

NEED AND DEMAND ANALYSIS
FOR THE CAPITOL VANIRA 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

August , 2016

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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 Capitol Vanira Apartments, in Atlanta, Georgia. This project was originally developed in 1976 under the HUD Section 8 program. There is a total of 60 units at this property: four one-bedroom units, 26 two-bedroom units, 22 three-bedroom units, and eight four bedroom units. The complex will offer 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 Capitol Vanira Apartments are on the east side of Hank Aaron Drive, SE, to the south of Vanira Avenue, to the south and east of downtown Atlanta.

The project will be the rehabilitation of four two-story residential buildings. The project is available to very low income family renters.

One bedroom units are 773 square feet, two bedroom units are 930 square feet, the three-bedroom units are 1,064 square feet and the four bedroom units are 1,357 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	4	boi	\$82	less than 50 percent
2 bedroom/1 bath	26	boi	\$109	less than 50 percent
3 bedroom/2 bath	22	boi	\$109	less than 50 percent
4 bedroom/2 bath	8	boi	\$136	less than 50 percent

* Percent of area median
boi - based on income

There are 60 units of rental assistance at this property.

The development features the following unit amenities: kitchen, with stove, refrigerator, garbage disposal, and dishwasher. Other amenities include 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. There will be cable/satellite provision. Project amenities include an onsite office, laundry and a playground.

1. Project Description:, continued

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 features and amenities that the Capitol Vanira Apartments offer are typical of complexes of this type and age - low-income properties developed through the HUD Section 8 program in the 1970's. The proposed rehabilitation will serve to improve the living conditions of current and future tenants.

2. Site Description/Evaluation:

The site is relatively flat and is developed and offers four residential buildings (with two stories), and an office/laundry and playground.

Adjacent properties are typically small single-family homes and some older apartment buildings - which exhibit a variety of physical conditions.

The Capitol Vanira Apartments are visible from Varina Avenue, and are partially visible from Hank Aaron Drive, with easy access from Varina Avenue.

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

Access from the site to major thoroughfares, sources of employment, schools, shopping, health, and other local services is somewhat constrained - a function of the site's inner-urban location and its lower income profile.

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

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

3. Market Area Definition:

The market area for the proposed development is the area located to the south and east of the downtown area that is focused on the site of the proposed development, as defined by several census tracts. This area is focused on the site of the proposed development and extends to an approximately two-mile urban hinterland.

4. Community Demographic Data:

The population of the project market area is projected to increase from 35,418 in 2010 to 41,796 in 2017, and 43,034 in 2019. The number of households is projected to increase from 14,808 in 2010, to 18,262 in 2017, and 18,867 in 2019. The number of renter households in the market area in 2010 was 9,374. This is projected to increase to 12,196 in 2017, and to 12,794 in 2019. The latter reflects not just population and household growth but increases in the proportion of local households that will rent.

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.

6. Project-Specific Affordability and Demand Analysis:

Our calculations show that there will be a total of 8,518 renter households in the qualifying income range the proposed 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 6,138. The net demand is for 6,138 units.

Georgia DCA market study guidelines recommend that rent-assisted units not be included in capture rate calculations. Thus, as proposed, the subject development will maintain its subsidy. Given that it is fully subsidized, fully occupied, and that all tenants will remain income-eligible after the proposed rehabilitation program, the effective capture rate is effectively zero percent.

Based on this, the proposed development is considered very marketable.

7. Competitive Rental Analysis:

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

Those properties that are located in the market area, are typically relatively new, and offer modern amenities, have high occupancy levels, and are typically in good physical condition, and some older subsidized properties with relatively few modern amenities (as exemplified by the subject property).

Our survey shows that of the 3,054 units in our survey, 484 - or 15.8 percent - were in subsidized complexes comparable to the subject property. Occupancy for those units is seen to be 99.2 percent.

Information for the 17 complexes for which useful occupancy data were provided suggests an overall occupancy level of 97.2 percent.

The three subsidized complexes that can be considered comparable to the subject property (and excluding the subject) are seen to be 99.1 percent occupied.

The five mixed-income properties are seen to be 96.4 percent occupied.

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

Based on the above data, market rents for one-bedroom units range from \$638 to \$1,640, and average around \$1,001. Market rents for two-bedroom units range from \$950 to \$1,767 and are seen to average around \$1,207. The corresponding rents for three bedroom units range from \$950 to \$1,396, with an average of around \$1,113.

Again, based on the above, rents for tax credit units range from \$543 to \$777 for one-bedroom units, and average around \$649. Rents for two-bedroom units that are tax credit financed are in the \$645 to \$832 range, with an average of around \$752. Tax credit units that have three-bedrooms are in the \$650 to \$984 range, and average around \$787.

Overall, one-bedroom units in the market area average \$883 per month, with the corresponding figures for two- and three-bedroom units being \$1,055 and \$973, respectively. Here, it is found that the average rent for three-bedroom units is actually less than that for two-bedroom units in this market. This reflects the fact that there are few, if any, three-bedroom units in downtown-oriented properties. Given the lack of market rate four-bedroom units, a conservative estimate of around \$990 is determined as an average based on those three-bedroom units.

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 less.

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.

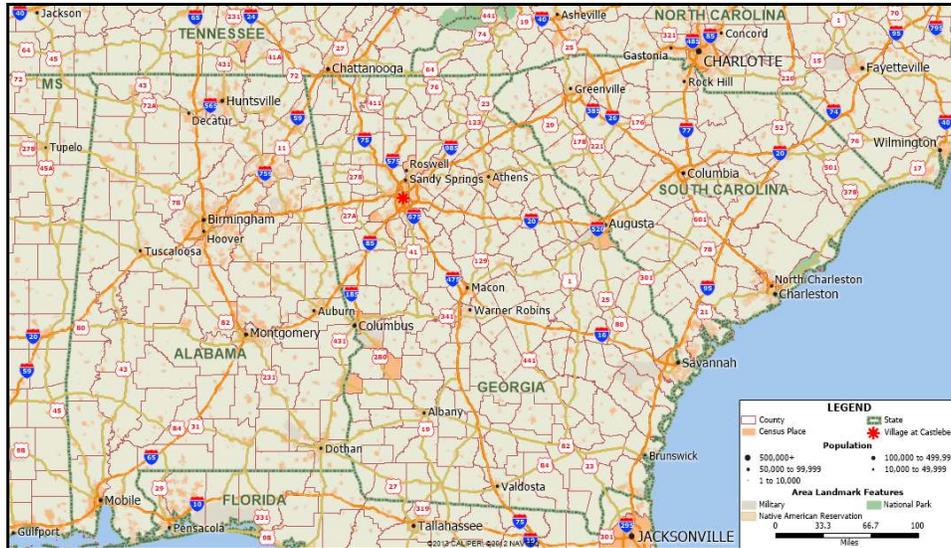
HOLDER

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

B. PROJECT DESCRIPTION

Project Location

The Capitol Vanira Apartments are on the east side of Hank Aaron Drive, SE, to the south of Vanira Avenue, to the south and east of downtown Atlanta. In Fulton County, in north-central Georgia.



Construction type: Rehabilitation of residential buildings - four two-story walk-up apartment buildings.

Occupancy type :Family

Target income group: Very low, and low income tenants, with assisted rents.

Special population target: Not Applicable

Proposed unit mix, etc.

One bedroom units are 773 square feet, two bedroom units are 930 square feet, the three-bedroom units are 1,064 square feet and the four bedroom units are 1,357 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	4	boi	\$82	less than 50 percent
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4 bedroom/2 bath	8	boi	\$136	less than 50 percent

* Percent of area median
boi - based on income

There are 60 units of rental assistance at this property.

Apartment features

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

Project features

- ample parking
- on-site laundry
- Playground

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

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

C. SITE EVALUATION

The site of the Capitol Vanira Apartments is on the east side of Hank Aaron Drive, SE (formerly Capitol Avenue), to the south of Vanira Avenue, in the Peoplestown neighborhood, to the south and east of downtown Atlanta. Adjacent properties are typically small single-family homes and some older apartment buildings - which exhibit a variety of physical conditions.



