



REAL PROPERTY RESEARCH GROUP

WASHINGTON/BALTIMORE ■ ATLANTA

Market Feasibility Analysis

Madison Heights II

Lovejoy, Clayton County, Georgia

Prepared for:

TBG Residential

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1. EXECUTIVE SUMMARY

TBG Residential has retained Real Property Research Group, Inc. (RPRG) to conduct a comprehensive market feasibility analysis for Madison Heights II, a proposed family rental community in Lovejoy, Clayton County, Georgia. Madison Heights II will be financed in part by Low Income Housing Tax Credits (LIHTC), allocated by the Georgia Department of Community Affairs (DCA), and will contain 120 units. Madison Heights II will be the second phase of Madison Heights, a family LIHTC community that received a tax credit allocation in 2016 and will be completed by mid-2018. The following report, including the executive summary, is based on DCA’s 2017 market study requirements.

1. Project Description

- The site for Madison Heights II is located adjacent to the planned Madison Heights Phase I within a larger 59-acre parcel. This larger parcel is situated on the west side of U.S. Highway 41 (Tara Boulevard) roughly one-quarter mile northwest of McDonough Road in Lovejoy, Clayton County, Georgia. The subject site does not have an address; however, the larger parcel (containing the subject site) has a parcel number of 06094 126001.
- Madison Heights II will be a newly constructed family rental community containing 120 units. Eighty-one units (68 percent) at Madison Heights II will benefit from Low Income Housing Tax Credits and target renter households earning at or below 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size. Thirty-nine rental units (32 percent) at Madison Heights II will be market rate, unencumbered by tenant rent and income restrictions.
- A detailed summary of the subject property, including the rent and unit configuration, is shown in the table below. The rents shown will include trash removal.

| Unit Mix/Rents | | | | | | | | |
|----------------|-----|------|---------------|------------|-------------|----------------|-------------------|------------|
| Type | Bed | Bath | Income Target | Quantity | Square Feet | Developer Rent | Utility Allowance | Gross Rent |
| Garden | 1 | 1 | 50% | 6 | 800 | \$505 | \$118 | \$623 |
| Garden | 1 | 1 | 60% | 7 | 800 | \$605 | \$118 | \$723 |
| Garden | 1 | 1 | Market | 3 | 800 | \$675 | \$118 | \$793 |
| Garden | 2 | 2 | 50% | 10 | 1,050 | \$553 | \$148 | \$701 |
| Garden | 2 | 2 | 60% | 36 | 1,050 | \$653 | \$148 | \$801 |
| Garden | 2 | 2 | Market | 26 | 1,050 | \$725 | \$148 | \$873 |
| Garden | 3 | 2 | 50% | 8 | 1,200 | \$629 | \$188 | \$817 |
| Garden | 3 | 2 | 60% | 14 | 1,200 | \$744 | \$188 | \$932 |
| Garden | 3 | 2 | Market | 10 | 1,200 | \$825 | \$188 | \$1,013 |
| Total | | | | 120 | | | | |

Source: TBG Residential

Rents include the cost of trash removal.

- Madison Heights II’s proposed units will include kitchens equipped with a range, refrigerator, dishwasher, garbage disposal, and microwave. In addition, all units will include washer and dryer connections, central heating and air-conditioning, ceiling fans, and window blinds. The proposed unit features at Madison Heights II will be



comparable or superior to existing LIHTC and market rate rental communities in and just outside of the market area and will be well received by the target market.

- Madison Heights II's community amenities will include a wellness center, fitness center, playground, community laundry room, and covered porch. The amenities offered at the subject property will be competitive with existing LIHTC and market rate rental communities in and just outside of the market area and are appropriate for the target market.

2. Site Description / Evaluation:

The subject site is a suitable location for affordable rental housing, as it is compatible with surrounding land uses and has ample access to major traffic arteries, public transportation, community amenities, public schools, and shopping opportunities.

- The site for Madison Heights II consists of heavily wooded land throughout and does not contain any existing structures. Bordering land uses include wooded land, single-family detached homes, Trinity Community Church, Walding Landing Apartments, and Sigma Chi Memorial Park.
- Surrounding land uses in the subject site's immediate vicinity primarily consist of wooded land and residential uses, most of which are single-family detached homes. A handful of multi-family rental communities are also located in the immediate area including Walden Landing bordering the subject site to the south. Other nearby land uses include various commercial development along Tara Boulevard, Lovejoy Regional Park / South Clayton Recreation Center, Lovejoy High School, the Clayton County Library, and active rail lines that run parallel to U.S. Highway 41.
- Madison Heights II will have excellent visibility and accessibility from U.S. Highway 41 (Tara Boulevard), a major four-lane divided highway traveling north to south through Clayton County and Metro Atlanta. The subject property will also benefit from traffic generated by surrounding land uses including Walden Landing Apartments, Trinity Community Church, Sigma Chi Memorial Park, and Home Depot.
- Community amenities, shopping, medical services, public schools, and recreational venues are all easily accessible within two miles of the subject site.
- The site's CrimeRisk is comparable to the CrimeRisk throughout southern Clayton and southwestern Henry County, which contains all of the rental alternatives that would compete with the subject property. As such, we do not expect crime or the perception of crime to negatively impact the subject property's marketability.

3. Market Area Definition

- The Madison Heights Market Area consists of twelve census tracts in Clayton County and one census tract in Henry County, which include all or portions of the cities of Lovejoy, Hampton, and Jonesboro. The Madison Heights Market Area primarily follows U.S. Highway 41 from north to south, consistent with development patterns in southern Clayton County. The areas surrounding U.S. Highway 41 from Jonesboro to Hampton are the most comparable portions of Clayton and Henry County to the subject site and are the areas from which prospective tenants are most likely to originate. Based on the homogeneity of the housing stock and ease of access via U.S. Highway 41, we believe households living throughout the Madison Heights Market Area would consider Madison Heights II as a potential shelter option. The boundaries of the Madison Heights Market Area are Interstate 75 and Battle Creek Road to the north (6.8 miles), Henry County and Old Highway 3 to the



east (3.9 miles), Spalding County to the south (7.0 miles), and Flint River and Fayette County to the west (3.2 miles).

4. Community Demographic Data

- The Madison Heights Market Area experienced steady population and household growth from 2010 to 2017, a trend expected to continue through 2019.
 - The Madison Heights Market Area added 1,942 people (2.8 percent) and 620 households (2.7 percent) annually between the 2000 and 2010 Census counts. Esri estimates annual growth rates slowed to 0.7 percent among population and 0.5 percent among households from 2010 to 2017.
 - Esri projects the Madison Heights Market Area's population will increase from 83,602 in 2017 to 84,759 in 2019 while its household base will grow from 27,729 in 2017 to 28,072 in 2019. These growth projections equate to annual growth rates of 579 people (0.7 percent) and 171 households (0.6 percent) annually over the next two years.
- Adults age 35 to 61 are the largest age cohort in both the market area and the county accounting for 35.6 percent of the population in the Madison Heights Market Area and 34.2 percent of the population in Clayton County. Among the remaining age cohorts, Children/Youth under the age of 20 comprised 28.1 percent of the population in the market area and 29.9 percent of the population in the county followed by Young Adults age 20 to 34 (roughly 23 to 24 percent of the populations in both areas) and Seniors age 62 and older (13.9 percent in the market area and 12.1 percent in the county).
- Roughly 42 to 43 percent of all households in the Madison Heights Market Area and Clayton County contained children as of the 2010 Census. The Madison Heights Market Area contained a higher percentage of households with at least two adults and no children (35.5 percent versus 32.5 percent) than the county but had a lower percentage of single persons (21.6 percent versus 25.4 percent).
- Esri estimates renter percentages increased to 32.7 percent in the market area and 47.6 percent in the county from 2010 to 2017 with renter households accounting for all of the net household change in both areas during this period. Esri projections indicate the Madison Heights Market Area and Clayton County renter percentages will remain relatively stable over the next two years with renter households increasing by 133 in the Madison Heights Market Area and 613 in Clayton County from 2017 to 2019.
- The 2017 median income of households in the Madison Heights Market Area is \$52,729, \$9,156 or 21.0 percent higher than Clayton County's median income of \$43,572. Based on ACS and Esri estimates, the 2017 median income for householders in the Madison Heights Market Area is \$37,802 for renters and \$61,920 for owners. Just over one-third of renter households (33.8 percent) in the Madison Heights Market Area have an annual income of \$25,000 to \$49,999 while 21 percent of Madison Heights Market Area renter households earn \$50,000 to \$74,999 annually.
- We do not believe foreclosed, abandoned, or vacant single/multi-family homes will impact the subject property's ability to lease its units given the tenant income and rent restrictions on 68 percent of units and its high percentage of one and two bedroom units (73 percent).

5. Economic Data:

Clayton County has experienced significant job growth over the last five years while unemployment rates steadily declined.



