroughfares, shopping, health, and other local services is quite good.

The site is located on the Ralph McGill Boulevard, which is a significant east-west route, north of downtown Atlanta. The property is within two-tenths of one mile of the intersection of the Ralph McGill Boulevard and Boulevard, NE, to the east, and is a similar distance to Central Park Place, NE, to the west. It is within four-tenths of a mile of Freedom Parkway (GA 10), and is within six-tenths of a mile of Interstate 85.

Public bus service is available at the site and the site is within one mile of two MARTA stations.

The site is within two-tenths of a mile of a gas/convenience store at the intersection Ralph McGill Boulevard and Boulevard, NE. The site is within one mile of a Publix supermarket and a Walgreens pharmacy at Piedmont Avenue at North Avenue. The property is within one and one-half miles of a Whole Foods store and a Kroger supermarket and other stores at and near the Midtown Place shopping center on Ponce de Leon Avenue, to the north.

As noted, the site is adjacent to the Atlanta Medical Center and associated medical services. Additionally, the site is within one and one-fourth miles of both the Emory University Hospital - Midtown, and the Grady Memorial Hospital.

The Maggie Russell Towers complex is within one-half mile of the Helene Mills Senior Center, to the south.

Other amenities in the area include the Jimmy Carter Presidential Library and Museum, which is within two miles of the site.

The site is within two miles or so of the wide variety of government, shopping, and other services located in downtown Atlanta.

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



View of property



View of property



Building entrance



Side/rear view of property



Rear view of property



View of property, across McGill Blvd, at Parkway Dr.



Entrance on Parkway drive



Pedestrian entrance on Ralph McGill Blvd.



Atlanta Medical Center



View of Medical Center from property



View south on Parkway Dr., at property



View north on Parkway Dr., at property



View east on McGill Blvd., at property



View west on McGill Blvd., at property



Site map

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

Shopping Areas:

Publix\*: 0.9 miles

Walgreens: 0.9 miles

Whole Foods: 1.3 miles

Wal-mart\*: 3.6 miles

Gas/convenience Store:

BP: 0.2 miles

Medical:

Atlanta Medical Center: adjacent

Emory University Hospital - Midtown: 0.9 miles

Grady Memorial Hospital: 1.2 miles

Other:

Downtown Atlanta: 1.1 miles

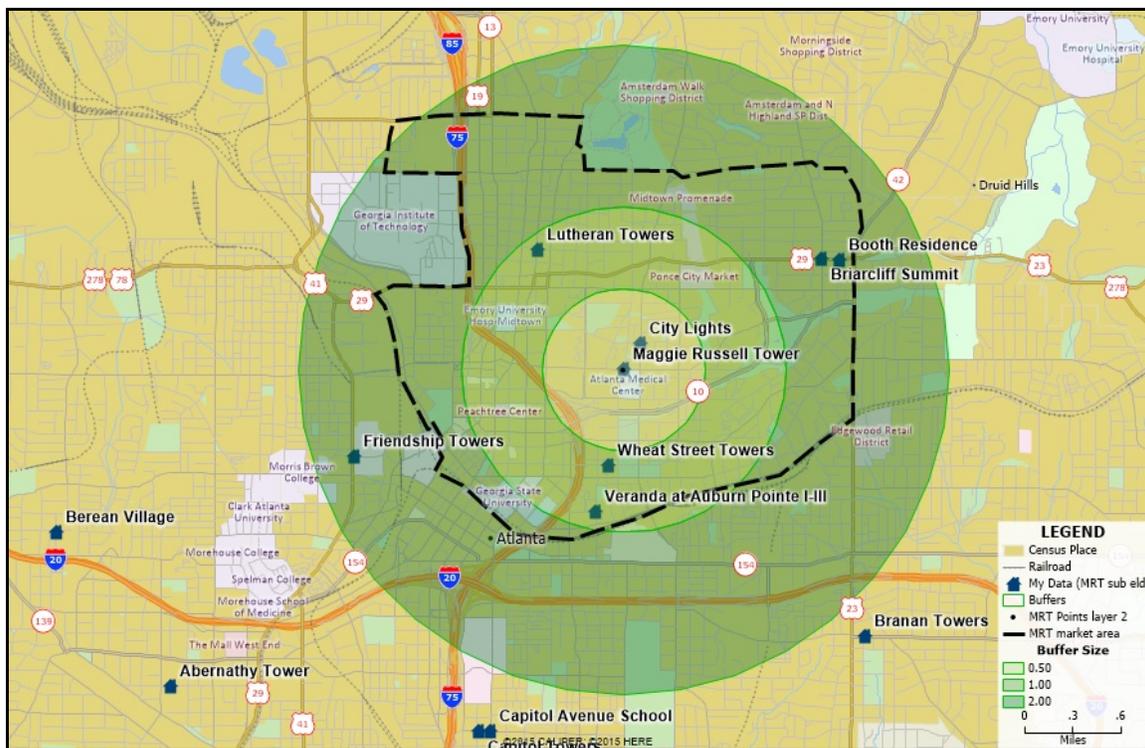
City Hall: - 2.2 miles

\* includes pharmacy

The Maggie Russell Towers Apartments are located in an established urban neighborhood. Development in areas adjacent to the subject property are mixed - with medical uses, and a mix of single-family detached homes, with some multi-family units - both for sale and for rent.

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

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



There are no significant new infrastructure developments in the immediate area.

The Maggie Russell Tower Apartments are visible from both Ralph McGill Boulevard and Parkway Drive (and beyond), with easy access from Parkway Drive.

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

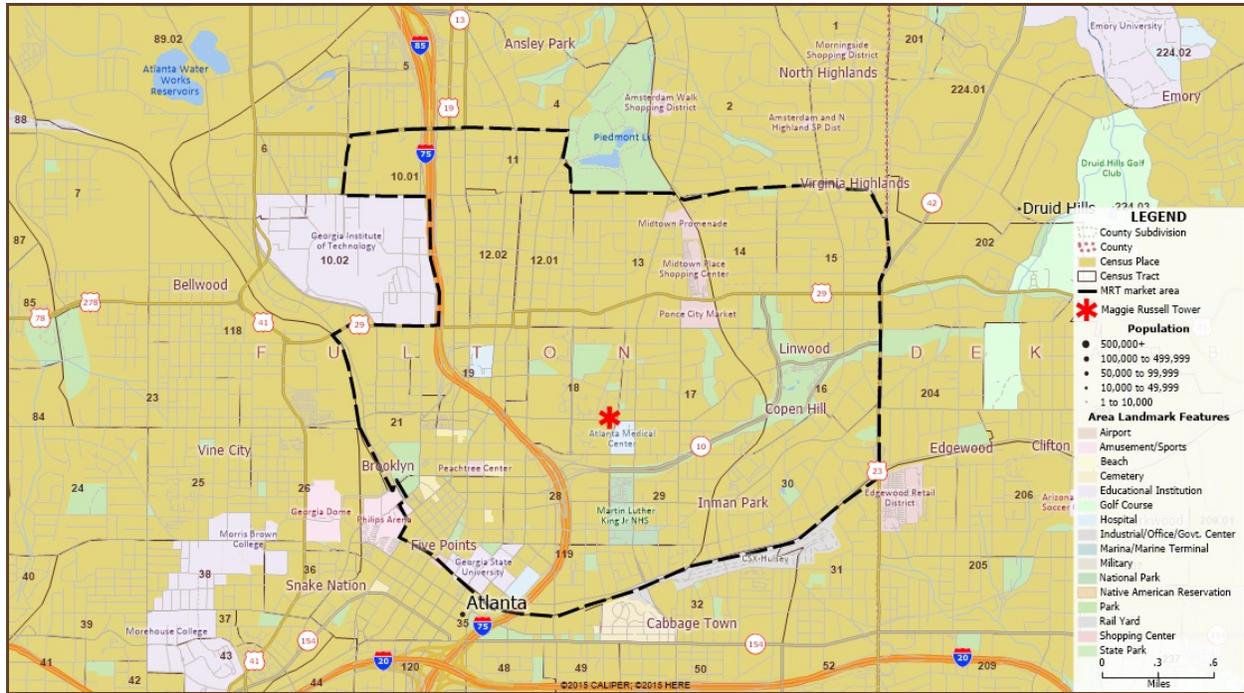
#### D. MARKET AREA

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

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

Atlanta is located in Fulton County and a portion of DeKalb County in north-central Georgia. The market area for the proposed development is the area located to the north and east of the downtown area that is focused on the site of the proposed development, as defined by several census tracts\*. The property is in the Old Fourth Ward neighborhood, between the Sweet Auburn and Midtown neighborhoods. This area is focused on the site of the proposed development and extends to an approximately one- to two-mile urban hinterland. This area is that which constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character and with residents or potential residents likely to be interested in the proposed project.

\* tracts 10.01, 11, 12.01, 12.02, 13, 14, 15, 16, 17, 18, 19, 21, 28, 29, 30, and 119



Market Area

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Fulton County was 816,006, and in 2010 the population was recorded as 920,577. Population projections for Fulton County are provided by the Atlanta Regional Commission. Based on these data, the population of the county is projected to be 989,062 by 2017, and to be around 1,008,197 by 2019.

Population projections for the project market area are based on the projections at the census tract level provided by the Atlanta Regional Commission. Based on those figures, the projection is that in 2017 the project market area will have a population of around 56,197 and around 45,386 in 2019. In 2010, the population of the market area was 39,826.

Information on population trends and changes between 2000 and 2019 are set out in Table 1, below..