Aerial view of the property

The site visit was conducted by T. Ronald Brown on July 17 and 18, 2016

Access from the site to major thoroughfares, sources of employment, schools, shopping, health, and other local services is somewhat constrained - a function of the site's inner-urban location and its lower income profile.

The site is located on Hank Aaron Drive, a significant residential connector route. It is one mile, or so, south of Fulton Street, SE, and is within two and one-half miles of Moreland Avenue, SE - US 23 - a major north-south route serving the area east of downtown Atlanta. The site is within one and one-fourth miles of Interstate 75/the Downtown Connector (to the south at University Avenue) and within one and one-half miles to the north (at Fulton Street).

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

The site is within one mile of gas/convenience stores on University Avenue at the Interstate. The site is within two and three-fourth miles of the new Kroger store and other stores on Glenwood Avenue, east of Boulevard, SE. It is within three miles or so of another Kroger store, an Aldi, CVS, and other stores on Moreland Avenue, in the vicinity of Custer Avenue. The site is within two and one-half miles of the Mall at West End and associated stores such as Save-A-Lot and CVS. It is within three- and one-half miles of a Wal-mart off the Martin Luther King Junior Drive at the James P. Brawley Drive, to the north.

The D.H Stanton Elementary School is located off Martin Street, within four-tenths of one mile of the subject property. The Parks Middle School is west of I-75, north of University Avenue, within one and one-half miles of the site. The Maynard H Jackson High School is located on Glenwood Avenue, near the new Kroger store - approximately two and three-fourth miles from the site

The site is within two-thirds of a mile of the Southside Medical Center, to the west. This facility offers primary and specialized medical care. The site is two miles of the Grady Memorial Hospital which is located to the south and east of downtown Atlanta.

Other amenities in the area include the current Turner Field, four-tenths of one mile north of the site, on Hank Aaron Drive, and Grant Park/the Atlanta Zoo - one and one-fourth miles to the east.

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

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



Typical units



Typical units



Typical units



Typical units - end view



Typical units - rear view



View on property



View on property



View on property



Office /Laundry



Playground



View onto property at entrance on Vanira Ave.



View onto property from Vanira Ave.



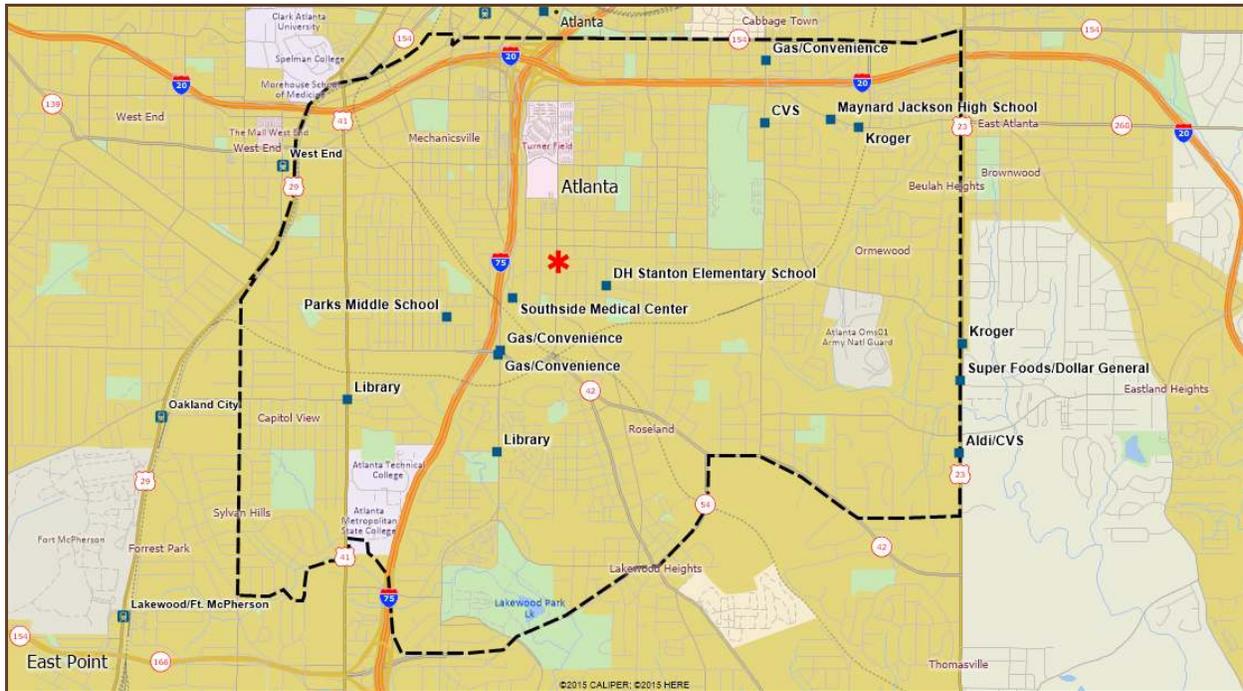
View across Vanira Ave., at entrance to property



View east on Vanira Ave., at property



View west on Vanira Ave., at property



Site map

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

Shopping Areas:

CVS, Boulevard: 2.0 miles
The Mall West End: 2.5 miles
Kroger*, Moreland: 2.7 miles
Kroger*, Glenwood: 2.8 miles
CVS, Moreland: 3.1 miles
Aldi: 3.2 miles
Wal-mart*: 3.5 miles

Gas/convenience Store:

Chevron: 0.8 miles
Exxon: 0.8 miles

Schools

Elementary School: -0.4 miles
Middle School: 1.5 miles
High School: - 2.8 miles

Employment Centers**

Downtown Atlanta: 3.0 miles

Medical:

Southside Medical Center: 0.7 miles
Grady Memorial Hospital: 2.0 miles

Other:

Turner Field: 0.4 miles
Grant Park/Atlanta Zoo: 1.2 miles
Library: 1.3 miles
City Hall: - 1.7 miles

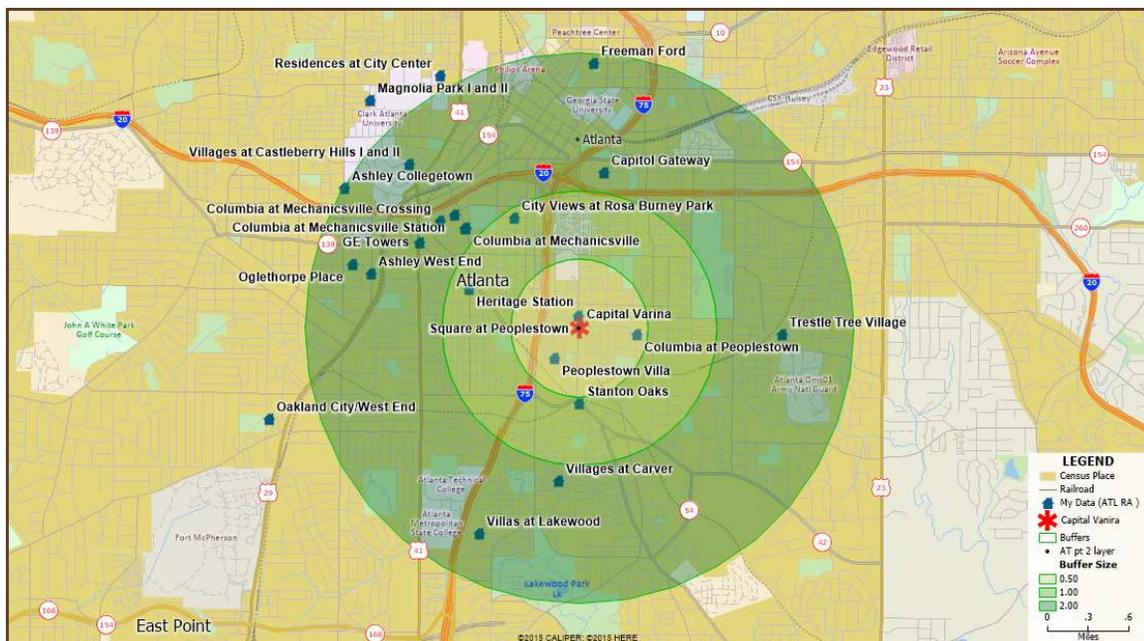
* includes pharmacy

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

The Capitol Varina Apartments are located in an established urban neighborhood. Development in areas adjacent to the subject property are primarily residential - primarily single-family detached homes, with some multi-family units.