- The most recent annual average unemployment rates of 6.6 percent in Clayton County, 5.4 percent in Georgia, and 4.9 percent in the nation all represent significant improvements relative to highs reached during the most recent national recession (2009 to 2010).
- Clayton County added jobs in three of the last four years including a net gain of 18,434 jobs since 2012.
- Commuting data indicates that the residents of the Madison Heights Market Area work throughout Metro Atlanta with roughly 60 percent working in a different county than they reside.
- Trade-Transportation-Utilities is Clayton County's single largest economic sector, accounting for nearly half (49.1 percent) of all jobs in the county compared to 19.0 percent of jobs nationally. The county's heavy employment in the Trade-Transportation-Utilities sector is driven by several large transportation and shipping based businesses, including Delta Airlines and FedEx, which are located in the northern portion of the county close to Hartsfield-Jackson International Airport.
- Eight of eleven economic sectors added jobs in Clayton County from 2011 to 2016 (Q3) with the most notable gains (in terms of total jobs) occurring in Trade-Transportation-Utilities (19.9 percent), Professional Business (49.0 percent), Leisure-Hospitality (20.6 percent) and Education Health (9.5 percent). The only notable job losses occurred in the Manufacturing sector, which declined by 5.0 percent.
- Notable economic expansions announced in Clayton County over the last six months include YRC Worldwide's opening of a new freight terminal in Conley, Georgia that added 60 new jobs and the planned construction of a new state-of-the-art movie studio by Pacifica Ventures in Morrow. The only major layoffs or business closures in the county over the past year were layoffs at hhgreg and Sheraton Atlanta Airport Hotel, which combined resulted in the loss of 203 jobs.
- The strong At-Place Employment growth and declining unemployment rate in Clayton County will support additional housing in the near-term.

6. Project Specific Affordability and Demand Analysis:

- Madison Heights II will contain 120 units, 81 of which will be reserved for households earning at or below 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size. Thirty-nine units will be market rate, unencumbered by tenant rent and income restrictions; however, for the purposes of the affordability analysis, RPRG imposed artificial maximum income limits for market rate units based on 80 percent of the AMI in accordance with DCA requirements. Income qualified renter households and affordability capture rates for reach income band and the project overall are as follows:
 - The proposed **50 percent units** will target renter households with incomes from \$21,360 to \$36,450. A projected 2,131 renter households will earn within this range in 2019. The 24 units proposed at 50 percent AMI will result in a capture rate of 1.1 percent.
 - The proposed **60 percent units** will target renter households with incomes from \$24,789 to \$43,740. A projected 2,312 renter households will earn within this range in 2019. The 57 units proposed at 60 percent AMI will result in a capture rate of 2.5 percent.
 - The proposed **market rate units** will target renter households with incomes from \$27,189 to \$58,320. A projected 3,171 renter households will earn within this range



- in 2019. The 39 units proposed at 60 percent AMI will result in a capture rate of 1.2 percent.
- **All LIHTC units** will target renter households with incomes from \$21,360 to \$43,740. A projected 2,796 renter households will earn within this range in 2019. The 81 proposed LIHTC units will result in a capture rate of 2.9 percent.
 - **Overall**, 4,009 renter households will be income qualified for the proposed units at Madison Heights II. The overall affordability capture rate is 3.0 percent.
 - All of Madison Heights II's renter capture rates by floor plan and income level are within reasonable and achievable levels for a family rental community and indicate sufficient income qualified renter households to support the project's 120 proposed units.
 - Overall projected DCA demand for the subject property in the Madison Heights Market Area is 1,773.
 - Madison Heights II's DCA demand capture rates by income level are 2.4 percent for 50 percent units, 5.5 percent for 60 percent units, 6.5 percent for all LIHTC units, 2.7 percent for market rate units, and 6.8 percent for the project overall. Madison Heights II's capture rates by floor plan / bedroom type range from 1.6 percent to 9.3 percent. A detailed summary table of all DCA demand estimates and capture rates by AMI level, floor plan, and bedroom type is provided at the end of the executive summary on page 7.
 - All of Madison Heights II's DCA demand capture rates are well below DCA's mandated threshold of 30 percent and indicate sufficient demand will exist in the Madison Heights Market Area to support the 120 proposed units at the subject property and the 120 units at Phase I (subtracted out as comparable supply).

7. Competitive Rental Analysis

RPRG surveyed nine family communities in the Madison Heights Market Area all of which were market rate. RPRG also surveyed three LIHTC communities just outside the market area to gain insight into market conditions for LIHTC communities in the region, as none are located in the Madison Heights Market Area. Surveyed rental communities were performing well with a stable vacancy rate among market rate properties in the market area and a low vacancy rate among LIHTC communities outside the market area.

- Excluding Park at Tara Lake, which is currently under renovation, the eight stabilized rental communities in the market area reported 79 of 1,576 rental units vacant, a rate of 5.0 percent. Forty-two of the 79 vacant units reported at stabilized rental communities in the market area (53 percent) were at two properties, both of which are older market rate communities in poor condition. The stabilized vacancy rate among the more comparable communities is 3.4 percent.
- The three LIHTC communities outside the market area had one vacant unit among 438 units for a vacancy rate of just 0.2 percent. Two of the three LIHTC communities also reported waiting lists.
- Surveyed rental communities reported average net rents as follows:
 - **One bedroom** units in the market area had an average effective rent of \$741 with an average unit size of 760 square feet and an average rent per square foot of \$0.97. The three LIHTC properties just outside the market area reported an average effective one bedroom rent of \$766 with an average unit size of 794 square feet and



an average rent per square foot of \$0.96. One bedroom effective rents ranged from \$805 to \$941.

- **Two bedroom** units in the market area had an average effective rent of \$837 with an average unit size of 1,032 square feet and an average rent per square foot of \$0.81. The three LIHTC properties just outside the market area reported an average effective two bedroom rent of \$854 with an average unit size of 1,042 square feet and an average rent per square foot of \$0.82. Two bedroom effective rents ranged from \$875 to \$1,039.
- **Three bedroom** units in the market area had an average effective rent of \$1,010 with an average unit size of 1,351 square feet and an average rent per square foot of \$0.75. The three LIHTC properties just outside the market area reported an average effective rent of \$980 with an average unit size of 1,181 square feet and an average rent per square foot of \$0.83. Three bedroom effective rents ranged from \$970 to \$1,276.
- The subject property's proposed 50 percent, 60 percent, and market rate rents will be priced at or near the bottom of the rental market, below nearly all market rate rental units in the market area and all LIHTC units just outside the market area for all floor plans. Given the low proposed rents and reasonable unit sizes, Madison Heights II units will also be among the lowest priced on a rent per square foot basis. The proposed rents appear reasonable and appropriate.
- DCA's "average market rents" among comparable communities are \$855 for one bedroom units, \$950 for two bedroom units, and \$1,107 for three bedroom units. The proposed 50 percent and 60 percent rents at Madison Heights II will result in rent advantages of at least 29 percent for all floor plans. While the proposed market rate units cannot be expected to maintain a rent advantage, all of the proposed market rate rents also have a rent advantage of at least 20 percent. The overall rent advantage for the community is 31.1 percent.
- The only multi-family rental community planned or under construction in the Madison Heights Market Area is the first phase of Madison Heights, which received a tax credit allocation in 2016. An existing HUD Section 8 community (Keystone Apartments) is also being rehabilitated using four percent tax credits but will retain PBRA on all units and is not comparable to the proposed Madison Heights II.

8. Absorption/Stabilization Estimates

- Based on projected household growth, reasonable affordability and demand capture rates, stable rental market conditions, and the product to be constructed, we conservatively estimate Madison Heights II will lease-up at a rate of 12 units per month. At this rate, the subject property will reach a stabilized occupancy of at least 93 percent in approximately nine to ten months.
- Given the lack of LIHTC communities in the market area, stable vacancy rates among market rate communities, low proposed priced position, and low vacancy rates among LIHTC communities just outside the market area, we do not believe the development of the subject property will have an adverse impact on existing rental communities in the Madison Heights Market Area including those with tax credits. With steady household growth projected in the Madison Heights Market Area over the next two years, demand for affordable rental housing is likely to increase in the near-term. Given no LIHTC communities currently exist in the Madison Heights Market Area, both phases of Madison Heights will help to fill the void of quality affordable rental housing in the market.

9. Overall Conclusion / Recommendation



Based on an analysis of projected household growth trends, affordability and demand estimates, current rental market conditions, and socio-economic and demographic characteristics of the Madison Heights Market Area, RPRG believes that the subject property will be able to successfully reach and maintain a stabilized occupancy of at least 93 percent following its entrance into the rental market. The subject property will be competitively positioned with existing rental communities in the Madison Heights Market Area and the units will be well received by the target market. We recommend proceeding with the project as planned.