Table 1 - Population

|                 | Atlanta | Market Area | Fulton County |
|-----------------|---------|-------------|---------------|
| 2000            | 416,474 | 39,826      | 816,006       |
| 2010            | 419,981 | 51,680      | 920,577       |
| 2017            | n/a     | 56,197      | 989,062       |
| 2019            | n/a     | 58,386      | 1,008,197     |
| absolute change |         |             |               |
| 2000-2010       | 3,507   | 11,854      | 104,571       |
| 2010-2017       | n/a     | 4,517       | 68,485        |
| 2017-2019       | n/a     | 2,189       | 19,135        |
| annual change   |         |             |               |
| 2000-2010       | 351     | 1,185       | 10,457        |
| 2010-2017       | n/a     | 645         | 9,784         |
| 2017-2019       | n/a     | 1,095       | 9,568         |

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

AGE

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

Table 2 - Age Distribution

|                   | Atlanta |         | Market Area |         | Fulton County |         |
|-------------------|---------|---------|-------------|---------|---------------|---------|
|                   | number  | percent | number      | percent | number        | percent |
| Under 5 years     | 26,789  | 6.4     | 1,719       | 3.3     | 62,581        | 6.8     |
| 5 to 9 years      | 22,792  | 5.4     | 1,013       | 2.0     | 61,510        | 6.7     |
| 10 to 14 years    | 19,798  | 4.7     | 789         | 1.5     | 59,877        | 6.5     |
| 15 to 19 years    | 28,285  | 6.7     | 3,187       | 6.2     | 63,175        | 6.9     |
| 20 to 24 years    | 43,946  | 10.5    | 8,112       | 15.7    | 70,784        | 7.7     |
| 25 to 29 years    | 45,295  | 10.8    | 8,636       | 16.7    | 79,810        | 8.7     |
| 30 to 34 years    | 37,860  | 9.0     | 6,701       | 13.0    | 73,791        | 8.0     |
| 35 to 39 years    | 33,105  | 7.9     | 4,984       | 9.6     | 72,935        | 7.9     |
| 40 to 44 years    | 28,993  | 6.9     | 3,983       | 7.7     | 69,336        | 7.5     |
| 45 to 49 years    | 26,875  | 6.4     | 3,291       | 6.4     | 67,618        | 7.3     |
| 50 to 54 years    | 24,710  | 5.9     | 2,670       | 5.2     | 61,409        | 6.7     |
| 55 to 59 years    | 21,564  | 5.1     | 2,300       | 4.5     | 51,551        | 5.6     |
| 60 to 64 years    | 18,652  | 4.4     | 1,799       | 3.5     | 42,780        | 4.6     |
| 65 to 69 years    | 13,238  | 3.2     | 982         | 1.9     | 28,099        | 3.1     |
| 70 to 74 years    | 9,747   | 2.3     | 569         | 1.1     | 19,009        | 2.1     |
| 75 to 79 years    | 7,235   | 1.7     | 374         | 0.7     | 13,910        | 1.5     |
| 80 to 84 years    | 5,407   | 1.3     | 282         | 0.5     | 10,835        | 1.2     |
| 85 years and over | 5,712   | 1.4     | 271         | 0.5     | 11,571        | 1.3     |
| 55 and older      | 81,555  | 19.4    | 6,577       | 12.7    | 177,755       | 19.3    |
| 65 and older      | 41,339  | 9.8     | 2,478       | 4.8     | 83,424        | 9.1     |
| median            | 32.9    |         | n/a         |         | 34.2          |         |

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

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

HOUSEHOLD TRENDS AND PROJECTIONS

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

The projection is that in 2017 the market area will have around 34,160 households, and around 35,509 in 2019. In 2010, there were 21,899 households in that area.

Table 3 - Household Trends

|                 | Atlanta | Market Area | Fulton County |
|-----------------|---------|-------------|---------------|
| 2000            | 168,147 | 21,899      | 321,242       |
| 2010            | 185,133 | 27,417      | 376,375       |
| 2017            | n/a     | 34,160      | 424,575       |
| 2019            | n/a     | 35,459      | 434,010       |
| absolute change |         |             |               |
| 2000-2010       | 16,986  | 5,518       | 55,133        |
| 2010-2017       | n/a     | 6,743       | 48,200        |
| 2017-2019       | n/a     | 1,299       | 9,435         |
| annual change   |         |             |               |
| 2000-2010       | 1,699   | 552         | 5,513         |
| 2010-2017       | n/a     | 963         | 6,886         |
| 2017-2019       | n/a     | 650         | 4,718         |

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

TENURE

Table 4, below, sets out the number and proportion of owner and renter households for Atlanta, the market area, and Fulton County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 64.0 percent of households in the market area were renters, compared with 55.1 percent for Atlanta and 46.3 percent for the County.

Table 4 - Tenure

| Atlanta       |           | households | persons per household | Owner-occupied |        | Renter-occupied |      |
|---------------|-----------|------------|-----------------------|----------------|--------|-----------------|------|
| population    | number    |            |                       | percent        | number | percent         |      |
| 2000          | 416,474   | 168,147    | 2.48                  | 73,473         | 43.7   | 94,674          | 56.3 |
| 2010          | 419,981   | 185,133    | 2.27                  | 83,145         | 44.9   | 101,988         | 55.1 |
| 2017          | n/a       | n/a        | n/a                   | n/a            | n/a    | n/a             | n/a  |
| 2019          | n/a       | n/a        | n/a                   | n/a            | n/a    | n/a             | n/a  |
| Market Area   |           | households | persons per household | Owner-occupied |        | Renter-occupied |      |
| population    | number    |            |                       | percent        | number | percent         |      |
| 2000          | 39,826    | 21,899     | 1.82                  | 5,578          | 25.5   | 16,321          | 74.5 |
| 2010          | 51,680    | 27,417     | 1.88                  | 9,864          | 36.0   | 17,553          | 64.0 |
| 2017          | 56,197    | 34,160     | 1.65                  | 14,497         | 42.4   | 19,663          | 57.6 |
| 2019          | 58,386    | 35,459     | 1.65                  | 15,659         | 44.2   | 19,800          | 55.8 |
| Fulton County |           | households | persons per household | Owner-occupied |        | Renter-occupied |      |
| population    | number    |            |                       | percent        | number | percent         |      |
| 2000          | 816,006   | 321,242    | 2.54                  | 167,119        | 52.0   | 154,123         | 48.0 |
| 2010          | 920,577   | 376,375    | 2.45                  | 202,260        | 53.7   | 174,115         | 46.3 |
| 2017          | 989,062   | 424,575    | 2.33                  | 233,107        | 54.9   | 191,468         | 45.1 |
| 2019          | 1,008,197 | 434,010    | 2.32                  | 239,708        | 55.2   | 194,302         | 44.8 |

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

TENURE, BY AGE

Table 5, below, sets out the number of owner and renter households, by age of household head for older households in Atlanta, the project market area, and in Fulton County. From this table it can be seen that, for example, as of 2010, 1,843 households in the market area were headed by a person 65 years or older and that 1,223 or 66.4 percent of those were renters. It is noteworthy that the number of persons and households in the market area in 2010 that were aged 55 years and older was 126 percent of that for those aged 65 and older (compared with 102 percent for Fulton County, for example). Thus, as the 55 to 65 year cohort has aged since 2010, the number of persons aged 65 and older in the market area can expect to increase significantly as a consequence..

Table 5 - Tenure of Elderly Households

|                      | Households | Owner-occupied |         | Renter-occupied |         |
|----------------------|------------|----------------|---------|-----------------|---------|
|                      |            | number         | percent | number          | percent |
| <b>Atlanta</b>       |            |                |         |                 |         |
| 55 to 64 years       | 25,505     | 14,600         | 57.2    | 10,905          | 42.8    |
| 65 to 74 years       | 16,327     | 9,840          | 60.3    | 6,487           | 39.7    |
| 75 to 84 years       | 9,540      | 5,897          | 61.8    | 3,643           | 38.2    |
| 85 years and older   | 4,236      | 2,363          | 55.8    | 1,873           | 44.2    |
| total, 55 and older  | 55,608     | 32,700         | 58.8    | 22,908          | 41.2    |
| total, 65 and older  | 30,103     | 18,100         | 60.1    | 12,003          | 39.9    |
| <b>Market Area</b>   |            |                |         |                 |         |
| 55 to 64 years       | 2,685      | 1,249          | 46.5    | 1,436           | 53.5    |
| 65 to 74 years       | 1,165      | 457            | 39.2    | 708             | 60.8    |
| 75 to 84 years       | 514        | 118            | 23.0    | 396             | 77.0    |
| 85 years and older   | 164        | 45             | 27.4    | 119             | 72.6    |
| total, 55 and older  | 4,528      | 1,869          | 41.3    | 2,659           | 58.7    |
| total, 65 and older  | 1,843      | 620            | 33.6    | 1,223           | 66.4    |
| <b>Fulton County</b> |            |                |         |                 |         |
| 55 to 64 years       | 58,265     | 40,626         | 69.7    | 17,639          | 30.3    |
| 65 to 74 years       | 31,249     | 22,207         | 71.1    | 9,042           | 28.9    |
| 75 to 84 years       | 17,254     | 11,570         | 67.1    | 5,684           | 32.9    |
| 85 years and older   | 8,164      | 4,229          | 51.8    | 3,935           | 48.2    |
| total, 55 and older  | 114,932    | 78,632         | 68.4    | 36,300          | 31.6    |
| total, 65 and older  | 56,667     | 38,006         | 67.1    | 18,661          | 32.9    |

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

POPULATION, HOUSEHOLD, AND TENURE TRENDS AND PROJECTIONS, BY AGE

Official population projections by age at the county level are available from the Georgia State Data Center. Here, the population of Fulton County aged 65 years and older is projected to increase from 83,424 in 2010 to 115,963 in 2017, and to 126,517 in 2019. The number of elderly households was 56,667 in 2010, and is projected to reach 83,372 and 90,960 in 2017 and 2019, respectively. In the years beyond 2010, the tenure proportions are based on the 2010 to 2010 trends. Thus, there are a projected 27,455 older renters projected for 2017 and 29,954 projected for 2019.

In 2010, there were a total of 2,478 persons aged 65 years or older in the project market area. By 2017, it is projected (on the basis of survivorship rates and the official County projections) that there will be 4,105 elderly persons in 3,053 households in the market area. The corresponding figures for 2019 are 4,622 persons and 3,437 elderly households. Tenure trends suggest that there will be around 1,779 older renters in the market area in 2017 and around 1,930 in 2019. As noted, the growth in elderly population and households in the market area since 2010 is significant.