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

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



There are no significant infrastructure developments in the immediate area - however, Turner Field is to be redeveloped as the Georgia State football stadium with plans for new residential and other uses in the adjacent area.

The Capitol Varina Apartments are visible from Varina Avenue, and are partially visible from Hank Aaron Drive, with easy access from Varina Avenue.

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

D. MARKET AREA

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

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

Atlanta is located in Fulton County and a portion of DeKalb County in north-central Georgia. The market area for the proposed development is the area located to the south and 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 Peopletown neighborhood and the market area includes neighboring neighborhoods such as , for example, Summerhill and Grant Park. This area is focused on the site of the proposed development and extends to an approximately 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 44, 48, 49, 50, 52, 53, 55.01, 55.02, 57,58, 63, 64, 65, 67, 69, and 120

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Fulton County was 816,006, and in 2010 the population was recorded as 920,577. Population projections for Fulton County are provided by the Atlanta Regional Commission. Based on these data, the population of the county is projected to be 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 41,796 and around 43,034 in 2019. In 2010, the population of the market area was 35,418.

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	41,064	816,006
2010	419,981	35,418	920,577
2017	n/a	41,796	989,062
2019	n/a	43,034	1,008,197
absolute change			
2000-2010	3,507	-5,646	104,571
2010-2017	n/a	6,378	68,485
2017-2019	n/a	1,238	19,135
annual change			
2000-2010	351	-565	10,457
2010-2017	n/a	911	9,784
2017-2019	n/a	619	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	3,430	8.7	62,581	6.8
5 to 9 years	22,792	5.4	2,719	6.9	61,510	6.7
10 to 14 years	19,798	4.7	2,265	5.7	59,877	6.5
15 to 19 years	28,285	6.7	2,353	6.0	63,175	6.9
20 to 24 years	43,946	10.5	3,076	7.8	70,784	7.7
25 to 29 years	45,295	10.8	3,884	9.8	79,810	8.7
30 to 34 years	37,860	9.0	4,052	10.3	73,791	8.0
35 to 39 years	33,105	7.9	3,552	9.0	72,935	7.9
40 to 44 years	28,993	6.9	2,782	7.0	69,336	7.5
45 to 49 years	26,875	6.4	2,571	6.5	67,618	7.3
50 to 54 years	24,710	5.9	2,287	5.8	61,409	6.7
55 to 59 years	21,564	5.1	1,904	4.8	51,551	5.6
60 to 64 years	18,652	4.4	1,536	3.9	42,780	4.6
65 to 69 years	13,238	3.2	1,095	2.8	28,099	3.1
70 to 74 years	9,747	2.3	765	1.9	19,009	2.1
75 to 79 years	7,235	1.7	506	1.3	13,910	1.5
80 to 84 years	5,407	1.3	373	0.9	10,835	1.2
85 years and over	5,712	1.4	362	0.9	11,571	1.3
55 and older	81,555	19.4	6,541	16.6	177,755	19.3
65 and older	41,339	9.8	3,101	7.8	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 18,262 households, and around 18,867 in 2018. In 2010, there were 14,808 households in that area.

Table 3- Household Trends

	Atlanta	Market Area	Fulton County
2000	168,147	15,048	321,242
2010	185,133	14,808	376,375
2017	n/a	18,262	424,575
2019	n/a	18,867	434,010
absolute change			
2000-2010	16,986	-240	55,133
2010-2017	n/a	3,454	48,200
2017-2019	n/a	605	9,435
annual change			
2000-2010	1,699	-24	5,513
2010-2017	n/a	493	6,886
2017-2019	n/a	303	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, 63.3 percent of households in the market area were renters, compared with 55.1 percent for Atlanta and 46.3 percent for the County.

Table 4 - Tenure

Atlanta			persons per	Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
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			persons per	Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	41,064	15,048	2.73	6,223	41.4	8,825	58.6
2010	35,418	14,808	2.39	5,434	36.7	9,374	63.3
2017	41,796	18,262	2.29	6,066	33.2	12,196	66.8
2019	43,034	18,867	2.28	6,073	32.2	12,794	67.8
Fulton County			persons per	Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
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

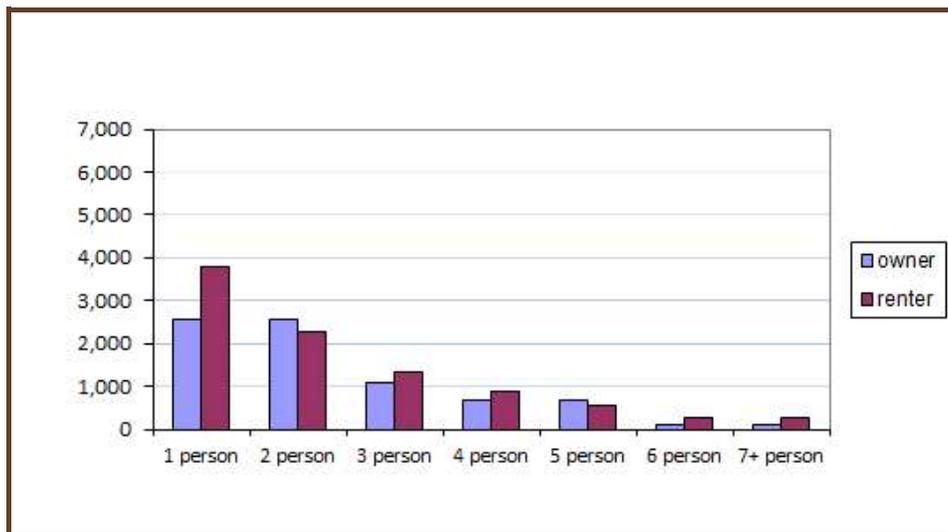
Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

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

Table 5 - Household Size, by Tenure

	Atlanta		Market Area		Fulton County	
	owner	renter	owner	renter	owner	renter
1 person	31,111	50,444	2,557	3,800	56,404	76,903
2 person	27,976	25,860	2,566	2,265	66,211	44,044
3 person	10,872	11,232	1,073	1,319	32,330	22,463
4 person	8,020	6,763	695	874	29,420	14,953
5 person	3,266	3,827	695	570	11,766	8,188
6 person	1,083	1,941	109	277	3,868	3,930
7+ person	826	1,921	120	269	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 6, below. These figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

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

Table 6 - Household Income

	Atlanta		Market area		Fulton County	
	number	percent	number	percent	number	percent
less than \$10,000	24,354	13.4	3,065	18.6	35,525	9.5
\$10,000 to \$14,999	11,928	6.6	1,543	9.3	19,248	5.1
\$15,000 to \$19,999	10,569	5.8	1,308	7.9	17,482	4.7
\$20,000 to \$24,999	9,394	5.2	1,066	6.5	17,460	4.7
\$25,000 to \$29,999	8,813	4.9	778	4.7	17,460	4.7
\$30,000 to \$34,999	9,209	5.1	725	4.4	17,314	4.6
\$35,000 to \$39,999	6,839	3.8	520	3.1	15,905	4.3
\$40,000 to \$44,999	7,819	4.3	592	3.6	15,140	4.0
\$45,000 to \$49,999	6,479	3.6	477	2.9	12,712	3.4
\$50,000 to \$59,999	12,539	6.9	1,251	7.6	27,444	7.3
\$60,000 to \$74,999	14,211	7.8	994	6.0	32,756	8.8
\$75,000 to \$99,999	16,731	9.2	1,479	9.0	38,457	10.3
\$100,000 to \$124,999	11,986	6.6	1,011	6.1	28,018	7.5
\$125,000 to \$149,999	6,856	3.8	494	3.0	18,663	5.0
\$150,000 to \$199,999	8,788	4.8	643	3.9	23,173	6.2
\$200,000 or more	15,166	8.3	564	3.4	37,431	10.0
median income	\$ 46,439		n/a		\$ 56,642	