DCA Summary Table and Form:

| Income/Unit Size | Income Limits | Units Proposed | Renter Income Qualification % | Total Demand | Large HH Size Adj. (3+ Persons) | Large HH Demand | Supply | Net Demand | Capture Rate | Absorption | Average Market Rent | Market Rents Band | Proposed Rents |
|--------------------------|----------------------------|----------------|-------------------------------|--------------|---------------------------------|-----------------|------------|--------------|--------------|--------------------|---------------------|-------------------|----------------|
| 50% Units | \$21,360 - \$36,450 | | | | | | | | | | | | |
| One Bedroom Units | \$21,360 - \$24,033 | 6 | 4.1% | 178 | | | 6 | 172 | 3.5% | 1 Month | \$855 | \$805-\$941 | \$505 |
| Two Bedroom Units | \$24,034 - \$30,400 | 10 | 10.2% | 443 | | | 10 | 433 | 2.3% | 1 Month | \$950 | \$875-\$1,039 | \$553 |
| Three Bedroom Units | \$30,401 - \$36,450 | 8 | 8.8% | 385 | 52.7% | 203 | 8 | 195 | 4.1% | 1 Month | \$1,107 | \$970-\$1,276 | \$629 |
| 60% Units | \$24,789 - \$43,740 | | | | | | | | | | | | |
| One Bedroom Units | \$24,789 - \$27,462 | 7 | 4.3% | 187 | | | 7 | 180 | 3.9% | 1 Month | \$855 | \$805-\$941 | \$605 |
| Two Bedroom Units | \$27,463 - \$36,480 | 36 | 13.6% | 592 | | | 36 | 556 | 6.5% | 3 Months | \$950 | \$875-\$1,039 | \$653 |
| Three Bedroom Units | \$36,481 - \$43,740 | 14 | 7.2% | 313 | 52.7% | 165 | 14 | 151 | 9.3% | 1-2 Months | \$1,107 | \$970-\$1,276 | \$744 |
| Market Rate Units | \$27,189 - \$58,320 | | | | | | | | | | | | |
| One Bedroom Units | \$27,189 - \$29,930 | 3 | 4.4% | 192 | | | 3 | 189 | 1.6% | 1 Month | \$855 | \$805-\$941 | \$675 |
| Two Bedroom Units | \$29,931 - \$48,640 | 26 | 21.7% | 943 | | | 26 | 917 | 2.8% | 2-3 Months | \$950 | \$875-\$1,039 | \$725 |
| Three Bedroom Units | \$48,641 - \$58,320 | 10 | 8.3% | 362 | 52.7% | 191 | 10 | 181 | 5.5% | 1 Month | \$1,107 | \$970-\$1,276 | \$825 |
| Bedroom Total | \$21,360 - \$58,320 | | | | | | | | | | | | |
| One Bedroom Units | \$21,360 - \$29,930 | 16 | 12.4% | 538 | | | 16 | 522 | 3.1% | 1-2 Months | \$855 | \$805-\$941 | \$675 |
| Two Bedroom Units | \$24,034 - \$48,640 | 72 | 31.1% | 1,353 | | | 72 | 1,281 | 5.6% | 7-8 Months | \$950 | \$875-\$1,039 | \$725 |
| Three Bedroom Units | \$30,401 - \$58,320 | 32 | 24.4% | 1,060 | 52.7% | 559 | 32 | 527 | 6.1% | 3-4 Months | \$1,107 | \$970-\$1,276 | \$825 |
| Project Total | \$21,360 - \$58,320 | | | | | | | | | | | | |
| 50% Units | \$21,360 - \$36,450 | 24 | 23.1% | 1,006 | | | 24 | 982 | 2.4% | 2 Months | | | |
| 60% Units | \$24,789 - \$43,740 | 57 | 25.1% | 1,092 | | | 57 | 1,035 | 5.5% | 4-5 Months | | | |
| LIHTC Units | \$21,360 - \$43,740 | 81 | 30.3% | 1,320 | | | 81 | 1,239 | 6.5% | 6-7 Months | | | |
| Market Rate Units | \$27,189 - \$58,320 | 39 | 34.4% | 1,497 | | | 39 | 1,458 | 2.7% | 3-4 Months | | | |
| Total Units | \$21,360 - \$58,320 | 120 | 43.5% | 1,893 | | | 120 | 1,773 | 6.8% | 9-10 Months | | | |



| SUMMARY TABLE: | | | |
|-----------------------------------------------------|--------------------------------------------------------------------------------------|----------------|-----------|
| Development Name: | Madison Heights II | Total # Units: | 120 |
| Location: | U.S. Highway 41 (Tara Boulevard), Lovejoy, GA | # LIHTC Units: | 81 |
| PMA Boundary: | North: Interstate 75 / Battle Creek Road; East: Henry County / Old Highway 3; South: | | |
| Spalding County; West: Flint River / Fayette County | Farthest Boundary Distance to Subject: | | 6.8 miles |

| RENTAL HOUSING STOCK – (found on pages 12, 46, 50) | | | | |
|----------------------------------------------------|--------------|-------------|--------------|--------------------|
| Type | # Properties | Total Units | Vacant Units | Average Occupancy* |
| All Rental Housing | 9 | 1,806 | 134 | 92.6% |
| Market-Rate Housing | 9 | 1,806 | 134 | 92.6% |
| Assisted/Subsidized Housing not to include LIHTC | N/A | N/A | N/A | N/A |
| LIHTC | 0 | 0 | 0 | N/A |
| Stabilized Comps | 8 | 1,576 | 79 | 95.0% |
| Properties in construction & lease up | 1 | 230 | 55 | 76.1% |

All communities located inside the market area are shown

| Subject Development | | | | | Average Market Rent | | | Highest Unadjusted Comp Rent | |
|---------------------|------------|---------|-----------|----------------------|---------------------|--------|-----------|------------------------------|--------|
| # Units | # Bedrooms | # Baths | Size (SF) | Proposed Tenant Rent | Per Unit | Per SF | Advantage | Per Unit | Per SF |
| 6 | 1 | 1 | 800 | \$505 | \$855 | \$0.98 | 41.0% | \$1,030 | \$1.17 |
| 7 | 1 | 1 | 800 | \$605 | \$855 | \$0.98 | 29.3% | \$1,030 | \$1.17 |
| 3 | 1 | 1 | 800 | \$675 | \$855 | \$0.98 | 21.1% | \$1,030 | \$1.17 |
| 10 | 2 | 2 | 1,050 | \$553 | \$950 | \$0.78 | 41.8% | \$1,115 | \$0.85 |
| 36 | 2 | 2 | 1,050 | \$653 | \$950 | \$0.78 | 31.2% | \$1,115 | \$0.85 |
| 26 | 2 | 2 | 1,050 | \$725 | \$950 | \$0.78 | 23.7% | \$1,115 | \$0.85 |
| 8 | 3 | 2 | 1,200 | \$629 | \$1,107 | \$0.76 | 43.2% | \$1,315 | \$0.90 |
| 14 | 3 | 2 | 1,200 | \$744 | \$1,107 | \$0.76 | 32.8% | \$1,315 | \$0.90 |
| 10 | 3 | 2 | 1,200 | \$825 | \$1,107 | \$0.76 | 25.5% | \$1,315 | \$0.90 |

| DEMOGRAPHIC DATA (found on pages 40) | | | | | | |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| | 2012 | | 2017 | | 2019 | |
| Renter Households | 8,750 | 32.6% | 9,080 | 32.8% | 9,213 | 32.8% |
| Income-Qualified Renter HHs (LIHTC)* | 3,236 | 37.0% | 2,886 | 31.8% | 2,796 | 30.3% |
| Income-Qualified Renter HHs (MR) | 3,818 | 43.6% | 3,361 | 37.0% | 3,171 | 34.4% |

| TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 42) | | | | | | |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--|--------------|
| Type of Demand | 50% AMI | 60% AMI | LIHTC | Market | | Overall |
| Renter Household Growth | 46 | 50 | 61 | 69 | | 87 |
| Existing Households (Overburd + Substand) | 960 | 1,042 | 580 | 1,429 | | 1,806 |
| Total Primary Market Demand | 1,006 | 1,035 | 1,320 | 1,497 | | 1,893 |
| Less Comparable/Competitive Supply | 24 | 57 | 81 | 39 | | 120 |
| Adjusted Income-qualified Renter HHs | 982 | 1,035 | 1,239 | 1,458 | | 1,773 |

Demand estimates calculated without PBRA*

| CAPTURE RATES (found on page 42) | | | | | | |
|----------------------------------|---------|---------|-------|--------|--|---------|
| Targeted Population | 50% AMI | 60% AMI | LIHTC | Market | | Overall |
| Capture Rate | 2.4% | 5.5% | 6.5% | 2.7% | | 6.8% |

2. INTRODUCTION

A. Overview of Subject

The subject of this report is Madison Heights II, a proposed family rental community in Lovejoy, Clayton County, Georgia. Madison Heights II will be financed in part by Low Income Housing Tax Credits (LIHTC), allocated by the Georgia Department of Community Affairs (DCA), and will contain 120 units. Eighty-one units (68 percent) at Madison Heights II will benefit from Low Income Housing Tax Credits and target renter households earning at or below 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size. Thirty-nine rental units (32 percent) at Madison Heights II will be market rate, unencumbered by tenant rent and income restrictions.

Madison Heights II will be the second phase of Madison Heights, a family LIHTC community that received a tax credit allocation in 2016 and will be complete by mid-2018. The proposed Madison Heights II will be identical in unit mix structure and product type to Phase I, which will consist of 120 garden-style one, two, and three bedroom units targeting renter households at 50 percent AMI, 60 percent AMI, and market rates. Madison Heights II will share an entrance with Phase I, but will have its own community amenities.

B. Purpose of Report

The purpose of this market study is to perform a market feasibility analysis through an examination of the economic context, a demographic analysis of the defined market area, a competitive housing analysis, a derivation of demand, and an affordability/penetration analysis.

C. Format of Report

The report format is comprehensive and conforms to DCA's 2017 Market Study Manual. The market study also considered the National Council of Housing Market Analysts' (NCHMA) recommended Model Content Standards and Market Study Index.

D. Client, Intended User, and Intended Use

The Client is TBG Residential (Developer). Along with the Client, the Intended Users are DCA, potential lenders, and investors.

E. Applicable Requirements

This market study is intended to conform to the requirements of the following:

- DCA's 2017 Market Study Manual and Qualified Allocation Plan (QAP).
- The National Council of Housing Market Analysts' (NCHMA) Model Content Standards and Market Study Index.

F. Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the market study, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below:

- Please refer to Appendix 5 for a detailed list of DCA requirements as well as the corresponding pages of requirements within the report.