Table 6 - Population, Households and Renter Households, 65 years and older, 2000-2019

| Market Area   |            |            |         |
|---------------|------------|------------|---------|
|               | Population | Households | renters |
| 2000          | 2,905      | 2,175      | 1,738   |
| 2010          | 2,478      | 1,843      | 1,223   |
| 2017          | 4,105      | 3,053      | 1,779   |
| 2019          | 4,622      | 3,437      | 1,930   |
| Fulton County |            |            |         |
|               | Population | Households | renters |
| 2000          | 68,990     | 44,909     | 14,705  |
| 2010          | 83,424     | 56,667     | 18,661  |
| 2017          | 115,963    | 83,372     | 27,455  |
| 2019          | 126,517    | 90,960     | 29,954  |

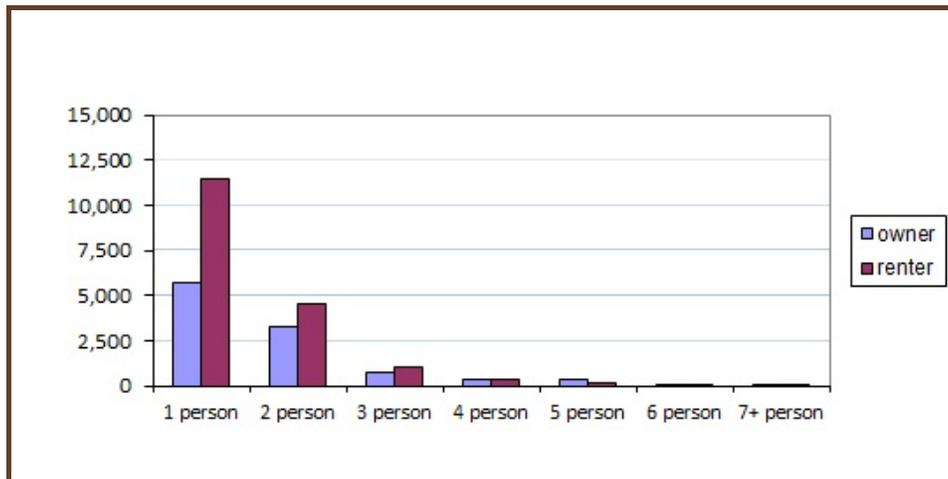
Source: 2000 and 2010 Census; T.Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

Table 7 below, sets out household size, by tenure, for households in Atlanta, the market area, and Fulton County.

Table 7 - Household Size, by Tenure

|           | Atlanta      |               | Market Area  |               | Fulton County |               |
|-----------|--------------|---------------|--------------|---------------|---------------|---------------|
|           | <u>owner</u> | <u>renter</u> | <u>owner</u> | <u>renter</u> | <u>owner</u>  | <u>renter</u> |
| 1 person  | 31,111       | 50,444        | 5,711        | 11,418        | 56,404        | 76,903        |
| 2 person  | 27,976       | 25,860        | 3,250        | 4,521         | 66,211        | 44,044        |
| 3 person  | 10,872       | 11,232        | 707          | 1,017         | 32,330        | 22,463        |
| 4 person  | 8,020        | 6,763         | 378          | 360           | 29,420        | 14,953        |
| 5 person  | 3,266        | 3,827         | 378          | 137           | 11,766        | 8,188         |
| 6 person  | 1,083        | 1,941         | 36           | 64            | 3,868         | 3,930         |
| 7+ person | 826          | 1,921         | 14           | 36            | 2,263         | 3,634         |



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

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

INCOME

The distribution of household incomes for Atlanta, the project market area, and for Fulton County are set out in Table 8, below. These figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

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

Table 8 - Household Income

|                        | Atlanta   |         | Market area |         | Fulton County |         |
|------------------------|-----------|---------|-------------|---------|---------------|---------|
|                        | number    | percent | number      | percent | number        | percent |
| less than \$10,000     | 24,354    | 13.4    | 3807        | 13.4    | 35,525        | 9.5     |
| \$10,000 to \$14,999   | 11,928    | 6.6     | 1,366       | 4.8     | 19,248        | 5.1     |
| \$15,000 to \$19,999   | 10,569    | 5.8     | 1,068       | 3.8     | 17,482        | 4.7     |
| \$20,000 to \$24,999   | 9,394     | 5.2     | 1,050       | 3.7     | 17,460        | 4.7     |
| \$25,000 to \$29,999   | 8,813     | 4.9     | 1,168       | 4.1     | 17,460        | 4.7     |
| \$30,000 to \$34,999   | 9,209     | 5.1     | 1,392       | 4.9     | 17,314        | 4.6     |
| \$35,000 to \$39,999   | 6,839     | 3.8     | 865         | 3.1     | 15,905        | 4.3     |
| \$40,000 to \$44,999   | 7,819     | 4.3     | 1,236       | 4.4     | 15,140        | 4.0     |
| \$45,000 to \$49,999   | 6,479     | 3.6     | 1,062       | 3.7     | 12,712        | 3.4     |
| \$50,000 to \$59,999   | 12,539    | 6.9     | 2,303       | 8.1     | 27,444        | 7.3     |
| \$60,000 to \$74,999   | 14,211    | 7.8     | 2,762       | 9.7     | 32,756        | 8.8     |
| \$75,000 to \$99,999   | 16,731    | 9.2     | 3,515       | 12.4    | 38,457        | 10.3    |
| \$100,000 to \$124,999 | 11,986    | 6.6     | 2,071       | 7.3     | 28,018        | 7.5     |
| \$125,000 to \$149,999 | 6,856     | 3.8     | 1,120       | 4.0     | 18,663        | 5.0     |
| \$150,000 to \$199,999 | 8,788     | 4.8     | 1,503       | 5.3     | 23,173        | 6.2     |
| \$200,000 or more      | 15,166    | 8.3     | 2,057       | 7.3     | 37,431        | 10.0    |
| median income          | \$ 46,439 |         | n/a         |         | \$ 56,642     |         |

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

## HOUSEHOLD INCOME, BY AGE

The distribution of household incomes for persons aged 65 years and older in Atlanta, the market area, and Fulton County are set out in Table 9, below. Again, these figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

The median income of older persons in Atlanta is \$28,480, and that for Fulton County is \$39,244.

Table 9 - Household Income, by Age, 65 years and above

|                        | Atlanta   |         | Market area |         | Fulton County |         |
|------------------------|-----------|---------|-------------|---------|---------------|---------|
|                        | number    | percent | number      | percent | number        | percent |
| less than \$10,000     | 4,558     | 14.8    | 420         | 19.8    | 6,118         | 10.2    |
| \$10,000 to \$14,999   | 4,061     | 13.2    | 392         | 18.5    | 6,152         | 10.3    |
| \$15,000 to \$19,999   | 3,177     | 10.3    | 162         | 7.7     | 4,815         | 8.0     |
| \$20,000 to \$24,999   | 2,312     | 7.5     | 130         | 6.1     | 4,144         | 6.9     |
| \$25,000 to \$29,999   | 1,839     | 6.0     | 73          | 3.4     | 3,424         | 5.7     |
| \$30,000 to \$34,999   | 1,434     | 4.6     | 95          | 4.5     | 3,037         | 5.1     |
| \$35,000 to \$39,999   | 1,336     | 4.3     | 90          | 4.3     | 2,691         | 4.5     |
| \$40,000 to \$44,999   | 942       | 3.1     | 31          | 1.5     | 2,192         | 3.7     |
| \$45,000 to \$49,999   | 1,266     | 4.1     | 138         | 6.5     | 2,656         | 4.4     |
| \$50,000 to \$59,999   | 1,855     | 6.0     | 42          | 2.0     | 4,257         | 7.1     |
| \$60,000 to \$74,999   | 1,559     | 5.1     | 89          | 4.2     | 4,027         | 6.7     |
| \$75,000 to \$99,999   | 1,934     | 6.3     | 102         | 4.8     | 5,009         | 8.4     |
| \$100,000 to \$124,999 | 1,229     | 4.0     | 98          | 4.6     | 3,476         | 5.8     |
| \$125,000 to \$149,999 | 871       | 2.8     | 89          | 4.2     | 2,109         | 3.5     |
| \$150,000 to \$199,999 | 701       | 2.3     | 67          | 3.2     | 2,167         | 3.6     |
| \$200,000 or more      | 1,768     | 5.7     | 99          | 4.7     | 3,704         | 6.2     |
| median income          | \$ 28,480 |         | n/a         |         | \$ 39,244     |         |

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

## RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Atlanta, the project market area, and for Fulton County are set out in Table 10, below. These figures are also taken from the 2010 to 2014 American Community Survey.

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Table 10 - Household Income, Renter Households

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|                      | Atlanta |         | Market area |         | Fulton County |         |
|----------------------|---------|---------|-------------|---------|---------------|---------|
|                      | number  | percent | number      | percent | number        | percent |
| less than \$10,000   | 20,473  | 34.3    | 3,399       | 18.7    | 28,366        | 29.8    |
| \$10,000 to \$19,999 | 17,219  | 28.8    | 2,102       | 11.6    | 26,588        | 27.9    |
| \$20,000 to \$34,999 | 10,662  | 17.9    | 2,927       | 16.1    | 17,901        | 18.8    |
| \$35,000 to \$49,999 | 3,296   | 5.5     | 2,482       | 13.6    | 6,275         | 6.6     |
| \$50,000 to \$74,999 | 3,535   | 5.9     | 3,199       | 17.6    | 7,054         | 7.4     |
| \$75,000 to \$99,999 | 4,318   | 7.2     | 2,031       | 11.2    | 8,655         | 9.1     |
| \$100,000 or more    | 220     | 0.4     | 2,045       | 11.2    | 427           | 0.4     |