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

RENTER HOUSEHOLD INCOME

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

Table 7 - Household Income, Renter Households

	Atlanta		Market area		Fulton County	
	number	percent	number	percent	number	percent
less than \$10,000	20,473	34.3	2,671	28.3	28,366	29.8
\$10,000 to \$19,999	17,219	28.8	2,236	23.7	26,588	27.9
\$20,000 to \$34,999	10,662	17.9	1,672	17.7	17,901	18.8
\$35,000 to \$49,999	3,296	5.5	801	8.5	6,275	6.6
\$50,000 to \$74,999	3,535	5.9	1,040	11.0	7,054	7.4
\$75,000 to \$99,999	4,318	7.2	409	4.3	8,655	9.1
\$100,000 or more	220	0.4	613	6.5	427	0.4

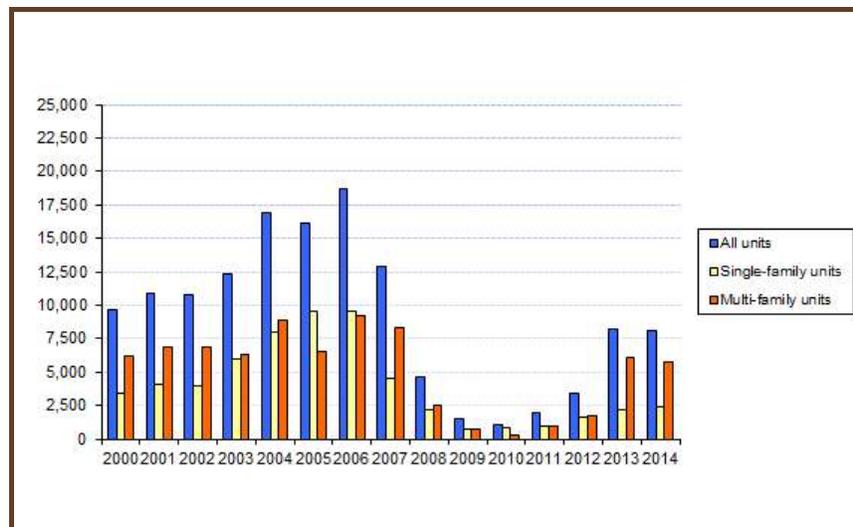
Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2000

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

Table 8 - Residential Construction Since 2000

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



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

F. EMPLOYMENT TRENDS

TOTAL JOBS

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

Table 9- Total Jobs, Fulton County

<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

EMPLOYMENT BY INDUSTRY

The distribution of covered private employment, by industry, for Fulton County in 2014 and 2015 are set out in Table 10, below. From this table it is seen that the largest (reported) employment sector is Professional and Technical Services - which accounted for 11.7 percent of the total in 2015. Other significant sectors include Healthcare and Accommodation and Food Services.

Table 10 - 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
Total	791,387		767,899	

Source: Georgia Department of Labor

EMPLOYMENT BY INDUSTRY, PROJECT MARKET AREA

This distribution of employment, by industry, for the Atlanta market area is set out in Table 11, below. This information is from the 2010 to 2014 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is professional employment, accounting for 22.7 percent of the total. Other important sectors include education and healthcare.

Table 11 - Employment by Industry, Atlanta Market Area

	number	percent
Agriculture, etc	45	0.3
Construction	810	4.5
Manufacturing	794	4.4
Wholesale Trade	448	2.5
Retail Trade	1,606	8.9
Transp, Warehousing	942	5.2
Utilities	124	0.7
Information	862	4.8
Finance, Insurance, Real Estate	1,115	6.2
Professional, scientific, management	3,090	17.2
Educational Services	1,841	10.3
Health care	1,958	10.9
Arts, entertainment, recreation	578	3.2
Accommodation and food services	1,693	9.4
Other services	1,077	6.0
Public Administration	973	5.4

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

MAJOR EMPLOYERS

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

Table 12 - Major Employers

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

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

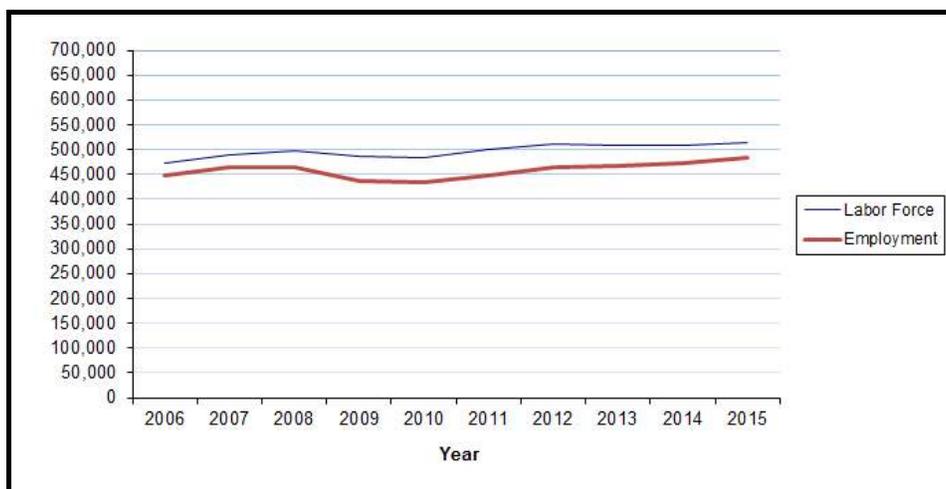
The most significant major new industries or expansions was the relocation of the Mercedes Benz USA headquarters for New Jersey to Atlanta - with the addition of around 1,000 jobs. There have been no recent major closures or job losses. As can be expected in a large, dynamic employment center a certain 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 13- 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

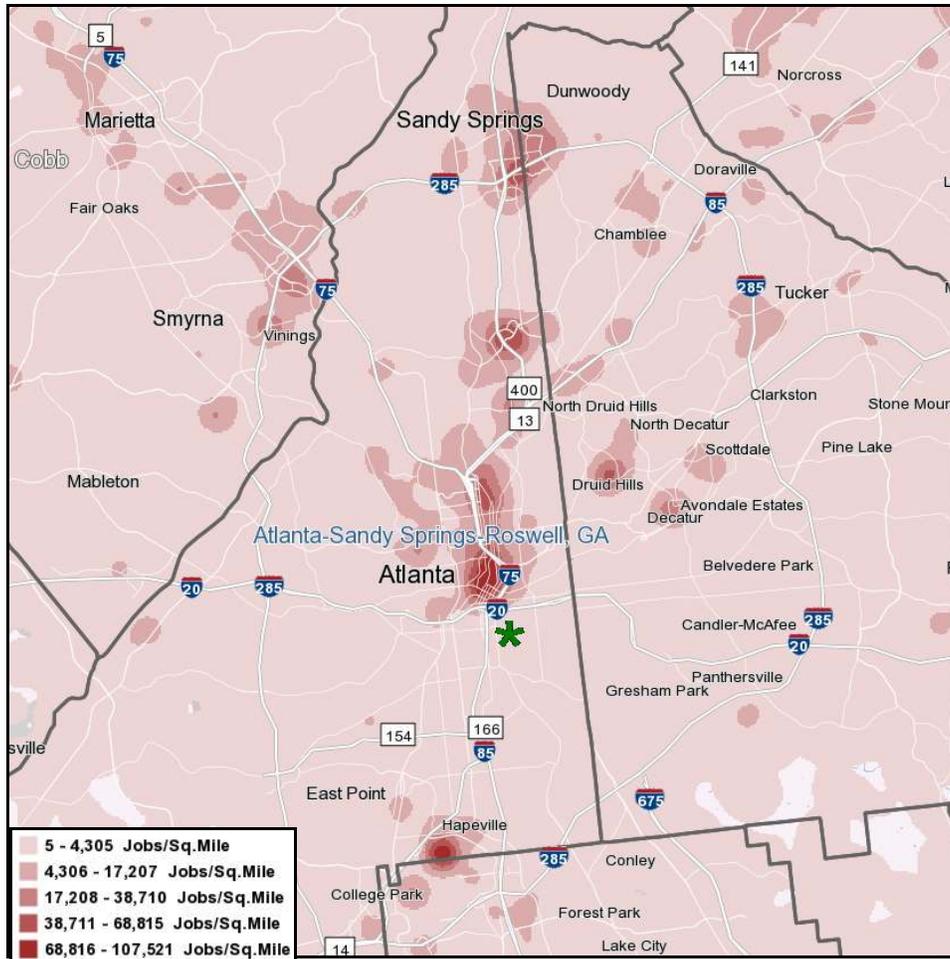


Source: U.S. Bureau of Labor Statistics

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 Capitol Vanira 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 households currently living in the area who would move to the units were they made available.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. A total of 60 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 14 - 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
4 person	\$33,750	\$40,500
5 person	\$36,450	\$43,740
6 person	\$39,150	\$46,980