- Michael Riley (Senior Analyst) conducted a site visit on May 5, 2017.
- Primary information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included rental community property managers, and staff with the City of Lovejoy, Jonesboro Zoning Division, City of Hampton, Clayton County Planning and Zoning, and the Jonesboro Housing Authority.
- This report utilizes HUD's 2016 Rent and Income Limits per DCA's 2017 Qualified Allocation Plan (QAP).
- All pertinent information obtained was incorporated in the appropriate section(s) of this report.

G. Report Limitations

The conclusions reached in a market assessment are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors, including the performance of management, the impact of changes in general and local economic conditions, and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions contained in Appendix I of this report.

3. PROJECT DESCRIPTION

A. Project Overview

Madison Heights II will offer 120 newly constructed family rental units, eighty-one of which will benefit from Low Income Housing Tax Credits and target households earning up to 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size. Thirty-nine units will be market rate. The subject property will be located within a larger parcel on the west side of Tara Boulevard (U.S. Highway 41), approximately one-quarter mile northwest of its intersection with McDonough Road in Lovejoy, Clayton County, Georgia. The subject site does not have an address; however, the larger parcel (containing the subject site) has a parcel number of 06094 126001.

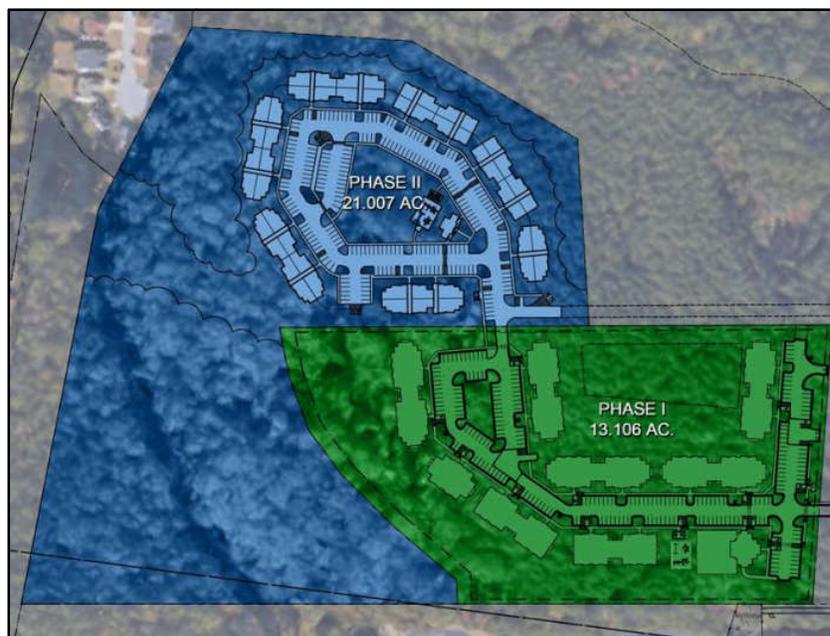
B. Project Type and Target Market

Madison Heights II’s LIHTC units will target low to moderate income households earning at or below 50 percent and 60 percent of the Area Median Income (AMI); the proposed market rate units will target households earning at or near the Area Median Income. The proposed unit mix includes one, two, and three bedroom units, which will appeal to a variety of household types including single persons, couples, and families.

C. Building Types and Placement

Madison Heights II will consist of seven three-story garden-style buildings with brick/stone and HardiPlank siding exteriors. The seven residential buildings will be positioned along a single looping road surrounding a central green space that will include a community building and playground. Resident parking will be available in surface lots adjacent to each building and will be free for all residents. Madison Heights II will connect to the northwestern edge of Madison Heights I and will utilize Madison Heights I’s community entrance on Tara Boulevard for resident ingress and egress.

Figure 1 Site Plan



Source: TBG Residential



D. Detailed Project Description

- Madison Heights II will offer 81 LIHTC units and 39 market rate units including 16 one-bedroom units, 72 two-bedroom units, and 32 three bedroom units (Table 1). Twenty-four units (20 percent) will target households earning up to 50 percent AMI, fifty-seven units (47.5 percent) will target households earning up to 60 percent AMI, and 39 units (32.5 percent) will be market rate.
- Proposed unit sizes are 800 square feet for one bedroom units, 1,050 square feet for two bedroom units, and 1,200 square feet for three bedroom units.
- One bedroom units will have one bathroom; two and three bedroom units will have two bathrooms.
- Rents include the cost of trash removal. Tenants will bear the cost of all other utilities. All appliances and the heating/cooling for each unit will be electric.
- Proposed unit features and community amenities will be extensive and suitable for families (Table 2).

Table 1 Proposed Rent and Unit Mix Summary, Madison Heights II

| Madison Heights II | | | | | | | | |
|--------------------------------------------------------------------------------------|-----|------|---------------|------------|-------------|----------------|-------------------|------------|
| Tara Boulevard, Parcel Number 06094 126001 Lovejoy, Clayton County, Georgia 30228 | | | | | | | | |
| Unit Mix/Rents | | | | | | | | |
| Type | Bed | Bath | Income Target | Quantity | Square Feet | Developer Rent | Utility Allowance | Gross Rent |
| Garden | 1 | 1 | 50% | 6 | 800 | \$505 | \$118 | \$623 |
| Garden | 1 | 1 | 60% | 7 | 800 | \$605 | \$118 | \$723 |
| Garden | 1 | 1 | Market | 3 | 800 | \$675 | \$118 | \$793 |
| Garden | 2 | 2 | 50% | 10 | 1,050 | \$553 | \$148 | \$701 |
| Garden | 2 | 2 | 60% | 36 | 1,050 | \$653 | \$148 | \$801 |
| Garden | 2 | 2 | Market | 26 | 1,050 | \$725 | \$148 | \$873 |
| Garden | 3 | 2 | 50% | 8 | 1,200 | \$629 | \$188 | \$817 |
| Garden | 3 | 2 | 60% | 14 | 1,200 | \$744 | \$188 | \$932 |
| Garden | 3 | 2 | Market | 10 | 1,200 | \$825 | \$188 | \$1,013 |
| Total | | | | 120 | | | | |

Source: TBG Residential

Rents include the cost of trash removal.

Table 2 Proposed Features and Amenities, Madison Heights II

| Unit Features | Community Amenities |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Refrigerator, oven/stove, dishwasher, microwave, and garbage disposal in the kitchen • Washer/dryer connections • Ceiling fans • Central heat/air-conditioning • Window blinds | <ul style="list-style-type: none"> • Wellness center • Fitness center • Community laundry room • Playground • Covered porch |

Source: TBG Residential

Madison Heights II is expected to begin construction in June 2018, will have first move-ins in September 2019, and will be completed in October 2019.

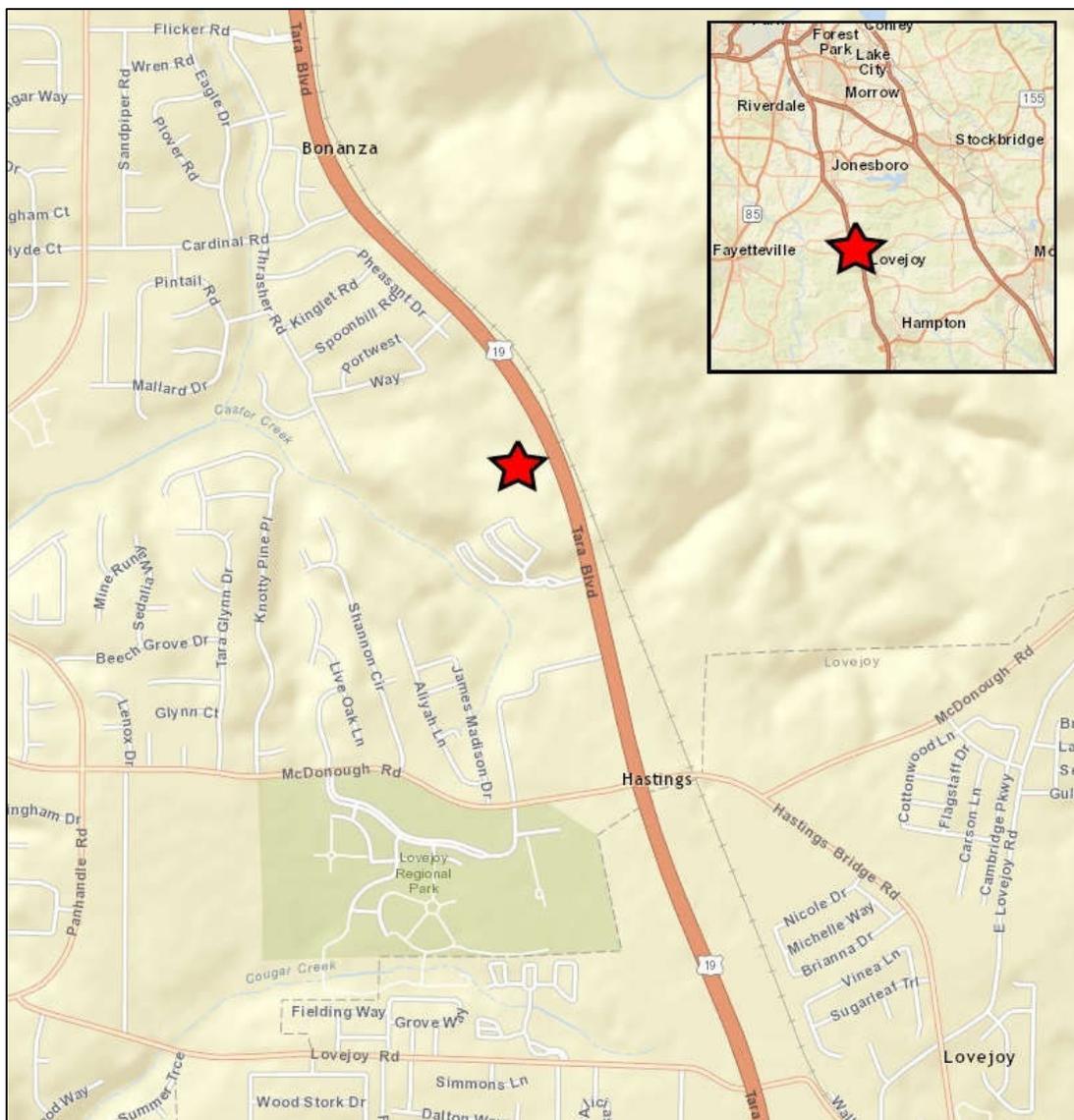
4. SITE EVALUATION

A. Site Analysis

1. Site Location

The site for Madison Heights II is located adjacent to the planned Madison Heights Phase I within a larger 59-acre parcel. This larger parcel is situated on the west side of U.S. Highway 41 (Tara Boulevard) roughly one-quarter mile northwest of its intersection with McDonough Road in Lovejoy, Clayton County, Georgia (Map 1, Figure 2). The subject site does not have an address; however, the larger parcel (containing the subject site) has a parcel number of 06094 126001.