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

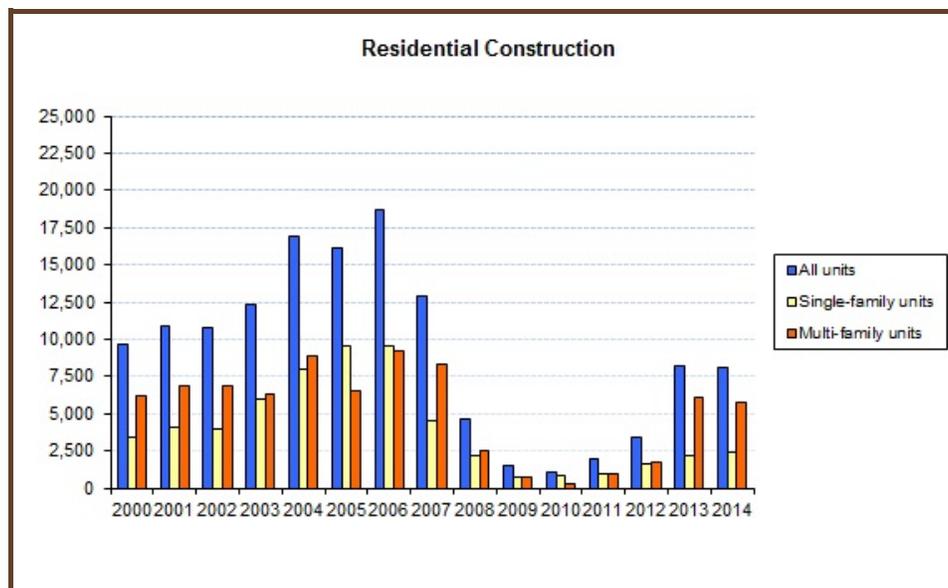
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RESIDENTIAL CONSTRUCTION SINCE 2000

Table 11 below gives details of residential construction in Fulton County since 2000. Here it can be seen that a total of 80,407 units were permitted in Atlanta and 131,175 units were permitted throughout the county as a whole. This table also illustrates how construction levels dropped-off very significantly from 2008.

Table 11 - Residential Construction Since 2000

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



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

## F. EMPLOYMENT TRENDS

## TOTAL JOBS

Total covered employment in Fulton County is set out in Table 12, below. Here it is seen that in 2014, the most recent year for which annual data are available, there were a total of 766,233 jobs in Fulton County. Over the last decade, the number of jobs reported ranged from 698,951 in 2009 to the 2014 total.

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Table 12 - Total Jobs, Fulton County

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

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

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## EMPLOYMENT BY INDUSTRY

The distribution of covered private employment, by industry, for Fulton County in 2014 and 2015 are set out in Table 13, below. From this table it is seen that the largest (reported) employment sector is Professional and Technical Services - which accounted for 11.7 percent of the total in 2015. Other significant sectors include Healthcare and Accommodation and Food Services.

Table 13 - Employment by Industry, Fulton County

|                                     | Employment     |         |                |         |
|-------------------------------------|----------------|---------|----------------|---------|
|                                     | 2015           |         | 2014           |         |
|                                     | number         | percent | number         | percent |
| Agriculture, Forestry, etc          | 192            | 0.0     | 215            | 0.0     |
| Mining                              | 135            | 0.0     | 91             | 0.0     |
| Utilities                           | 3,351          | 0.4     | 3,088          | 0.4     |
| Construction                        | 16,679         | 2.1     | 16,056         | 2.1     |
| Manufacturing                       | 25,749         | 3.3     | 25,504         | 3.3     |
| Wholesale trade                     | 39,913         | 5.0     | 39,150         | 5.1     |
| Retail trade                        | 61,220         | 7.7     | 58,045         | 7.6     |
| Transp. and Warehousing             | 45,701         | 5.8     | 43,799         | 5.7     |
| Information                         | 45,495         | 5.7     | 47,568         | 6.2     |
| Financial and Insurance             | 49,377         | 6.2     | 47,551         | 6.2     |
| Real estate                         | 20,417         | 2.6     | 19,233         | 2.5     |
| Professional and Technical services | 92,733         | 11.7    | 90,219         | 11.7    |
| Management                          | 19,417         | 2.5     | 16,404         | 2.1     |
| Administrative and Waste services   | 71,737         | 9.1     | 71,059         | 9.3     |
| Educational services                | 48,099         | 6.1     | 47,874         | 6.2     |
| Health Care and Social Assistance   | 84,320         | 10.7    | 80,644         | 10.5    |
| Arts, Entertainment, Recreation     | 13,982         | 1.8     | 12,755         | 1.7     |
| Accommodation and Food services     | 77,310         | 9.8     | 75,012         | 9.8     |
| Other Services                      | 22,266         | 2.8     | 21,901         | 2.9     |
| Public Administration               | 50,657         | 6.4     | 48,784         | 6.4     |
| <b>Total</b>                        | <b>791,387</b> |         | <b>767,899</b> |         |

Source: Georgia Department of Labor

## EMPLOYMENT BY INDUSTRY, PROJECT MARKET AREA

This distribution of employment, by industry, for the Atlanta market area is set out in Table 14, below. This information is from the 2010 to 2014 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is Retail Trade which accounts for 13.5 percent of the total. Other important sectors include professional employment, education, and accommodation - each accounting for at least 10 percent of the total.

Table 14 - Employment by Industry, Atlanta Market Area

|                                      | number | percent |
|--------------------------------------|--------|---------|
| Agriculture, etc                     | 36     | 0.1     |
| Construction                         | 361    | 1.1     |
| Manufacturing                        | 1,502  | 4.5     |
| Wholesale Trade                      | 652    | 2.0     |
| Retail Trade                         | 2,883  | 8.7     |
| Transp, Warehousing                  | 1,102  | 3.3     |
| Utilities                            | 457    | 1.4     |
| Information                          | 1,628  | 4.9     |
| Finance, Insurance, Real Estate      | 2,241  | 6.7     |
| Professional, scientific, management | 7,579  | 22.7    |
| Educational Services                 | 5,167  | 15.5    |
| Health care                          | 2,971  | 8.9     |
| Arts, entertainment, recreation      | 1,161  | 3.5     |
| Accommodation and food services      | 2,815  | 8.4     |
| Other services                       | 1,385  | 4.2     |
| Public Administration                | 1,375  | 4.1     |

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

## MAJOR EMPLOYERS

The major employers in the Atlanta area are listed in Table 15, below. From this list it is seen that the area's largest single employer is Delta Air Lines, which employs around 31,000 persons. Other significant employers include, for example, health providers, and banks. Other significant sources of employment would include the local school systems, local colleges and universities, and city and county governments.

Table 15 - Major Employers

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

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

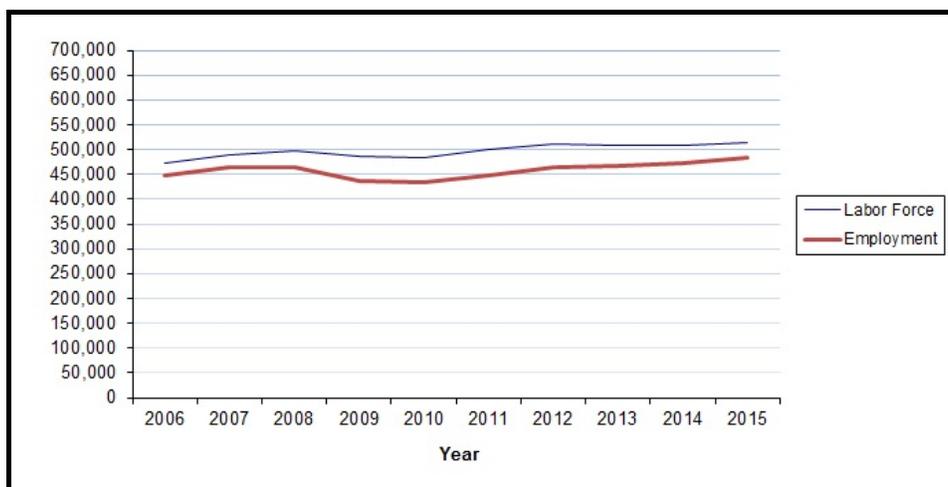
The most significant major new industries or expansions was the relocation of the Mercedes Benz USA headquarters for New Jersey to Atlanta - with the addition of around 1,000 jobs. There have been no recent major closures or job losses. As can be expected in a large, dynamic employment center a certain number of businesses will be increasing and others potentially decreasing their employee base.

LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2015, the most recent year for which annualized data are available, the Fulton County labor force comprised an estimated 514,211 persons. Of this total, 484,146 were employed and 30,075 or 5.8 percent were unemployed. Labor force has shown net growth over the last decade, but has fluctuated over that period - with growth in the early part of the decade, decreases from 2008 to 2010, and subsequent increases in recent years. Employment levels also showed growth in the early part of the decade and decreased thereafter, with a net increase since 2010, and improving unemployment rates in recent years. Labor force and employment trends for Fulton County are illustrated, below.

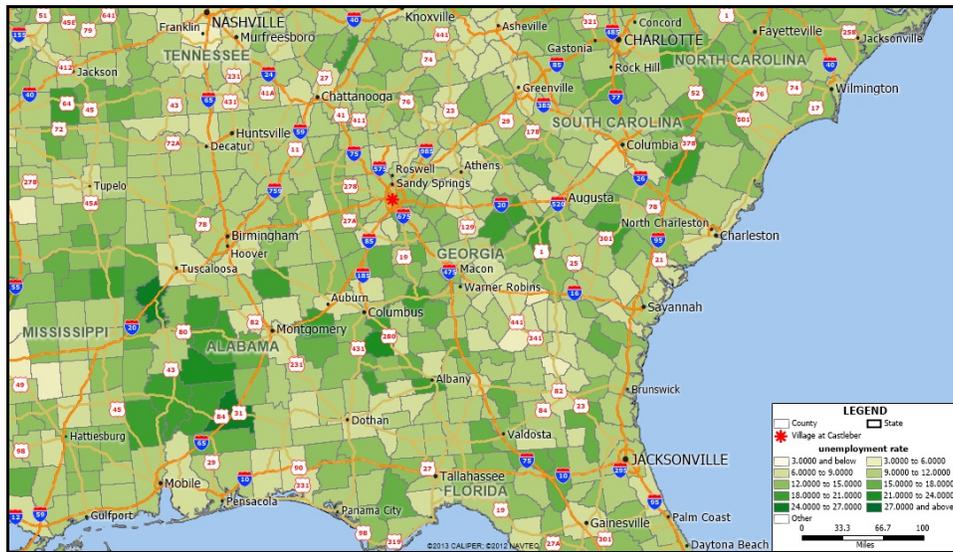
Table 16 - Fulton County Labor Force and Employment

|      | Labor Force | Employment | Unemployment |          |
|------|-------------|------------|--------------|----------|
|      |             |            | Total        | Rate (%) |
| 2006 | 472,127     | 448,380    | 23,747       | 5.0      |
| 2007 | 488,891     | 465,409    | 23,482       | 4.8      |
| 2008 | 497,388     | 465,380    | 32,008       | 6.4      |
| 2009 | 486,983     | 437,746    | 49,237       | 10.1     |
| 2010 | 485,002     | 434,315    | 50,687       | 10.5     |
| 2011 | 498,861     | 448,034    | 50,827       | 10.2     |
| 2012 | 511,253     | 464,856    | 46,397       | 9.1      |
| 2013 | 508,662     | 467,515    | 41,147       | 8.1      |
| 2014 | 509,613     | 473,655    | 35,958       | 7.1      |
| 2015 | 514,221     | 484,146    | 30,075       | 5.8      |