Source: HUD

The tax credit-financed units are subject to mandated maximum housing expenses. These are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities). These figures, for unassisted tax credit units at 60 percent of the median income, are as follows:

Table 15 - Maximum Housing Expense

	<u>60 percent</u>
1 bedroom	\$760
2 bedroom	\$912
3 bedroom	\$1,053
4 bedroom	\$1,175

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 unassisted tax credit units is set at the maximum allowable.

Table 16 - Proposed Utility Allowances, Rents and Income Targeting

Utility allowance		
1 bedroom	\$87	
2 bedroom	\$104	
3 bedroom	\$123	
4 bedroom	\$147	
proposed units		
	<u>assisted</u>	
1 bedroom	4	
2 bedroom	26	
3 bedroom	22	
4 bedroom	8	
proposed rents		
	<u>assisted</u>	<u>LIHTC</u>
1 bedroom	boi	\$673
2 bedroom	boi	\$808
3 bedroom	boi	\$930
4 bedroom	boi	\$1,028
proposed rents as a proportion of maximum		
	<u>assisted</u>	<u>LIHTC</u>
1 bedroom	boi	99.9
2 bedroom	boi	100.0
3 bedroom	boi	100.0
4 bedroom	boi	100.0
<i>boi - based on income</i>		

Source: Applicant; T Ronald Brown: Research & Analysis

AFFORDABILITY

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

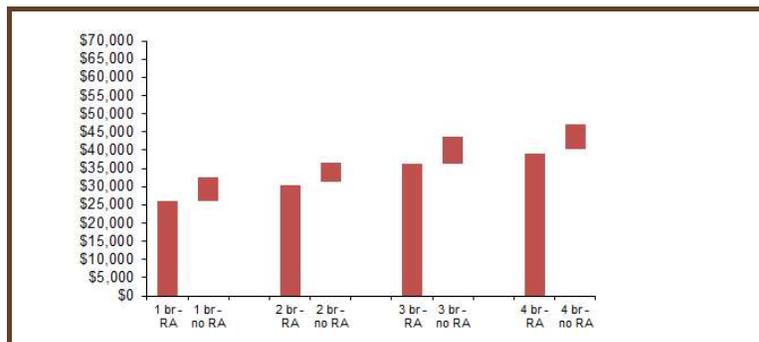
With respect to the rent-assisted units, the lower income limit is effectively zero dollars, with an upper limit set at 50 percent of the local area median, based on household size (which, following Georgia DCA market study guidelines is based on 1.5 persons per household, rounded-up to the nearest whole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

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

The qualifying income ranges for the proposed development can be summarized below. Incomes for households qualifying for rent-assisted units range from \$0 to \$39,150. The range for unassisted tax credit units would be seen to range from \$26,023 to \$46,980.

Table 17 - Qualifying Income Ranges

assisted		
	lower	upper
1 bedroom	\$0	\$26,023
2 bedroom	\$0	\$30,400
3 bedroom	\$0	\$36,103
4 bedroom	\$0	\$39,150
LIHTC		
	lower	upper
1 bedroom	\$26,023	\$32,400
2 bedroom	\$31,269	\$36,480
3 bedroom	\$36,103	\$43,740
4 bedroom	\$40,251	\$46,980



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 obtained from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

Table 18 - Household Income, Renter Households

	Atlanta		Market area		Fulton County	
	number	percent	number	percent	number	percent
less than \$10,000	20,473	34.3	2,671	28.3	28,366	29.8
\$10,000 to \$19,999	17,219	28.8	2,236	23.7	26,588	27.9
\$20,000 to \$34,999	10,662	17.9	1,672	17.7	17,901	18.8
\$35,000 to \$49,999	3,296	5.5	801	8.5	6,275	6.6
\$50,000 to \$74,999	3,535	5.9	1,040	11.0	7,054	7.4
\$75,000 to \$99,999	4,318	7.2	409	4.3	8,655	9.1
\$100,000 or more	220	0.4	613	6.5	427	0.4

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 28.3 percent of market area renter households have incomes less than \$10,000, and a further 23.7 percent have incomes between \$10,000 and \$20,000. Around 17.7 percent of renters are in the \$20,000 to \$35,00 income range. It is seen that around 44 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 66.6 percent of market area renter households qualify for rent-assisted units. Around 5.5 percent qualify for unassisted tax credit units at 60 percent of the median.

NEW HOUSEHOLDS

Based on the projections set out in Table 4, a total of 598 new rental units are needed between 2017 and 2019. A total of 399 of these will be for households eligible for the proposed rent-assisted units (with 33 qualifying for unassisted tax credit units at 60 percent of the median).

EXISTING HOUSEHOLDS

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

Our calculations show that there will be a total of 8,518 renter households in the qualifying income range the proposed development in the project market area - with 697 qualifying for unassisted tax credit units. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 66.6 percent of renters who qualify for assisted units and 36.6 percent who qualify for unassisted tax credit units would be rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the project market area, this translates to a need for an additional 154 assisted units, overall (and 13 unassisted units).

DEMAND

Total demand is therefore seen to amount to 6,138 assisted units. Were no rental assistance available, demand would amount to 300 unassisted units (based on maximum rents at the 60 percent income level).

SUPPLY

These figures are based on a 2017 to 2019 projection period, and therefore have to be corrected to account for the funding and/or construction of any directly comparable projects in the market area. It should be noted that Stanton Oaks, the most recent property to be awarded tax credits in the project market area, is a 43-unit project that has full HUD Section 8 rental assistance. The property is the former Boynton Village property and as such does not represent a net addition to the rental inventory. The property is reported to be fully occupied. 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 therefore for 6,138 assisted units (and 300 unassisted units). These figures are summarized in Table 19, below.

Table 19 - Demand Calculations

	assisted	unassisted
(i) income eligible new renter households	399	33
(ii) income eligible existing renter households	8,518	697
(iii) existing households, likely to move	5,585	255
(iv) need from obsolete housing	154	13
Total demand (i)+(ii)+(iii)+(iv)	6,138	300
Supply	0	0
Net demand	6,138	300

Source: T.Ronald Brown: Research & Analysis

Net demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 30 percent of the total, two-bedroom units should account for 40 percent of the total, three-bedroom units should account for 25 percent of the total (with four- or more bedroom units accounting for 5 percent). These various calculations are summarized as set out in Table 20, on the following page.

Table 20 - Demand Calculations and Capture Rates

	assisted	unassisted
Total demand		
1 bedroom	1,861	91
2 bedroom	2,457	120
3 bedroom	1,513	74
4 bedroom	307	15
Total	6,138	300
Supply		
1 bedroom	0	0
2 bedroom	0	0
3 bedroom	0	0
4 bedroom	0	0
Total	0	0
Net demand		
1 bedroom	1,861	91
2 bedroom	2,457	120
3 bedroom	1,513	74
4 bedroom	307	15
Total	6,138	300
Units proposed		
1 bedroom	4	4
2 bedroom	26	26
3 bedroom	22	22
4 bedroom	8	8
Total	60	60
Capture rates		
1 bedroom	n/a*	4.4 %
2 bedroom	n/a*	21.6 %
3 bedroom	n/a*	29.7 %
4 bedroom	n/a*	53.3 %
Total	n/a*	20.0 %
<i>*all assisted units at the subject property have been deducted from this calculation</i>		

Source: T.Ronald Brown: Research & Analysis

CAPTURE RATES¹

Georgia DCA market study guidelines recommend that rent-assisted units not be included in capture rate calculations. Thus, as proposed, the subject development will maintain its subsidy. Given that it is fully subsidized, fully occupied, and that all tenants will remain income-eligible after the proposed rehabilitation program, the effective capture rate is effectively zero percent.