Map 1 Site Location



2. Existing Uses

The subject site consists of heavily wooded land without any existing structures (Figure 2). As the subject site was not directly accessible, site photographs are of the larger overall parcel that will include both phases of Madison Heights.

3. Size, Shape, and Topography

The subject site encompasses 21.0 acres in an irregular shape and appears to have a relatively flat topography.



The subject site interior facing northwest.

Figure 2 Views of Subject Site



The subject site facing southeast near Tara Boulevard.



Tara Boulevard facing southeast near the site entrance, site on right.



The subject site facing west from Tara Boulevard.

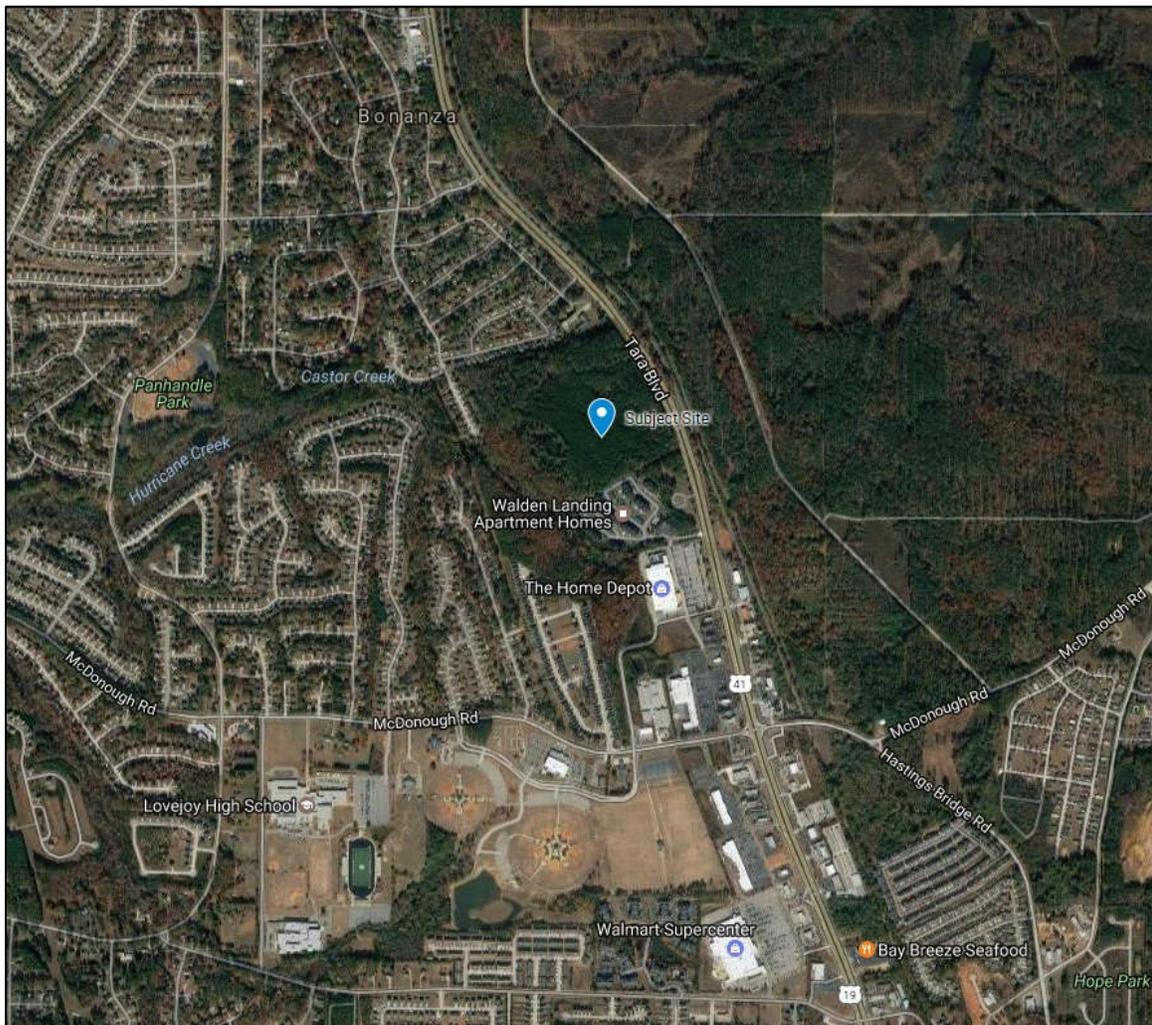


Tara Boulevard facing northwest near the site entrance, site on left.

4. General Description of Land Uses Surrounding the Subject Site

The site for Madison Heights II is located in a growing suburban area along U.S. Highway 41 (Tara Boulevard) in southern Clayton County (Figure 3). Surrounding land uses primarily consist of single-family detached homes, most of which are newer and of low to moderate value. A handful of multi-family rental communities are also located in the immediate area including the market rate rental community Walden Landing bordering the subject site to the south. Other nearby land uses a variety of commercial development along Tara Boulevard, Sigma Chi Memorial Park, Lovejoy Regional Park, Lovejoy High School, the Clayton County Library, and active rail lines that run parallel to U.S. Highway 41.

Figure 3 Satellite Image of Subject Site



5. Land Uses Surrounding the Subject Site

The land uses directly bordering the subject site are as follows (Figure 4):

- **North:** Wooded land, single-family detached homes, and Trinity Community Church.
- **East:** Wooded land and the planned first phase of Madison Heights.
- **South:** Wooded land, Walden Landing Apartments, and Sigma Chi Memorial Park.
- **West:** Wooded land and Single-family detached homes.



Single-family detached homes bordering the site to the north.

Figure 4 Views of Surrounding Land Uses



Sigma Chi Memorial Park bordering the site to the south.



Trinity Community Church bordering the site to the north.



Tara Boulevard and rail lines just east of the subject site.



Walden Landing Apartments bordering the site to the south.



B. Neighborhood Analysis

1. General Description of Neighborhood

The subject site is located in a growing portion of southern Clayton County, which largely follows U.S. Highway 41 from the more densely developed suburbs of Morrow and Jonesboro to the north to the more exurban communities of Lovejoy and Hampton to the south. The area primarily consists of newer single-family detached homes in fair to good condition and a mixture of old and newer market rate rental communities that span a range of price points. The area also contains various commercial uses along U.S. Highway 41 and some transportation-oriented light industrial uses due to the proximity of nearby rail lines and Hartsfield-Jackson International Airport.

2. Neighborhood Planning Activities

The newest developments in the subject site's immediate vicinity are single-family detached home and townhome communities, many of which have been built within the last ten years. Outside of these residential uses, a handful of retailers also appear relatively new. No other major development or planning activities were identified near the subject site other than the development of the subject property and its planned first phase.