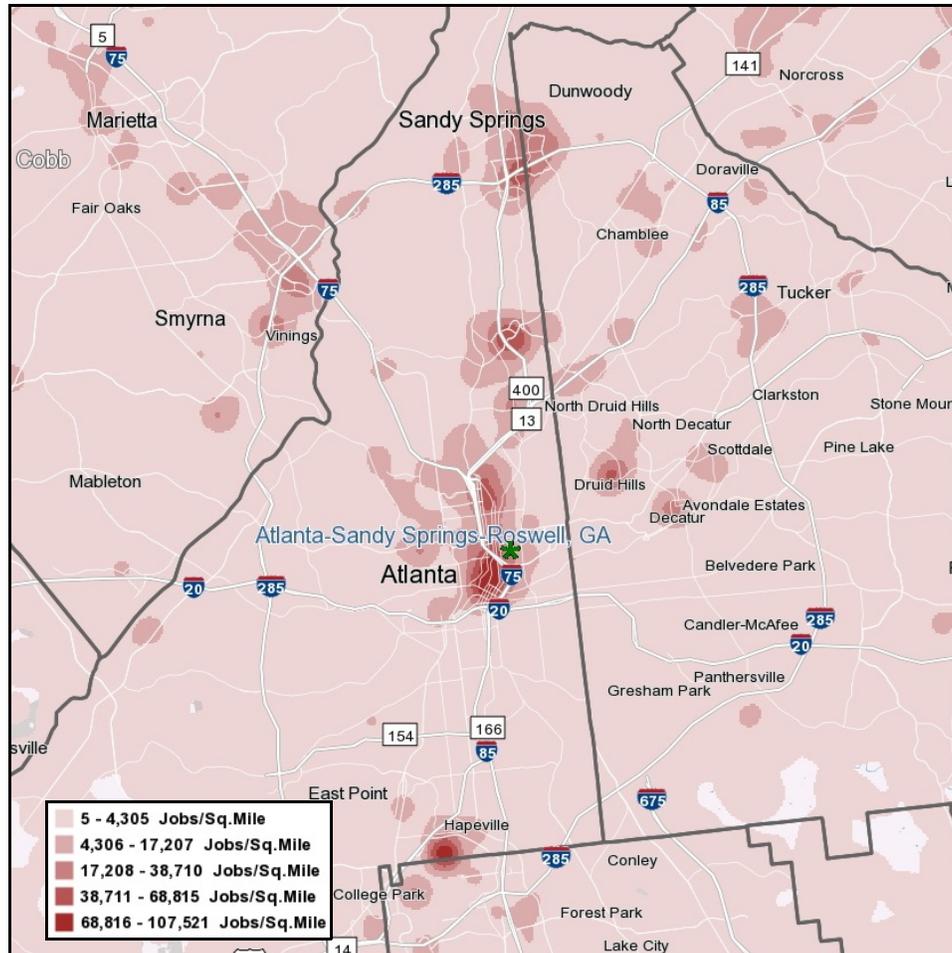


Source: U.S. Bureau of Labor Statistics

Current levels of unemployment throughout Georgia are illustrated, below.



The location of concentrations of employment in the Atlanta area, relative to the location of the Maggie Russell property are mapped, below.



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

G. PROJECT SPECIFIC AFFORDABILITY AND DEMAND ANALYSIS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

It is understood that the proposed complex will provide one- and two-bedroom units, and will rent to elderly households—defined here as those aged 65 years and older.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. A total of 150 units is to be rehabilitated, with all units having project-based rental assistance that is targeted to very low income households (at or below 50 percent of the area median). Were this assistance were not available, it is assumed that the project would be targeted to households up to 60 percent of the median, with rents at the maximum allowable, and therefore qualify their apartments for low income housing tax credit status..The income limits for Fulton County (Atlanta -Sandy Springs -Marietta MSA), as of January 1,2016, are as follows:

Table 17 - Income Limits

|          | <u>50 percent</u> | <u>60 percent</u> |
|----------|-------------------|-------------------|
| 1 person | \$23,650          | \$28,380          |
| 2 person | \$27,000          | \$32,400          |
| 3 person | \$30,400          | \$36,480          |

Source: HUD

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

Table 18 - Maximum Housing Expense

|           | <u>50 percent</u> | <u>60 percent</u> |
|-----------|-------------------|-------------------|
| 1 bedroom | \$633             | \$759             |
| 2 bedroom | \$760             | \$912             |

Source: T.Ronald Brown: Research & Analysis

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

Table 19 - Proposed Utility Allowances, Rents and Income Targeting

| Utility allowance                         |                 |                   |
|---|-----------------|-------------------|
| 1 bedroom                                 | \$82            |                   |
| 2 bedroom                                 | \$109           |                   |
| proposed rents                            |                 |                   |
|   | <u>assisted</u> | <u>unassisted</u> |
| 1 bedroom                                 | boi             | \$677             |
| 2 bedroom                                 | boi             | \$803             |
| proposed rents as a proportion of maximum |                 |                   |
|   | <u>assisted</u> | <u>unassisted</u> |
| 1 bedroom                                 | n/a             | 100.0             |
| 2 bedroom                                 | n/a             | 100.0             |

Source: Applicant; T Ronald Brown: Research & Analysis

AFFORDABILITY

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits (where applicable).

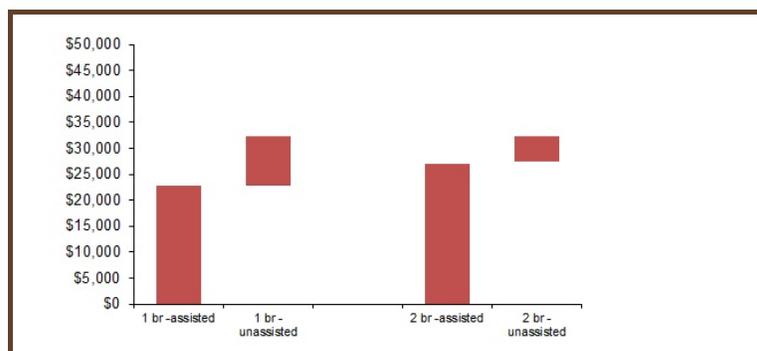
With respect to the rent-assisted units, the lower income limit is effectively zero dollars, with an upper limit set at 50 percent of the local area median, based on household size (which, following Georgia DCA market study guidelines is based on 1.5 persons per household, rounded-up to the nearest whole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

For the unassisted/tax credit units, there is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 40 percent of their income on housing costs (rent and utilities). Here, the upper limits are the 60 percent income limits, and again are a function of household size - based on a standard of one and one-half persons per bedroom, rounded-up - and capped at two-persons for senior projects.

The qualifying income ranges for the proposed development can be summarized below.

Table 20 - Qualifying Income Ranges

| assisted   |          |          |
|------------|----------|----------|
|            | lower    | upper    |
| 1 bedroom  | \$0      | \$22,770 |
| 2 bedroom  | \$0      | \$27,000 |
| unassisted |          |          |
|            | lower    | upper    |
| 1 bedroom  | \$22,770 | \$32,400 |
| 2 bedroom  | \$27,360 | \$32,400 |



Source: T Ronald Brown: Research & Analysis

In the analysis of demand, the major variables to be examined are tenure and income. These data are no longer available from the Decennial Census. Nonetheless, data can be derived from the most recent American Community Survey - again, subject the limitations of those data. These data, for the population aged 65 and older, for the market area for the proposed complex, are set out below.

Table 21 - Household Income, Older Households

| Income               | All Older Owners |            | All Older Renters |            | Overburdened Renters |            |
|----------------------|------------------|------------|-------------------|------------|----------------------|------------|
|                      | Number           | Percentage | Number            | Percentage | Number               | Percentage |
| Up to \$10,000       | 26               | 25.5       | 394               | 25.5       | 137                  | 31.9       |
| \$10,000 - \$19,999  | 67               | 31.5       | 487               | 31.5       | 100                  | 23.3       |
| \$20,000 - \$34,999  | 53               | 15.8       | 245               | 15.8       | 142                  | 32.9       |
| \$35,000 - \$50,000  | 61               | 12.8       | 198               | 12.8       | 32                   | 7.5        |
| \$50,000 - \$75,000  | 61               | 4.5        | 70                | 4.5        | 16                   | 3.7        |
| \$75,000 - \$100,000 | 58               | 2.8        | 44                | 2.8        | 3                    | 0.7        |
| \$100,000 and over   | 246              | 6.9        | 107               | 6.9        | 0                    | 0.0        |

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

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

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

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

## NEW HOUSEHOLDS

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

## EXISTING HOUSEHOLDS

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

Our calculations show that there will be a total of 416 older renter households in the qualifying income ranges in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. The 2006 to 2010 American Community Survey for the United States showed that around 31.6 percent of all renters moved in the previous 12 month period. Information from the same source suggests that the corresponding proportion for Georgia was around 35.1 percent. With respect to existing households in the project market area it is found that, based on American Community Survey data, around 68.2 percent of older renters in the target income range for units at 50 percent of the median, and 58.1 percent for those at 60 percent are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

Our calculations show that there will be a total of 899 older owner-occupied households in the qualifying income range in the market area: 573 households at 50 percent of the median and 669 at 60 percent of the median. With respect to the existing elderly homeowners it is suggested that no more than 2 percent would consider moving to the proposed apartments. Thus, a total of 45 income-qualified older homeowners might consider moving: 29 at 50 percent of the median, and 33 at 60 percent of the median. These figures amount to less than 15 percent of demand.