Based on this, the proposed development is considered very marketable.

(Were the proposed development to be developed without its project-based assistance, with rents set at 60 percent of the local area median income (as set out above), then those 60 units would suggest an overall capture rate of 20.0 percent. Capture rates by number of bedrooms would range from 4.4 percent for the four one-bedroom units to 21.6 percent, 29.7 percent, and 53.3 percent for the 26, 22, and eight two-, three- and four-bedroom units, respectively. These capture rates are relatively high - which reflects the assumed rent levels, and which would be further reflected in potential absorption rates).

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

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

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

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

Table 21 - 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
Assisted	1 bedroom	4	1,861	0	1,861	n/a*	n/a	\$883	\$543-1,640	boi
	2 bedroom	26	2,457	0	2,457	n/a*	n/a	\$1,055	\$645-1,767	boi
	3 bedroom	22	1,513	0	1,513	n/a*	n/a	\$973	\$650-1,396	boi
	4 bedroom	8	307	0	307	n/a*	n/a	n/a	n/a	boi
50% AMI	1 bedroom									
	2 bedroom									
	3 bedroom									
	4 bedroom									
60% AMI	1 bedroom	4	91	0	91	4.4	1 month	\$883	\$543-1,640	\$782**
	2 bedroom	26	120	0	120	21.6	6 months	\$1,055	\$645-1,767	\$1,062**
	3 bedroom	22	74	0	74	29.7	12 months	\$973	\$650-1,396	\$1,263**
	4 bedroom	8	15	0	15	53.3	6 months	n/a	n/a	\$1,500**
Market	1 bedroom									
	2 bedroom									
	3 bedroom									
	4 bedroom									
TOTAL	Assisted	60	6,138	0	6,138	n/a*	n/a			
	50% AMI									
	60% AMI	60	300	0	300	20.0	12 months			
	Market									
<p><i>*all assisted units at the subject property have been deducted from this calculation</i></p> <p><i>** maximum 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 significant number of mixed income properties - which offer a mix of rent-assisted, tax credit and market rate units. In addition, there are several established subsidized properties, such as the subject property, which were developed through the HUD Section 8 program. Additionally, there are market rate, conventionally-financed, complexes. Those (relatively larger [40 or more units] and newer [post-1990]) complexes have been identified and surveyed, and where useful information was made available to us, this is presented, below.

Those properties that are located in the market area, are typically a mix of relatively new complexes (including those financed with tax credits), that offer modern amenities, have high occupancy levels, and are typically in good physical condition and some older subsidized properties with relatively few modern amenities.

The proposed development is the rehabilitation of the Capital Vanira Apartments. This is a 60-unit low income property that was developed in 1976 through the HUD Section 8 program. There are four one-bedroom units, 26 two-bedroom units, 22 three-bedroom units, and eight four-bedroom units. All 60 units have project based rental assistance.

The property in the market area that is the most comparable to the proposed development is Stanton Oaks - this is a 43-unit property located on Hank Aaron Boulevard, south of the subject property. It was developed as Boynton Village in 1976 and was funded through the HUD Section 8 program. It was recently extensively rehabilitated with LIHTC financing. The property offers a mix of one-, two-, three-, and four-bedroom units, and is reported to be fully occupied.

As noted, there are several mixed-income properties in the market area and other areas adjacent to downtown Atlanta that were developed under the HUD HOPE VI program and - replacing former Atlanta Housing Authority properties. These include the two phases of the Villages at Castleberry Hills (which replaced the John Hope Homes), Magnolia Park (which replaced Egan Homes), Ashley Collegetown (which replaced Harris Homes), and the various properties in Mechanicsville which replaced McDaniel-Glenn.

Our survey shows that of the 3,054 units in our survey, 484 - or 15.8 percent - were in subsidized complexes comparable to the subject property. Occupancy for those units is seen to be 99.2 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 (%)
Brookside Park	conventional	2005	200			200	2	99.0
Burnett at Grant Park	conventional	2006	54			54	2	96.3
Capitol Varina	HUD § 8	1976	60	60				100.0
City Views at Rosa Burney Park	HUD § 8	1972	180	154		16	4	97.8
Columbia at Mechanicsville	Mixed income	2008	174	97	29	48	5	97.1
Columbia at Mechanicsville Station	Mixed income	2009	164	98	n/a	n/a	6	96.3
Columbia Parkside Mechanicsville	Mixed income	2011	156				0	100.0
Columbia at Peoplestown	Mixed income	2003	99		68	31	n/a	n/a
Crogman School Lofts	conventional	n/a	105			105	0	100.0
Enso	conventional	2010	325			325	15	95.4
GE Towers	PBRA	2004	201	201			0	100.0
Heritage Station	Mixed income	2007	220	80	129	91	0	100.0
Roosevelt Historic	conventional	1990	120			120	10	91.7
Stanton Oaks	HUD § 8	1976	43	43			0	100.0
Square at Peoplestown	LIHTC	1999	94		94		2	97.9
Villages at Carver	Mixed income	2001	667	327	158	182	33	95.1
Villas at Lakewood	Mixed income	1989	192		96	96	7	96.4

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 Capitol Vanira Apartments offers are typical of complexes of this age and type - and are comparable to those offered in other subsidized properties. The proposed rehabilitation will serve to improve the living conditions of current and future tenants - paralleling, for example, the improvements at Stanton Oaks.

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

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

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

Information for the 17 complexes for which useful occupancy data were provided suggests an overall occupancy level of 97.2 percent.

The three subsidized complexes that can be considered comparable to the subject property (and excluding the subject) are seen to be 99.1 percent occupied.

The five mixed-income properties are seen to be 96.4 percent occupied.

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

	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Brookside Park				56	830	\$965
Burnett at Grant Park				20	726-744	\$1,081-1,202
Capitol Varina				4	773	boi
City Views at Rosa Burney Park				111	590	boi
Columbia at Mechanicsville LIHTC				n/a	750	\$577-716
Columbia at Mechanicsville market				7	750	\$865
Columbia at Mechanicsville Station market				n/a	790	\$865
Columbia Parkside LIHTC				n/a	762-780	\$623
Columbia Parkside market				n/a	762-780	\$865
Crogman School Lofts	6	540	\$649	56	707-743	\$638-757
Enso				150	769-863	\$1,340-1,640
GE Towers				68	700	boi
Heritage Station LIHTC				n/a	864	\$592-675
Heritage Station market				n/a	864	\$810
Roosevelt Historic	6	575	\$945	84	750-900	\$1,150-1,600
Stanton Oaks				5	n/a	boi
Square at Peoplestown LIHTC				22	700	\$543-666
Villages at Carver LIHTC				103	750-795	\$693-777
Villages at Carver market				44	750-795	\$900-980
Villas at Lakewood LIHTC						
Villas at Lakewood market						