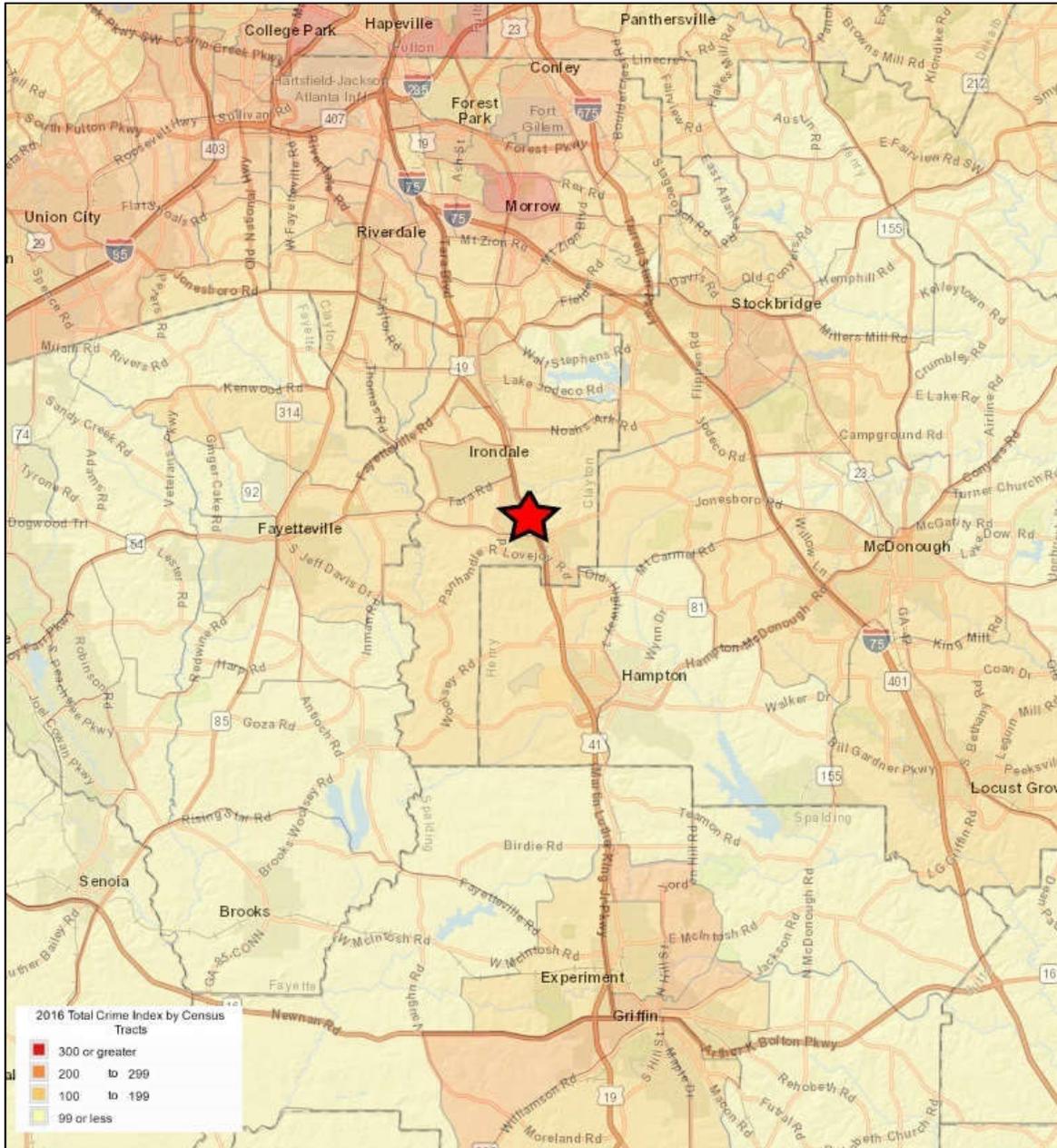
3. Public Safety

The analysis tool for crime is CrimeRisk data provided by Applied Geographic Solutions (AGS). CrimeRisk is a block-group level index that measures the relative risk of crime compared to a national average. AGS analyzes known socio-economic indicators for local jurisdictions that report crime statistics to the FBI under the Uniform Crime Reports (UCR) program. An index of 100 reflects a total crime risk on par with the national average, with values below 100 reflecting below average risk and values above 100 reflecting above average risk. In accordance with the reporting procedures used in the UCR reports, aggregate indexes have been prepared for personal and property crimes separately as well as a total index. However, it must be recognized that these are unweighted indexes, in that a murder is weighted no more heavily than purse snatching in this computation. The analysis provides a useful measure of the relative overall crime risk in an area but should be used in conjunction with other measures.

The subject site's census tract and those in the immediately surrounding areas are light orange, indicating they have a CrimeRisk (100-199) above the national average (100) (Map 2). This crime risk is comparable to the CrimeRisk throughout southern Clayton and southwestern Henry County. As such, we do not expect crime or the perception of crime to negatively impact the subject property's marketability.



Map 2 2016 CrimeRisk, Subject Site and Surrounding Areas



C. Site Visibility and Accessibility

1. Visibility

Madison Heights II will have excellent visibility from U.S. Highway 41 (Tara Boulevard), a major four-lane divided highway traveling north to south through the Metro Atlanta area and southern Clayton County. The subject property will also benefit from traffic generated by surrounding land uses including Walden Landing Apartments, Trinity Community Church, Sigma Chi Memorial Park, and Home Depot.



2. Vehicular Access

Madison Heights II will be accessible from Madison Heights I's entrance on the west side of U.S. Highway 41. From U.S. Highway 41, the cities of Jonesboro, Lovejoy, Hampton, and Atlanta can all be reached within ten miles. While traffic on U.S. Highway 41 at the subject site is generally moderate to heavy throughout the day, the subject site is located far enough between adjacent land uses and nearby intersections to allow for adequate traffic flow and vehicular access. RPRG does not anticipate problems with ingress or egress.

3. Availability of Public Transit

The Metropolitan Atlanta Rapid Transit Authority (MARTA) is the major provider of mass transit in Metro Atlanta. MARTA provides both fixed-route bus service and a heavy rail system traveling throughout Fulton, DeKalb, and Clayton Counties. Madison Heights II will be conveniently located within one-tenth of a mile from a bus stop served by the 800 route, located directly south of the subject site on U.S. Highway 41. The 800 route travels from the city of Lovejoy to the Clayton County Justice Center in Jonesboro, from which riders can connect to additional routes that travel throughout the Metro Atlanta area. The closest MARTA Rail Station to the subject site is located at Hartsfield-Jackson International Airport, roughly sixteen miles to the north. Most major employment nodes, including downtown Atlanta, Sandy Springs, and Hartsfield-Jackson International Airport, can be reached from one of these public transportation options.

4. Availability of Inter-Regional Transit

The subject site is convenient to numerous regional thoroughfares including U.S. Highway 42, Interstate 75, and Interstate 285, and State Highway 54 within ten miles. The closest major airport to Madison Heights II is Hartsfield-Jackson International Airport, approximately 13 miles to the northwest.

5. Accessibility Improvements under Construction and Planned

Roadway Improvements under Construction and Planned

RPRG reviewed information from local stakeholders to assess whether any capital improvement projects affecting road, transit, or pedestrian access to the subject site are currently underway or likely to commence within the next few years. Observations made during the site visit contributed to the process. No significant roadway projects were identified that would have a direct impact on the subject site.

Transit and Other Improvements under Construction and/or Planned

No planned transit improvements were identified.

6. Environmental Concerns

No visible environmental site concerns were identified.

D. Residential Support Network

1. Key Facilities and Services near the Subject Site

The appeal of any given community is often based in part on its proximity to those facilities and services required on a daily basis. Key facilities and services and their driving distances from the subject site are listed in Table 3 and their locations are plotted on Map 3.



Table 3 Key Facilities and Services

| Establishment | Type | Address | City | Driving Distance |
|---------------------------------|-------------------|----------------------------|-------------|------------------|
| MARTA | Public Transit | Tara Blvd @ Walden Landing | Hampton | 0.1 mile |
| Family Dollar | General Retail | 11108 Tara Blvd. | Lovejoy | 0.3 mile |
| BP | Convenience Store | 11205 Tara Blvd. | Lovejoy | 0.5 mile |
| Valero | Convenience Store | 11200 Tara Blvd. | Hampton | 0.6 mile |
| Wells Fargo | Bank | 11235 Tara Blvd. | Lovejoy | 0.6 mile |
| Lovejoy Regional Park | Public Park | 1935 McDonough Rd. | Hampton | 0.7 mile |
| Dollar Tree | General Retail | 11337 Tara Blvd. | Hampton | 0.8 mile |
| Victory Pharmacy | Pharmacy | 11348 Tara Blvd. | Hampton | 0.8 mile |
| South Clayton Recreation Center | Community Center | 1837 McDonough Rd. | Hampton | 0.9 mile |
| Walmart | General Retail | 11465 Tara Blvd. | Lovejoy | 0.9 mile |
| ALDI | Grocery | 11499 Tara Blvd. | Lovejoy | 1 mile |
| Clayton County Library | Library | 1721 McDonough Rd. | Hampton | 1.1 miles |
| Dollar Brands | General Retail | 10383 Tara Blvd. | Jonesboro | 1.3 miles |
| Lovejoy Family Practice | Doctor/Medical | 10447 Tara Blvd. | Jonesboro | 1.3 miles |
| Kroger | Grocery | 10375 Tara Blvd. | Jonesboro | 1.4 miles |
| CVS | Pharmacy | 10307 Tara Blvd. | Jonesboro | 1.4 miles |
| Clayton County Fire Department | Fire | 10580 Panhandle Rd. | Hampton | 1.4 miles |
| Lovejoy High School | Public School | 1587 McDonough Rd. | Hampton | 1.4 miles |
| US Post Office | Post Office | 2261 Talmage Rd. | Hampton | 1.8 miles |
| Southside Medical Center | Doctor/Medical | 2201 Talmage Rd. | Hampton | 1.8 miles |
| Lovejoy Middle School | Public School | 1588 Lovejoy Rd. | Hampton | 2 miles |
| Kemp Primary School | Public School | 1090 McDonough Rd. | Hampton | 2.5 miles |
| Kemp Elementary School | Public School | 10990 Folsom Rd. | Hampton | 2.8 miles |
| Clayton County Sheriff's Office | Police | 9157 Tara Blvd. | Jonesboro | 4.3 miles |
| Piedmont Henry Hospital | Hospital | 1133 Eagles Landing Pkwy. | Stockbridge | 9.1 miles |

Source: Field and Internet Research, RPRG, Inc.