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

DEMAND

Total demand is therefore seen to amount to 372 units. These figures are based on a 2016 to 2018 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area.

SUPPLY

It should be noted that City Lights, the newest property in the market area that is designated for seniors is an 80-unit tax credit-financed project that has full Section 8 rental assistance. The property is pre-leasing and is reported to be fully subscribed. All 80 units have one bedroom. This replaces the former Village of Bedford Pines property and as such does not represent a net addition to the elderly rental inventory. Thus, in effect, no new directly comparable projects have been developed in the market area over the projection period, nor have any been funded and/or approved for future development. The net overall need is for 372 units.

Table 22 - Demand Calculations

|   | assisted   | unassisted |
|---|------------|------------|
| (i) income eligible new renter households         | 88         | 12         |
| (ii) income eligible existing renter households   | 1,123      | 150        |
| (iii) existing renter households, likely to move  | 312        | 87         |
| (iv) renters in obsolete housing                  | 23         | 3          |
| (v) income eligible existing owner households     | 290        | 116        |
| (vi) existing owner households, likely to move    | 6          | 2          |
| <b>Total demand</b><br><i>(i)+(iii)+(iv)+(vi)</i> | <b>428</b> | <b>104</b> |
| <b>Supply</b>                                     | <b>0</b>   | <b>0</b>   |
| <b>Net demand</b>                                 | <b>428</b> | <b>104</b> |
| <i>note: totals may not add due to rounding</i>   |            |            |

Source: T.Ronald Brown: Research & Analysis

Demand and supply, as calculated has to be segmented to yield demand based on bedroom mix. Typically, it can be reasonably assumed that perhaps two-thirds of older households (65 years and older) would choose a one-bedroom unit, and one-third would chose a two-bedroom unit. These figures, and the resulting capture rates are summarized, overleaf.

Table 23 - Demand Calculations and Capture Rates

|  | assisted    | unassisted         |
|--|-------------|--------------------|
| <b>Total demand</b>  |             |                    |
| 1 bedroom  | 282         | 68                 |
| 2 bedroom  | 146         | 35                 |
| <b>Total</b>   | <b>428</b>  | <b>104</b>         |
| <b>Supply</b>  |             |                    |
| 1 bedroom  | 0           | 0                  |
| 2 bedroom  | 0           | 0                  |
| <b>Total</b>   | <b>0</b>    | <b>0</b>           |
| <b>Net demand</b>  |             |                    |
| 1 bedroom  | 282         | 68                 |
| 2 bedroom  | 146         | 35                 |
| <b>Total</b>   | <b>428</b>  | <b>104</b>         |
| <b>Units proposed</b>  |             |                    |
| 1 bedroom  | 142         | 142                |
| 2 bedroom  | 8           | 8                  |
| <b>Total</b>   | <b>150</b>  | <b>150</b>         |
| <b>Capture rates</b>   |             |                    |
| 1 bedroom  | n/a*        | >100.0 %           |
| 2 bedroom  | n/a*        | 22.7 %             |
| <b>Total</b>   | <b>n/a*</b> | <b>&gt;100.0 %</b> |
| <i>*all assisted units at the subject property have been deducted from this cacluation</i> |             |                    |

Source: T.Ronald Brown: Research & Analysis

CAPTURE RATES<sup>1</sup>

Given Georgia DCA Market Study guidelines, given that all the proposed units will be rent-assisted and that the subject property is fully occupied, then the property is assumed to be leasable and the rent-assisted units area not used in determining need or subsequent capture rates.

Based on the provision of project-based rental assistance and current - and historic - occupancy levels at this property, the proposed development is considered very marketable.

(In the event that no project-based assistance was made available for the proposed development, calculations show that there will be a total of 156 renter households in the qualifying income range for an unassisted development, with rent at the maximum allowable, and targeted at 60 percent of the median. Under this scenario, and following the Georgia DCA market study methodology, demand is determined to be for 103, with a net demand for 103 units. Thus, a large, 150-unit, development without rental assistance at the maximum rents, targeting households aged 65 and older, in this somewhat conservative market area, is not considered feasible, per se.)

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

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

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

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

Table 24 - Capture Rate Analysis Chart

| Income limits  | Unit size | units proposed | Total demand | Supply | net demand | capture rate (%) | absorption (approx.) | Average Market Rent | market Rents band Min-max | Proposed Rents |
|--|-----------|----------------|--------------|--------|------------|------------------|----------------------|---------------------|---------------------------|----------------|
| <b>Assisted</b>  | 1 bedroom | 142            | 282          | 0      | 282        | n/a*             | n/a                  | \$1,418             | \$800-2,200               | boi            |
|  | 2 bedroom | 8              | 146          | 0      | 146        | n/a*             | n/a                  | \$1,809             | \$850-2,500               | boi            |
| <b>50% AMI</b>   | 1 bedroom |                |              |        |            |                  |                      |                     |                           |                |
|  | 2 bedroom |                |              |        |            |                  |                      |                     |                           |                |
| <b>60% AMI</b>   | 1 bedroom | 142            | 68           | 0      | 68         | >100.0           | n/a                  | \$1,418             | \$800-2,200               | \$677**        |
|  | 2 bedroom | 8              | 35           | 0      | 35         | 22.7             | 8 months             | \$1,809             | \$850-2,500               | \$803**        |
| <b>Market</b>  | 1 bedroom |                |              |        |            |                  |                      |                     |                           |                |
|  | 2 bedroom |                |              |        |            |                  |                      |                     |                           |                |
| <b>TOTAL</b>   | Assisted  | 150            | 428          | 0      | 428        | n/a*             | n/a                  |                     |                           |                |
|  | 50% AMI   |                |              |        |            |                  |                      |                     |                           |                |
|  | 60% AMI   | 150            | 104          | 0      | 104        | >100.0           | n/a                  |                     |                           |                |
|  | Market    |                |              |        |            |                  |                      |                     |                           |                |
| <p><i>*all assisted units at the subject property have been deducted from this cacluation</i><br/> <i>** max imum tax credit rents</i></p> |           |                |              |        |            |                  |                      |                     |                           |                |

Source: T.Ronald Brown: Research & Analysis

#### H. COMPETITIVE RENTAL ANALYSIS (EXISTING COMPETITIVE RENTAL ENVIRONMENT)

At present there are many apartment complexes located in the project market area. These comprise a mix of market rate and subsidized properties - both for families and for seniors. The latter are typically subsidized - through HUD - and are available to very low income elderly, handicapped, and disabled renters. The various developments that are designated for seniors have been identified and surveyed, and where useful information was made available to us, this is presented, below.

Those senior properties that are located in the market area, are typically relatively large, are quite old, and exhibit very high occupancy levels (with waiting lists).

The proposed development is the rehabilitation of the Maggie Russell Tower. This is a 150-unit mid-rise property that was originally developed in 1982 through the HUD Section 8 program. There are 142 one bedroom units, and eight three-bedroom units. At present, no units are reported to be vacant, with typical occupancy understood to be 100 percent on an ongoing basis (with a waiting list).

The Maggie Russell Tower is one of several HUD-financed mid-rises in this area. The Wheat Street Tower, for example was built in 1973 and offers 210 units: a mix of efficiency and one-bedroom units. Other similar properties include HUD Section 8/202 properties, such as the Lutheran Towers and the William Booth Towers. The latter is located on Ponce De Leon Avenue and has 99 units: 25 efficiency units and 74 one bedroom units. The property opened in 1988 and is fully occupied, and reports a two-year waiting list. The Briarcliff Summit offers a further 201 elderly Section 8 units in a rehabilitated hotel, within a block of the Booth Towers property.

The newest property in the market area that is designated for seniors is an 80-unit tax credit-financed project that has full Section 8 rental assistance. This replaces the former Village of Bedford Pines property and as such does not represent a net addition to the elderly rental inventory. The property is pre-leasing and is reported to be fully subscribed. All 80 units have one bedroom.

The Veranda at Auburn Pointe is the largest senior rental development in the market area. It provides a total of 324 units: developed between 2008 and 2011. There are 292 one-bedroom units and 32 two-bedroom models. The development was financed with tax credits, and has 278 units of project-based rental assistance, with 46 market rate units. Rents for the latter are \$800 for a one-bedroom unit and \$850 for two-bedroom (one bath) unit. Currently, the property reports one vacancy - with the property remaining effectively fully occupied on an ongoing basis, with a waiting list.

Our survey shows that of the 1,375 units in our survey, 1,220 - or 88.7 percent - were fully rent-assisted in complexes that are typically comparable to the subject property. Occupancy for all elderly units surveyed is seen to be 99.9 percent.

Information on the rental complexes that are designated for seniors in the project market area are as set out below.

| Complex name             | Financing/target market | Year built | Total units | PBRA | LIHTC | market | Vacant units | Occupancy (%) |
|--------------------------|-------------------------|------------|-------------|------|-------|--------|--------------|---------------|
| William Booth Towers     | HUD § 8/202             | 1988       | 99          | 99   |       |        | 0            | 100.0         |
| Briarcliff Summit        | HUD § 8                 | n/a/2014   | 210         | 201  |       |        | 0            | 100.0         |
| City Lights              | HUD § 8                 | 2016       | 80          | 80   |       |        | 0            | 100.0         |
| Lutheran Towers          | HUD § 8/202             | 1965       | 202         | 202  |       |        | 0            | 100.0         |
| Maggie Russell Tower     | HUD § 8                 | 1982       | 150         | 150  |       |        | 0            | 100.0         |
| Veranda at Auburn Pointe | Mixed income            | 2008-2011  | 324         | 278  |       | 46     | 1            | 99.7          |
| Wheat Street Towers      | HUD § 8                 | 1983       | 310         | 210  |       |        | 0            | 100.0         |

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

The amenities that the Maggie Russell Tower Apartments offers are typical of complexes of this type - and are comparable to those offered in other local, established assisted properties catering to seniors. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

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

There are found to be no directly comparable developments in the construction phase in this market - however, as noted the City Lights project does cater to the very low income elderly market, but does not represent a net addition to the subsidized senior rental housing market.