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Brookside Park				102	1,120	\$1,285-1,290
Burnett at Grant Park				34	1,032-1,202	\$1,461-1,691
Capitol Varina	26	930	boi			
City Views at Rosa Burney Park	10	775	boi			
Columbia at Mechanicsville LIHTC				n/a	1,025-1,157	\$645-812
Columbia at Mechanicsville market				13	1,025-1,157	\$999-1,024
Columbia at Mechanicsville Station market				90	1,009-1,170	\$999
Columbia Parkside LIHTC				n/a	1,076	\$710
Columbia Parkside market				n/a	1,076	\$999
Crogman School Lofts	14	847-948	\$910	20	847-990	\$950
Enso				175	1,106-1,237	\$1,630-1,767
GE Towers	n/a	800	boi	n/a	850	boi
Heritage Station LIHTC	n/a	1,058	\$673-773			
Heritage Station market	n/a	1,058	\$980			
Roosevelt Historic	22	1,000	\$1,050-2,000			
Stanton Oaks				11	n/a	boi
Square at Peoplestown LIHTC	18	860	\$648-784	18	860	\$648-784
Villages at Carver LIHTC	104	900	\$832	166	946-1,303	\$832
Villages at Carver market	7	900	\$985	68	946-1,303	\$980-1,150
Villas at Lakewood LIHTC						
Villas at Lakewood market						

	3 br/1-1½ ba			3 br/2+ ba, (4 and 5br)		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Brookside Park				42	1,335	\$1,335-1,396
Burnett at Grant Park						
Capitol Varina	22	1,064	boi	8	1,357	boi
City Views at Rosa Burney Park	36	900	boi	23	1,096-1,150	boi
Columbia at Mechanicsville LIHTC				n/a	1,200	\$689-881
Columbia at Mechanicsville market				15	1,200	\$1,119
Columbia at Mechanicsville Station market				43	1,204	\$1,119
Columbia Parkside LIHTC				n/a	1,474	\$710-781
Columbia Parkside market				n/a	1,474	\$1,100-1,199
Crogman School Lofts				9	1,048	\$950
Enso						
GE Towers				23	1,009	boi
Heritage Station LIHTC				n/a	1,232	\$738-853
Heritage Station market				n/a	1,232	\$1,050
Roosevelt Historic						
Stanton Oaks	22	n/a	boi	5	n/a	boi
Square at Peopletown LIHTC				36	1,169	\$747-984
Villages at Carver LIHTC				130	1,142-1,438	\$797-959
Villages at Carver market				55	1,142-1,438	\$1,100-1,300
Villas at Lakewood LIHTC				n/a	1,273	\$650
Villas at Lakewood market				n/a	1,273	\$950

Based on the above data, market rents for one-bedroom units range from \$638 to \$1,640, and average around \$1,001. Market rents for two-bedroom units range from \$950 to \$1,767 and are seen to average around \$1,207. The corresponding rents for three bedroom units range from \$950 to \$1,396, with an average of around \$1,113.

Again, based on the above, rents for tax credit units range from \$543 to \$777 for one-bedroom units, and average around \$649. Rents for two-bedroom units that are tax credit financed are in the \$645 to \$832 range, with an average of around \$752. Tax credit units that have three-bedrooms are in the \$650 to \$984 range, and average around \$787.

Georgia DCA market study guidelines require the determination of average market rents. Overall, one-bedroom units in the market area average \$883 per month, with the corresponding figures for two- and three-bedroom units being \$1,055 and \$973, respectively. Here, it is found that the average rent for three-bedroom units is actually less than that for two-bedroom units in this market. This reflects the fact that there are few, if any, three-bedroom units in downtown-oriented properties. For example, only one relatively new market rate project (outwith any mixed-income complexes) has three-bedroom units. The latter is Brookside Park - where there are as many as 42 three-bedroom units which rent for \$1,335 and \$1,395 - the highest reported three-bedroom rents in the market area. It should be noted that a significant, and proportion, of three-bedroom units are subject to maximum rents under the tax credit program, and skew the average rent calculation. Given the lack of market rate four-bedroom units, a conservative estimate of around \$990 is determined based on those three-bedroom units.

Market advantage for unsubsidized tax credit units is seen to be 31.4 percent and 30.6 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 (\$672 and \$808 for one- and two-bedroom units, respectively). The lack of realistic comparables constrains any determination of market advantage for three- or four-bedroom units.

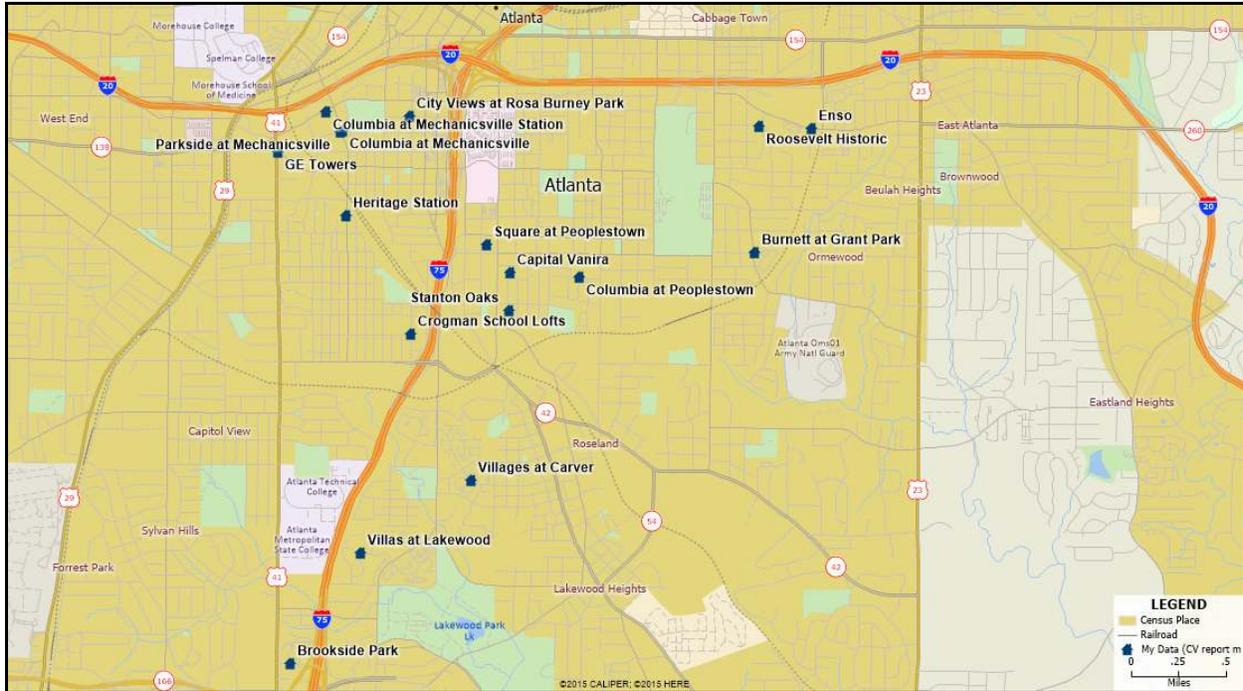
For reference, HUD Fair Market Rents range from \$858 for a one-bedroom unit to \$990 for a two-bedroom unit and \$1,299 and \$1,599 for three- and four-bedroom units. Using the utility allowances for the subject property, this suggests rents of \$771, \$886, \$1,176, and \$1,452 for one-, two-, three- and four-bedroom units, respectively..

American Community Survey data provide information (subject to the limitations of the source) as to rental vacancy rates in the market area. Here, it is seen that the vacancy rate for all rental units (apartments, single-family units, etc.) is 9.9 percent for the most recent year. Over the last five years the trend has been consistently downward, from 16.4 percent in 2010. This downward trend can be expected to continue or to stabilize, subject to the state of the national and local economies.