2. Essential Services

Health Care

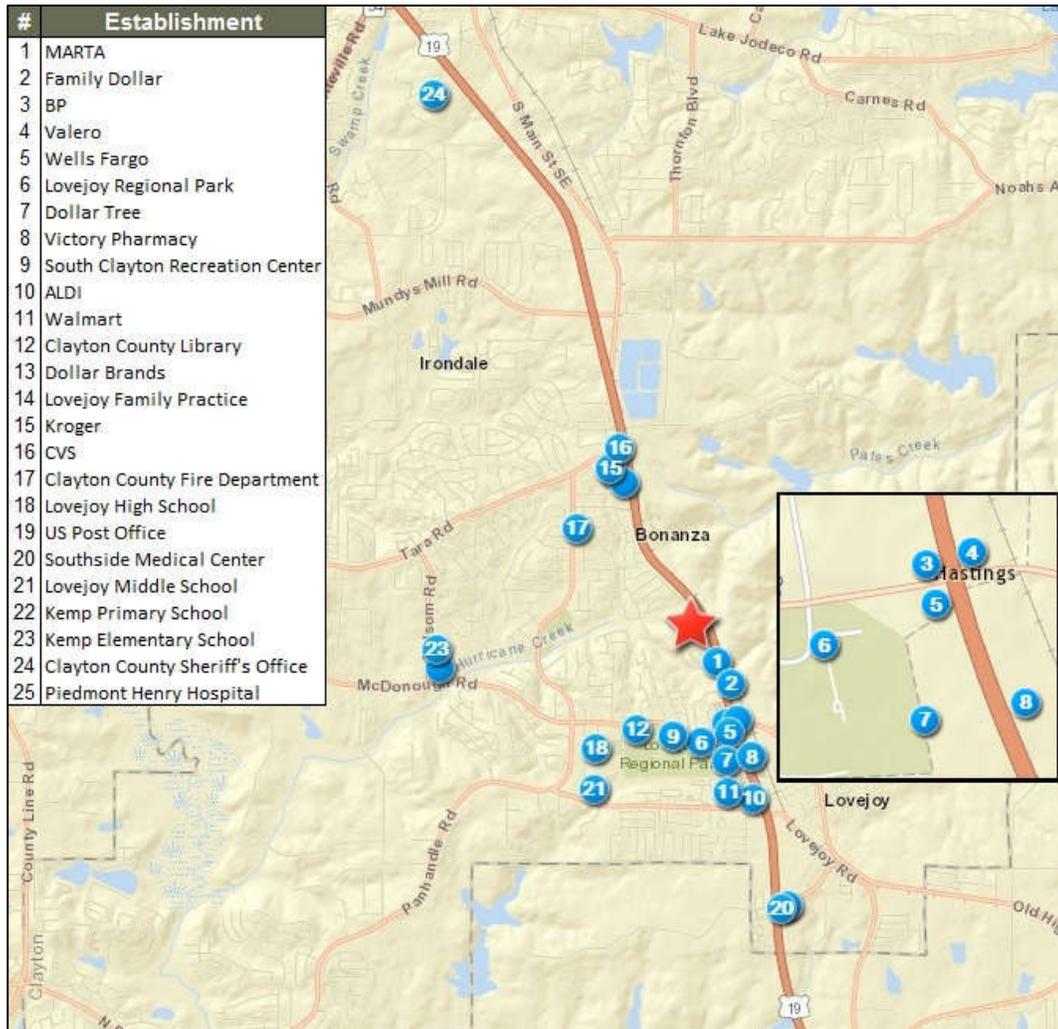
Piedmont Henry Hospital in Stockbridge is the closest major medical facility to Madison Heights II, located 9.1 miles to the northeast. Piedmont Henry Hospital is 215-bed not-for-profit community hospital that offers both general and 24-hour emergency care. Additional nearby hospitals and medical centers in southeast Metro Atlanta include Atlanta Medical Center in Morrow, Southern Regional Medical Center in Riverdale, and Piedmont Fayetteville Hospital in Fayetteville.

Several smaller clinics and independent physicians are also located within two miles of Madison Heights II. The closest of these is Lovejoy Family Practice, located just 1.3 miles from the subject site.

Education

Madison Heights II will be located in the Clayton County Public School District, which had an estimated enrollment of roughly 50,000 students (as of the 2015-2016 school year). School-age children residing at the subject property will attend Kemp Primary School (2.5 miles), Kemp Elementary School (2.8 miles), Lovejoy Middle School (2.0 miles), and Lovejoy High School (1.4 miles). The closest institutions of higher education to the subject site are Southern Crescent Technical College, Georgia Military College, and Shorter College. The subject site is also located within twenty miles of several large universities' in the Atlanta Metro Area including the Georgia Institute of Technology, Georgia State University, and Emory University.

Map 3 Location of Key Facilities and Services



3. Commercial Goods and Services

Convenience Goods

The term “convenience goods” refers to inexpensive, nondurable items that households purchase on a frequent basis and for which they generally do not comparison shop. Examples of convenience goods are groceries, fast food, health and beauty aids, household cleaning products, newspapers, and gasoline.

Madison Heights II will be located within one mile of the largest retail concentration in the city of Lovejoy and southern Clayton County, which is situated along U.S. Highway 41 near its intersection with McDonough Road to the south. Notable retailers, restaurants, and service providers in these areas include a Wal-Mart Supercenter, Home Depot, Wells Fargo Bank, McDonald’s, Wendy’s, Chick-Fil-A, Food Depot, Family Dollar, Zaxby’s, Burger King, Waffle House, Dairy Queen, and Victory Pharmacy (among others).

Shoppers Goods

The term “shoppers goods” refers to larger ticket merchandise that households purchase on an infrequent basis and for which they usually comparison shop. The category is sometimes called



“comparison goods.” Examples of shoppers’ goods are apparel and accessories, furniture and home furnishings, appliances, jewelry, and sporting goods.

Outside of the subject site’s immediate vicinity, additional shopping opportunities and commercial development exists roughly six to seven miles to the north in the city of Jonesboro. The closest major regional shopping area is Southlake Mall, located roughly nine miles to the north in Morrow. Southlake Mall is anchored by Sears, Macy’s, H&M, and Chime Solutions and contains over 50 retailers and service providers.

4. Recreational Amenities

Madison Heights II’s site is convenient to a variety of recreational amenities, the closest of which is Sigma Chi Memorial Park bordering the subject site to the southeast. Lovejoy Regional Park and the South Clayton Recreation Center are also located within three-quarters of a mile of the subject site to the south and contain a variety of facilities and amenities including nine baseball diamonds, eight soccer fields, eight tennis courts, an outdoor swimming pool, a kids pool, two covered picnic areas, two basketball gyms, an indoor track, a meeting room, a community room with kitchenette, a multi-purpose room, a fitness center, a game room, a dance room, and an aerobic room. Other notable recreational amenities in the immediate area (approximately five miles) include Panhandle Park, Atlanta Motor Speedway, North Mountain Carmel Park, and the Clayton County Library.

5. Location of Low Income Housing

A list and map of existing low-income housing in the Madison Heights Market Area are provided in the Existing Low Income Rental Housing section of this report, starting on page 51.

E. Site Conclusion

The subject site is located in a residential area of southern Clayton County and is compatible with surrounding residential, municipal, and commercial land uses. While active rail lines are located within roughly one-quarter miles of the site to the west, they are sufficiently buffered from the site by a four-lane divided highway and tree-line barrier. The site is also located within two to three miles of numerous community amenities, including healthcare facilities, shopping opportunities, and public schools. Based on these factors, the site for Madison Heights II is appropriate for its intended use of affordable rental housing.



5. MARKET AREA

A. Introduction

The primary market area for the proposed Madison Heights II is defined as the geographic area from which future residents of the community would primarily be drawn and in which competitive rental housing alternatives are located. In defining the primary market area, RPRG sought to accommodate the joint interests of conservatively estimating housing demand and reflecting the realities of the local rental housing marketplace. For the purposes of this analysis, the market area will be referred to as the Madison Heights Market Area.

B. Delineation of Market Area

The Madison Heights Market Area consists of twelve census tracts in Clayton County and one census tract in Henry County, which include all or portions of the cities of Lovejoy, Hampton, and Jonesboro (Map 4). The boundaries of the Madison Heights Market Area and their approximate distance from the subject site are:

The boundaries of the Madison Heights Market Area and their approximate distance from the subject site are:

- North:** Interstate 75 / Battle Creek Road (6.8 miles)
- East:** Henry County / Old Highway 3 (3.9 miles)
- South:** Spalding County (7.0 miles)
- West:** Flint River / Fayette County (3.2 miles)