Again, information for the various senior complexes for which useful occupancy data were provided suggests an overall occupancy level of 99.9 percent.

The four, established, fully rent-assisted properties that can be considered most comparable to the subject property (and excluding the subject) are seen to be 100.0 percent occupied.

There are no market rate apartment developments in the market area which are designated for seniors.

In order to establish market rents, we identified a representative sample of market rate complexes that offered significant numbers of studio, one-, and/or two-bedroom units. These are typically newer than the subject property, and offer high-end features and amenities. The most potentially-comparable market rate property is seen to be the high-rise Solace on Peachtree development. This was built in 1956 and offers a total of 533 units: a mix of studio and one-bedroom units that are slightly larger than at Maggie Russell Tower. Rents at the Solace site are reported to be \$889 and \$963, for the studio and one-bedroom units, respectively - which correspond to \$1.36 and \$1.76 per square foot. Currently, the property is reported to be 98 percent occupied.

Summary data for the senior complexes and the market rate units in our survey are set out below.

|                          | 0 br/1ba     |                |         | 1 br/1ba  |                |               |
|--------------------------|--------------|----------------|---------|-----------|----------------|---------------|
|                          | number       | size (sq. ft). | rent    | number    | size (sq. ft). | rent          |
| William Booth Towers     | 25           | 410            | boi     | 74        | 540            | boi           |
| Briarcliff Summit        | 90           | 373            | boi     | 85        | 419            | boi           |
| City Lights              |              |                |         | 80        | 660-710        | boi           |
| Lutheran Towers          | 44           | 375            | boi     | 158       | 450-700        | boi           |
| Maggie Russell Tower     |              |                |         | 142       | 576            | boi           |
| Veranda at Auburn Pointe |              |                |         | 251       | 725            | boi           |
| Veranda at Auburn Pointe |              |                |         | 41        | 725            | \$800         |
| Wheat Street Towers      | 26           | 575            | boi     | 184       | 722            | boi           |
| Alexander on Ponce       | n/a          | 595-715        | \$1,273 | n/a       | 726-997        | \$1,399-1,756 |
| Century Skyline          |              |                |         | 129       | 845            | \$1,260       |
| Highland Walk            | 39           | 534            | \$1,400 | 192       | 773-956        | \$1,500-2,200 |
| Mariposa Lofts           | 74           | 683            | \$1,560 | 87        | 844-966        | \$1,500-2,000 |
| Solace on Peachtree      | n/a          | 503            | \$889   | n/a       | 708            | \$963         |
| Waterford on Piedmont    |              |                |         | n/a       | 865            | \$1,700-,1750 |
|                          | 2 br/1-1½ ba |                |         | 2 br/2 ba |                |               |
|                          | number       | size (sq. ft). | rent    | number    | size (sq. ft). | rent          |
| William Booth Towers     |              |                |         |           |                |               |
| Briarcliff Summit        | 26           | 534            | boi     |           |                |               |
| City Lights              |              |                |         |           |                |               |
| Lutheran Towers          |              |                |         |           |                |               |
| Maggie Russell Tower     | 8            | 744            | boi     |           |                |               |
| Veranda at Auburn Pointe | 27           | 925            | boi     |           |                |               |
| Veranda at Auburn Pointe | 5            | 925            | \$850   |           |                |               |
| Wheat Street Towers      |              |                |         |           |                |               |
| Alexander on Ponce       |              |                |         | n/a       | 1,122-1,281    | \$1,756-2,100 |
| Century Skyline          |              |                |         | 96        | 1,131-1,306    | \$1,520-1,605 |
| Highland Walk            | 50           | 1,028          | \$1,900 | 65        | 1,209-1,425    | \$2,100-2,400 |
| Mariposa Lofts           |              |                |         | 92        | 1,210-1,338    | \$2,000-2,500 |
| Solace on Peachtree      |              |                |         |           |                |               |
| Waterford on Piedmont    |              |                |         | n/a       | 1,151-1,637    | \$1,822-2,400 |

Based on the above data, market rents for one-bedroom units range from \$800 for the market rate units at the existing tax credit-financed property, to \$963 to \$2,200 in the conventional projects in our sample. The average is found to be around \$1,418. Market rents for two-bedroom units range from \$850 for the market rates units at the existing tax credit-financed property, to \$1,320 to \$2,500 in the conventional projects: an average of around \$1,809.

There are no unsubsidized tax-credit financed senior apartment units in the project market area.

There is no equivalent of market advantage for rent-assisted units. For reference, market advantage for unsubsidized tax credit units is seen to be 109.5 percent and 125.3 percent for the one- and two- bedroom units, respectively - based on the maximum net rent levels for tax credit units at 60 percent of the local area median (\$677 and \$803 for one- and two-bedroom units, respectively)

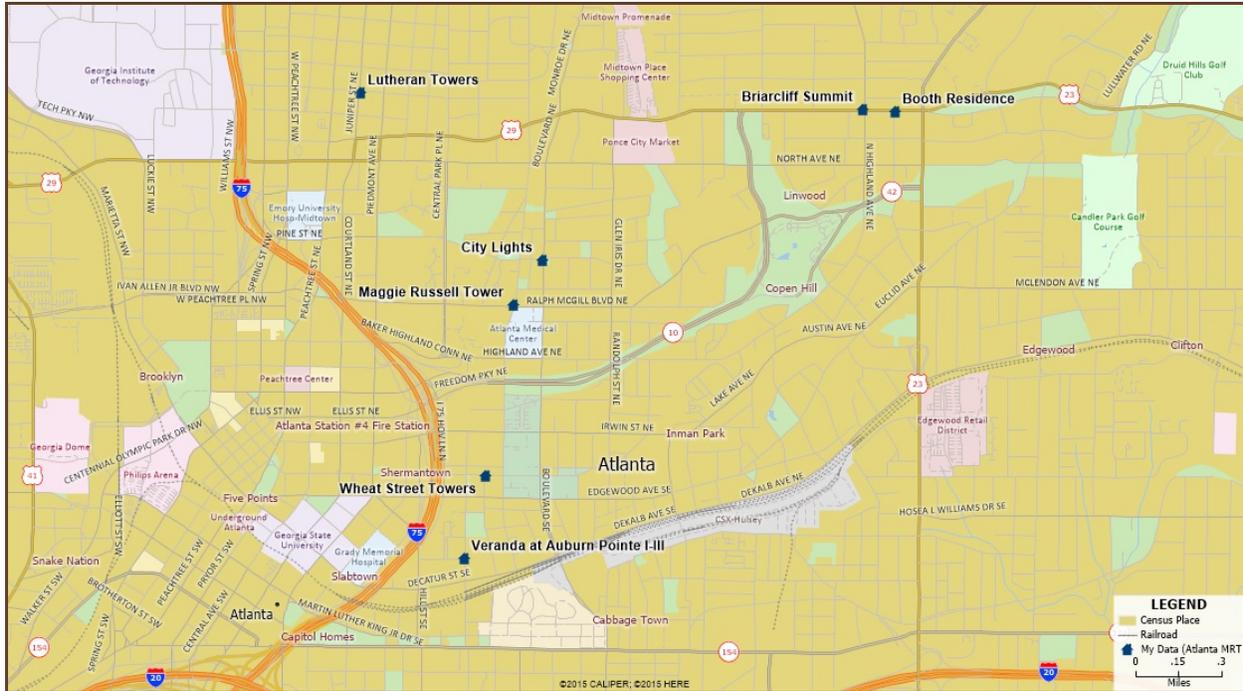
For reference, HUD Fair Market Rents range from \$858 for a one-bedroom unit to \$990 for a two-bedroom unit. Using the utility allowances for the subject property, this suggests rents of \$776 and \$881 for one-, and two-bedroom units.

It is to be reasonably expected that occupancy levels in comparable subsidized housing for the elderly has remained strong over recent years - reflecting the fact that the existing complexes are well-established and that full subsidies are available.

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

Other than the fact that there is no affordable/unsubsidized rental housing catering to seniors and below-market rents, there do not appear to be any significant housing voids in the local area. Given our demand calculations and the prevailing occupancy levels in existing subsidized properties (and waiting lists), it would appear that the greatest need is for attractive assisted housing for low and very low income households - which, the subject property serves to address.