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

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

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



Competitive rentals map



Brookside Park

Location: 565 St. Johns Avenue, SW, Atlanta
 Year built: 2005

Total units: 200
 Typical occupancy: 99%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	56	102	42
Unit size (sq. ft.):	830	1,120	1,335
Rent:	\$965	\$1,285-1,290	\$1,335-1,396
Rent/sq. ft.:	\$1.16	\$1.15	\$1.02
Vacant units: 2, overall			

Management: Bentron Management - (Lynda - 404.767.0555 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity (\$56-\$86 utility surcharge)

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

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



Burnett at Grant Park

Location: 880 Confederate Ave, SE, Atlanta
Year built: 2006

Total units: 54
Typical occupancy: 96-98%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	20	34
Unit size (sq. ft.):	726-744	1,032-1,202
Rent:	\$1,081-1,122	\$1,461-1,691
Rent/sq. ft.:	\$1.50	\$1.41
Vacant units: 2, overall		

Management: Worthing Companies - (Chicara - 404.635.1234 [7/28])
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 Carports Laundry

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



Capitol Vanira

Location: 942 Hank Aaron Drive, SE, Atlanta
 Financing: HUD § 8
 Year built: 1976, rehabilitated 2011

Total units: 60
 Rental assistance
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/2 ba</u>	<u>4 br/2 ba</u>
Units:	4	26	22	8
Unit size (sq. ft.):	773	930	1,064	1,357
Contract rent:	\$720	\$860	\$1,022	\$1,092
Vacant units: 0, overall				

Management: HJ Russell Management (404.586.0068)
 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 Carports Laundry

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



City Views at Rosa Burney Park

Location: 259 Richardson Street, SW, Atlanta
 Financing: HUD § 8
 Year built: 1972, rehabilitated 2004
 Total units: 180
 Rental assistance: 154
 Typical occupancy: 100% (waiting list)

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

Management: D. Williams Management (Wanda - 404.526.0286 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Columbia at Mechanicsville

Location: 500 McDaniel Street, Atlanta
 Year built: 2008

Total units: 174
 Typical occupancy: 95-98%

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

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	13	n/a	15
Unit size (sq. ft.):	1,157	1,200	1,200
Rent:	\$1,024	\$689*-881*	\$1,199
Rent/sq. ft.:	\$0.89	\$0.65*	\$1.00
Vacant units: 5, overall			

Management: Columbia Residential - (Tamika - 404.577.2833 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

97 affordable/PBRA units

* Tax credit



Columbia at Mechanicsville Station

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

Total units: 164
 Typical occupancy: 98%

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

Management: Columbia Residential (Holly - 404.827.9152 [7/29])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

98 affordable/PBRA units



Columbia Parkside at Mechanicsville

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

Total units: 156
 Typical occupancy: 100%

	<u>1 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2½ ba</u>	<u>3 br/2 ba</u>
Units:	34	22	39	38	23
Unit size (sq. ft.):	762	780	1,076	1,474	1,474
Rent:	\$623*-865	\$623*-865	\$710*-999	\$710*-1,100	\$781*-1,199
Rent/sq. ft.:	\$0.82*-1.14	\$0.80*-1.11	\$0.66*-0.93	\$0.48*-0.75	\$0.53*-0.81
Vacant units: 0, overall					

Management: Columbia Residential (404.523.0230 [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 Security gate Parking Laundry

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



Crogman School Lofts

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

Total units: 105
 Typical occupancy: 97% (waiting list)

	<u>0 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	6	56	14	20	9
Unit size (sq. ft.):	540	707-743	847-948	847-998	1,048
Rent:	\$649	\$632-757	\$910	\$950	\$950
Rent/sq. ft.:	\$1.19	\$0.99	\$1.01	\$1.03	\$0.91
Vacant units: 0, overall					

Management: SNP Management (Adrienne - 404.614.0808 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Enso

Location: 880 Glenwood Avenue, Atlanta
 Year built: 2010

Total units: 325
 Typical occupancy: 95%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	150	175
Unit size (sq. ft.):	769-863	1,016-1,237
Rent:	\$1,340-1,640	\$1,630-1,767
Rent/sq. ft.:	\$1.74-1.90	\$1.43-1.60
Vacant units: 15, overall		

Management: Lincoln Property Company (Keosha - 404.975.0541 [7/28])
 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 Carports Laundry

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



GE Towers

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

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

	<u>1 br/1 ba</u>	<u>2 br/1-2 ba</u>	<u>3 br/2 ba</u>
Units:	58	110	23
Unit size (sq. ft.):	700	800-850	1,009
Contract rent:	\$660	\$758	\$865
Vacant units: 0, overall			

Management: Cortland Partners (Bianca - 404.653.0988 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

All affordable/PBRA units



Heritage Station

Location: 765 McDaniel Street, Atlanta
 Year built: 2007

Total units: 220
 Typical occupancy: 98-99%

	<u>1 br/1 ba</u>	<u>2 br/1-2 ba</u>	<u>3 br/2 ba</u>
Units:	45	138	37
Unit size (sq. ft.):	864	1,058	1,232
Rent:	\$592*-675*-810	\$673*-773*-980	\$738*-853*-1,050
Rent/sq. ft.:	\$0.73*-0.94	\$0.68*-0.93	\$0.65*-0.85
Vacant units: 0, overall			

Management: Cortland Partners (Cherys - 404.588.5522 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

81 affordable/PBRA units

* Tax credit



Roosevelt Historic

Location: 745 Hansell Street, SE, Atlanta
 Year built: 1990

Total units: 120
 Typical occupancy: n/a

	<u>0 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>2 br/2 ba</u>
Units:	6	84	22	8
Unit size (sq. ft.):	575	750-900	1,000	1,300
Rent:	\$945	\$1,150-1,600	\$1,050-2,000	\$1,400-1,500
Rent/sq. ft.:	\$1.64	\$1.66	\$1.52	\$1.12
Vacant units: 10 (ongoing renovations)				

Management: Aderhold Properties (Lisa - 404.624.4224 [7/28])
 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 Carports Laundry

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



Square at Peoplestown

Location: 875 Hank Aaron Drive, Atlanta
 Year built: 1999

Total units: 94
 Typical occupancy: 98%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	22	18	18	36
Unit size (sq. ft.):	700	860	930	1,169
Rent:	\$543-666*	\$648-784*	\$648-784*	\$747-984*
Rent/sq. ft.:	\$0.77-0.95*	\$0.75-0.91*	\$0.70-0.85*	\$0.66-0.86*
Vacant units: 2, overall				

Management: Integral Management - (Tamielle - 404.521.9744 [7/28])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity (\$56-\$86 utility surcharge)

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

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

* tax credit



Stanton Oaks (formerly Boynton Village)

Location: 1044 Hank Aaron Drive, Atlanta	Total units: 43
Financing: HUD § 8	Rental assistance: 43
Year built: 1976, rehabilitated 2015	Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>	<u>4 br/2 ba</u>
Units:	5	11	22	5
Unit size (sq. ft.):	n/a	n/a	n/a	n/a
Contract rent:	n/a	n/a	n/a	n/a
Vacant units: 0, overall				

Management: Woda Group (404.343.2401 [7/28])
 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 Carports Laundry

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



Villages at Carver

Location: 174 Maury Avenue, SW, Atlanta
 Year built: 2001+

Total units: 667
 Typical occupancy: 90-95% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2½ ba</u>
Units:	147	111	193	31
Unit size (sq. ft.):	750-795	900	946-1,150	1,303
Rent:	\$693*-777*-980	\$832*-985	\$832*-1,200	\$634*-801*-1,200
Rent/sq. ft.:	\$0.95*-1.26	\$0.92*-1.09	\$0.79*-1.16	\$0.65*-0.92
	<u>3 br/2 ba</u>	<u>3 br/2½ ba</u>	<u>4 br/2 ba</u>	
Units:	133	40	12	
Unit size (sq. ft.):	1,142-1,150	1,378-1,390	1,438	
Rent:	\$797*-899*-1,310	n/a*-1,300	\$746*-959*-n/a	
Rent/sq. ft.:	\$0.74*-1.14	n/a*-\$0.94	\$0.59-n/a	

Vacant units: 33, overall

Management: Integral Management (404.622.1226)

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

* Tax credit



Villas at Lakewood

Location: 1700 Giben Road, SW, Atlanta
 Year built: 1989

Total units: 192
 Typical occupancy: varies

	<u>3 br/2 ba</u>	<u>3 br/2½ ba</u>
Units:	12	180
Unit size (sq. ft.):	1,181	1,273
Rent:	\$650*-950	\$650*-950
Rent/sq. ft.:	\$0.56*-0.80	\$0.51*-0.75
Vacant units: 7, overall		

Management: Hercules Living (DeeDee 404.622.1199 [7/29])
 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 Carports Laundry

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

* Tax credit

I. ABSORPTION AND STABILIZATION RATES

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