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



Competitive rentals map



**William Booth Towers**

Location: 1125 Ponce de Leon Avenue, NE, Atlanta      Total units: 99, elderly  
 Financing: HUD § 8      Rental assistance : 99  
 Year built: 1988      Typical occupancy:100% (2 year waiting list)

|                          | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> |
|--------------------------|------------------|------------------|
| Units:                   | 25               | 74               |
| Unit size (sq. ft.):     | 410              | 540              |
| Contract rent:           | \$913            | \$996            |
| Vacant units: 0, overall |                  |                  |

Management: Salvation Army (404.875.7495 [8/13])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+ ceilings  High-end kitchen  Washer/Dryer (\$ )  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Briarcliff Summit**

Location: 1050 Ponce de Leon Avenue, NE, Atlanta      Total units: 201, elderly  
 Financing: HUD § 8      Rental assistance: 201  
 Year built: n/a, rehabilitated in 2014      Typical occupancy: 100% (6-12 mo. Waiting list)

|                          | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> | <u>2 br/1 ba</u> |
|--------------------------|------------------|------------------|------------------|
| Units:                   | 90               | 85               | 26               |
| Unit size (sq. ft.):     | 373              | 419              | 534              |
| Contract rent:           | \$962            | \$1,039          | \$1,200          |
| Vacant units: 0, overall |                  |                  |                  |

Management: Preservation Management (404.872.8214)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+(+) ceilings  High-end kitchen  Washer/Dryer (\$ )  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**City Lights**

Location: 430 Boulevard, NE, Atlanta  
 Financing: HUD § 8  
 Year built: 2016

Total units: 80, elderly  
 Rental assistance : 80  
 Typical occupancy: n/a

1 br/1 ba

Units: 80  
 Unit size (sq. ft.): 660-710  
 Contract rent:  
 Vacant units: 0, pre-lease

Management: Wingate Management (404.252.3501 [8/5])  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+ ceilings  High-end kitchen  Washer/Dryer (\$ )  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Lutheran Towers**

Location: 727 Juniper Street, NE, Atlanta  
 Year built: 1965

Total units: 192  
 Typical occupancy:

|                      | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> | <u>1 br/1 ba</u> |
|----------------------|------------------|------------------|------------------|
| Units:               | 44               | 139              | 19               |
| Unit size (sq. ft.): | 375              | 450              | 700              |
| Rent:                |                  |                  |                  |
| Vacant units:        |                  |                  |                  |

Management: (404.873.6087)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+(+) ceilings  High-end kitchen  Washer/Dryer (\$ )  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Maggie Russell Tower**

Location: 400 Ralph McGill Blvd., NE, Atlanta  
 Financing: HUD § 8  
 Year built: 1982

Total units: 150  
 Rental assistance: 150  
 Typical occupancy:

|                      | <u>1 br/1 ba</u> | <u>2 br/1 ba</u> |
|----------------------|------------------|------------------|
| Units:               | 142              | 8                |
| Unit size (sq. ft.): | 576              | 744              |
| Contract rent:       | \$984            | \$1,154          |
| Vacant units:        |                  |                  |

Management: H.J. Russell Management  
 Telephone: on site  management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+ ceilings  High-end kitchen  Washer/Dryer (\$ )  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Veranda at Auburn Pointe**

Location: 115 Hilliard Street, Atlanta  
 Year built: 2008-2011

Total units: 324, elderly  
 Typical occupancy: 100% (waiting list)

|                          | <u>1 br/1 ba</u> | <u>1 br/1 ba</u> | <u>2 br/1 ba</u> | <u>2 br/1 ba</u> |
|--------------------------|------------------|------------------|------------------|------------------|
| Units:                   | 251              | 41               | 27               | 5                |
| Unit size (sq. ft.):     | 725              | 725              | 925              | 925              |
| Rent:                    | boi              | \$800            | boi              | \$850            |
| Rent/sq. ft.:            | n/a              | \$1.10           | n/a              | \$0.90           |
| Vacant units: 1, overall |                  |                  |                  |                  |

Management: Integral Management (404.659.2200)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+) ceilings  High-end kitchen  Washer/Dryer (\$ )   
 Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies

Notes: 278 PBRA/tax credit



**Wheat Street Towers**

Location: 375 Auburn Avenue, NE, Atlanta  
 Financing: HUD § 8  
 Year built: 1973, rehabilitated

Total units: 210, elderly  
 Rental assistance : 210  
 Typical occupancy:

|                      | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> |
|----------------------|------------------|------------------|
| Units:               | 26               | 184              |
| Unit size (sq. ft.): | 475              | 722              |
| Contract rent:       | \$611            | \$823            |
| Vacant units:        |                  |                  |

Management: DWMG Real Estate (Ms. Dennis - 404.525.8967)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+ ceilings  High-end kitchen  Washer/Dryer (\$ )  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Alexander on Ponce**

Location: 144 Ponce De Leon Ave., NE, Atlanta  
 Year built: 2003

Total units: 330  
 Typical occupancy: 94%

|                           | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> | <u>2 br/2 ba</u> |
|---------------------------|------------------|------------------|------------------|
| Units:                    | n/a              | n/a              | n/a              |
| Unit size (sq. ft.):      | 595-715          | 726-997          | 1,122-1,281      |
| Rent:                     | \$1,273          | \$1,399-1,756    | \$1,756-2,100    |
| Vacant units: 21, overall |                  |                  |                  |

Management: Greystar (404.815.8020)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'(+ ) ceilings  High-end kitchen  Washer/Dryer (\$ )   
 Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Century Skyline**

Location: 396 Piedmont Ave., NE, Atlanta  
 Year built: 2009

Total units: 225  
 Typical occupancy: 95%

|                           | <u>1 br/1 ba</u> | <u>2 br/2 ba</u> | <u>2 br/2 ba</u> |
|---------------------------|------------------|------------------|------------------|
| Units:                    | 129              | 78               | 18               |
| Unit size (sq. ft.):      | 845              | 1,131            | 1,306            |
| Rent:                     | \$1,260          | \$1,520          | \$1,605          |
| Rent/sq. ft.:             | \$1.49           | \$1.34           | \$1.23           |
| Vacant units: 16, overall |                  |                  |                  |

Management: First Communities (404.521.0500)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'(+ ) ceilings  High-end kitchen  Washer/Dryer ( \$ )   
 Washer/Dryer Hook-up  Wood floor  Fireplaces ( \$ )  Patios/balconies



**Highland Walk**

Location: 701 Highland Avenue, NE, Atlanta  
 Year built: 2003

Total units: 350  
 Typical occupancy: 95%

|                          | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> | <u>1 br/1 ba</u> | <u>2 br/1 ba</u> | <u>2 br/2 ba</u> | <u>2 br/2 ba</u> |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Units:                   | 39               | 150              | 42               | 50               | 50               | 15               |
| Unit size (sq. ft.):     | 534              | 773              | 956              | 1,028            | 1,209            | 1,425            |
| Rent:                    | \$1,400          | \$1,500          | \$2,200          | \$1,900          | \$2,100          | \$2,400          |
| Rent/sq. ft.:            | \$2.21           | \$1.94           | \$2.30           | \$1.85           | \$1.74           | \$1.68           |
| Vacant units: 0, overall |                  |                  |                  |                  |                  |                  |

Management: Perennial Properties (404.526.9555)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'(+)  
 ceilings  High-end kitchen  Washer/Dryer (\$ )   
 Washer/Dryer Hook-up  Wood floor  Fireplaces (\$ )  Patios/balconies



**Mariposa Lofts**

Location: 100 Montag Circle, NE, Atlanta  
 Year built: 2004

Total units: 253  
 Typical occupancy: varies

|                      | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> | <u>2 br/2 ba</u> |
|----------------------|------------------|------------------|------------------|
| Units:               | 74               | 87               | 92               |
| Unit size (sq. ft.): | 683              | 844-966          | 1,210-1,338      |
| Rent:                | \$1,560          | \$1,500-2,000    | \$2,000 - 2,500  |
| Rent/sq. ft.:        | \$2.28           | \$1.93           | \$1.77           |

Vacant units: 1,overall

Management: Woodward Management (Cheryl - 678.742.5790)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'(+ ) ceilings  High-end kitchen  Washer/Dryer ( \$ )   
 Washer/Dryer Hook-up  Wood floor  Fireplaces ( \$ )  Patios/balconies



**Solace on Peachtree**

Location: 710 Peachtree St., NE, Atlanta  
 Year built: 1956, rehabilitated in 2010

Total units: 533  
 Typical occupancy: n/a

|                           | <u>0 br/1 ba</u> | <u>1 br/1 ba</u> |
|---------------------------|------------------|------------------|
| Units:                    | n/a              | n/a              |
| Unit size (sq. ft.):      | 503              | 708              |
| Rent:                     | \$889            | \$963            |
| Rent/sq. ft.:             |                  |                  |
| Vacant units: 11, overall |                  |                  |

Management: C.F. Lowe (404.828.0910)  
 Telephone: on site  / management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'+ ceilings  High-end kitchen  Washer/Dryer (\$)  Washer/Dryer Hook-up  Wood floor  Fireplaces (\$)  Patios/balconies



**Waterford on Piedmont**

Location: 530 Piedmont Avenue, NE, Atlanta  
 Year built: 2004

Total units: 153  
 Typical occupancy: 95%

|                          | <u>1 br/1 ba</u> | <u>2 br/2 ba</u> | <u>2 br/2 ba</u> | <u>2 br/2 ba</u> |
|--------------------------|------------------|------------------|------------------|------------------|
| Units:                   | n/a              | n/a              | n/a              | n/a              |
| Unit size (sq. ft.):     | 865              | 1,151            | 1,545            | 1,637            |
| Rent:                    | \$1,700-1,750    | \$1,822+         | \$2,300+         | \$2,400          |
| Rent/sq. ft.:            | \$1.99           | \$1.58           | \$1.49           | \$1.47           |
| Vacant units: 8, overall |                  |                  |                  |                  |

Management: Greystar (404.870.9992)  
 Telephone: on site  management  site visit  other

Utilities in rent: Water/Sewer  Trash  Heat  Electricity

Amenities: Club House/Community Room  Fitness center  Pool  Tennis  Playground   
 Business Center  Controlled access/Security gate  Elevator  Garages  Storage  Laundry

Unit features: Microwave  Dishwasher  9'(+ ) ceilings  High-end kitchen  Washer/Dryer ( \$ )   
 Washer/Dryer Hook-up  Wood floor  Fireplaces ( \$ )  Patios/balconies

## I. ABSORPTION AND STABILIZATION RATES

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

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

## J. INTERVIEWS

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

## K. CONCLUSIONS AND RECOMMENDATIONS

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

## L. SIGNED STATEMENT REQUIREMENTS

*I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for the proposed units. The report was written according to DCA's market study requirements, the information included is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market.*

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



Market Analyst

Date: April 26, 2016

M. MARKET STUDY REPRESENTATION

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

A handwritten signature in blue ink, appearing to read "T. Ronald Brown".

Market Analyst

Date: April 26, 2016

## ANALYST QUALIFICATIONS

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

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

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

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Low rise** - a building with one to three stories.

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

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

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

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

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

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

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

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

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

**Reasonable marketing and management** - professional program to acquaint potential tenants with a particular product and retaining them after their agreement to rent.

**Redevelopment** - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

**Tenant** - one who rents from another.

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

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

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

tenants pay 30 percent of their adjusted income on rent and utilities.

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

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