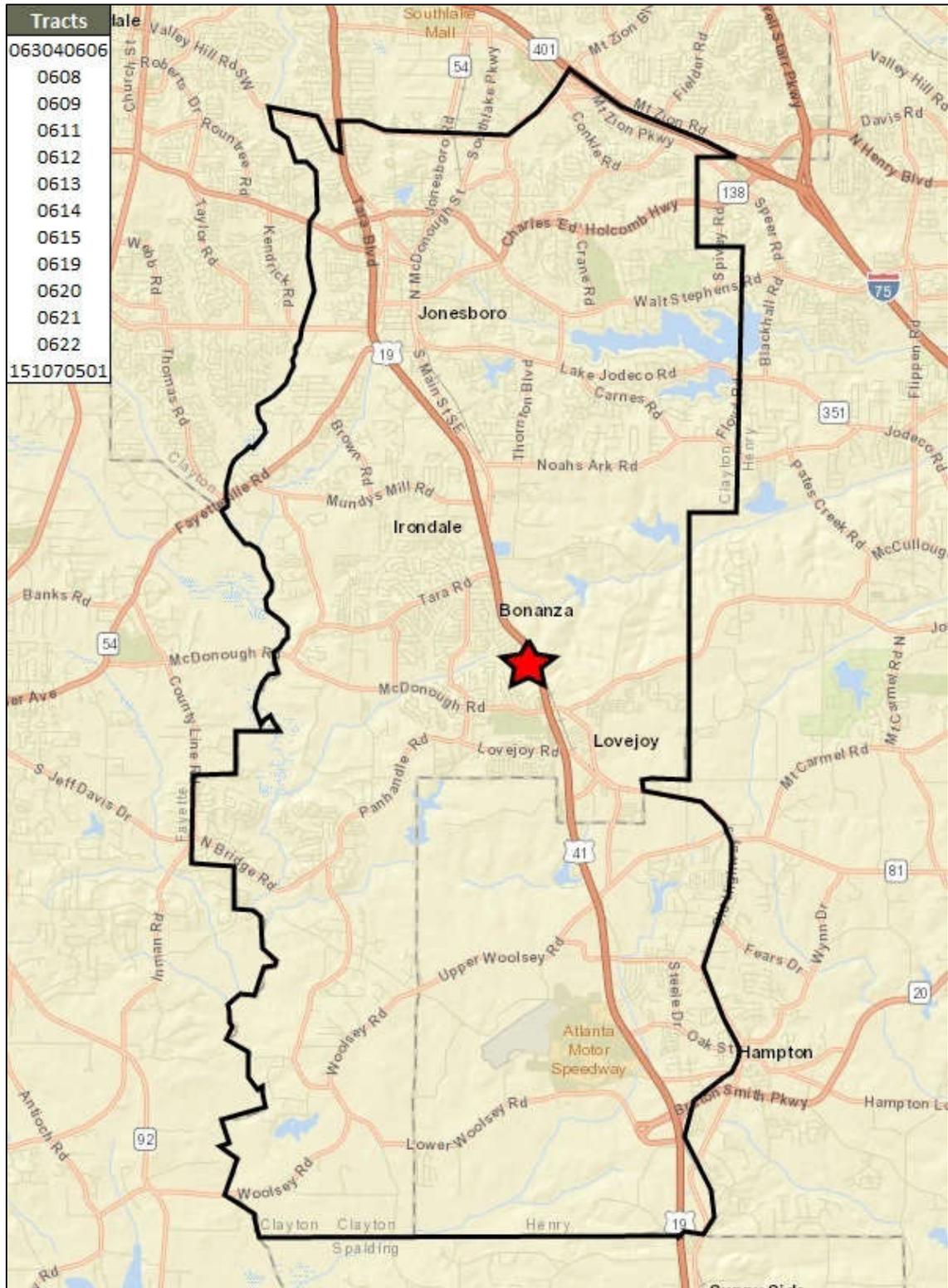
The Madison Heights Market Area primarily follows U.S. Highway 41 from north to south, consistent with development patterns in southern Clayton County. The areas surrounding U.S. Highway 41 from Jonesboro to Hampton are the most comparable portions of Clayton and Henry County to the subject site and are the areas from which prospective tenants are most likely to originate. Based on the homogeneity of the housing stock and ease of access via U.S. Highway 41, we believe households living throughout the Madison Heights Market Area would consider Madison Heights II as a potential shelter option.

As the Madison Heights Market Area is heavily influenced by a major transportation corridor, the market area boundaries stretch significantly farther from north to south than east to west. Due to the size and shape of some census tracts in bordering Henry and Fayette Counties, the Madison Heights Market Area does not extend further east or west to avoid including portions of Stockbridge, McDonough, or Fayetteville, all of which are considered distinct and separate submarkets.

While the Madison Heights Market Area includes one rural census tract in Henry County, the Madison Heights Market Area is compared to Clayton County, which is considered the secondary market area. Demand estimates are based only on the Madison Heights Market Area.



Map 4 Madison Heights Market Area





6. COMMUNITY DEMOGRAPHIC DATA

A. Introduction and Methodology

RPRG analyzed recent trends in population and households in the Madison Heights Market Area and Clayton County using U.S. Census data and data from Esri, a national data vendor which prepares small area estimates and projections of population and households. Building permit trends collected from the HUD State of the Cities Data Systems (SOCDS) database were also considered.

B. Trends in Population and Households

1. Recent Past Trends

Between 2000 and 2010 Census counts, the population of the Madison Heights Market Area increased by 19,416 people (32.2 percent) or 1,942 people (2.8 percent) annually. During the same period, the Madison Heights Market Area household base increased by 6,201 households (30.1 percent) or 620 households (2.7 percent) per year (Table 4).

The population and household base of Clayton County grew by 0.9 percent to 1.0 percent annually from 2000 to 2010.

2. Projected Trends

Esri projections indicate population and household growth slowed in the Madison Heights Market Area over the last seven years. The Madison Heights Market Area added 563 people (0.7 percent) and 134 households (0.5 percent) per year from 2010 to 2017. Population and household growth is projected to be relatively stable over the next two years with the Madison Heights Market Area projected to add 579 people (0.7 percent) and 171 households (0.6 percent) per year from 2017 to 2019.

Population and household growth rates in Clayton County are projected to be comparable to those in the Madison Heights Market Area through 2019. Clayton County’s population and household base are expected to grow at annual rates of 0.6 to 0.7 percent over the next two years.

Table 4 Population and Household Projections

| | | Clayton County | | | | Madison Heights Market Area | | | | |
|------------|---------|----------------|-------|---------------|------|-----------------------------|--------------|-------|---------------|------|
| Population | Count | Total Change | | Annual Change | | Count | Total Change | | Annual Change | |
| | | # | % | # | % | | # | % | # | % |
| 2000 | 236,517 | | | | | 60,244 | | | | |
| 2010 | 259,424 | 22,907 | 9.7% | 2,291 | 0.9% | 79,660 | 19,416 | 32.2% | 1,942 | 2.8% |
| 2017 | 270,499 | 11,075 | 4.3% | 1,582 | 0.6% | 83,602 | 3,942 | 4.9% | 563 | 0.7% |
| 2019 | 274,182 | 3,683 | 1.4% | 1,841 | 0.7% | 84,759 | 1,158 | 1.4% | 579 | 0.7% |
| | | Clayton County | | | | Madison Heights Market Area | | | | |
| Households | Count | Total Change | | Annual Change | | Count | Total Change | | Annual Change | |
| | | # | % | # | % | | # | % | # | % |
| 2000 | 82,243 | | | | | 20,591 | | | | |
| 2010 | 90,633 | 8,390 | 10.2% | 839 | 1.0% | 26,792 | 6,201 | 30.1% | 620 | 2.7% |
| 2017 | 93,378 | 2,745 | 3.0% | 392 | 0.4% | 27,729 | 937 | 3.5% | 134 | 0.5% |
| 2019 | 94,473 | 1,096 | 1.2% | 548 | 0.6% | 28,072 | 342 | 1.2% | 171 | 0.6% |

Source: 2000 Census; 2010 Census; Esri; and Real Property Research Group, Inc.

The average household size in the Madison Heights Market Area of 2.87 persons per household in 2017 is expected to increase to 2.92 by 2019 (Table 5).



Table 5 Persons per Household, Madison Heights Market Area

| Persons Per Household Madison Heights Market Area | | | |
|------------------------------------------------------|--------|--------|--------|
| Year | 2010 | 2017 | 2019 |
| Population | 79,660 | 83,602 | 84,759 |
| Group Quarters | 2,703 | 2,703 | 2,703 |
| Households | 26,792 | 27,729 | 28,072 |
| Household Size | 2.87 | 2.92 | 2.92 |

Source: 2010 Census; Esri; and RPRG, Inc.

3. Building Permit Trends

RPRG examines building permit trends to help determine if the housing supply is meeting demand, as measured by new households. From 2000 to 2009, an average of 2,145 new housing units were authorized per year in the Clayton County compared to annual household growth of 839 between the 2000 and 2010 census counts (Table 6). Clayton County permitted an average of 258 units per year from 2010 to 2016, below Esri’s estimated annual household growth of 392 over the last seven years.

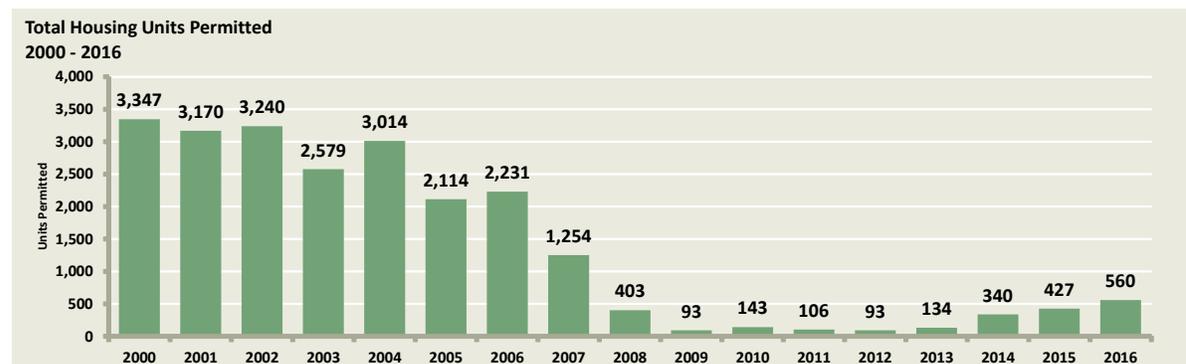
The number of housing units permitted in Clayton County gradually declined from a high of 3,347 units in 2000 to 1,254 units in 2007 before dropping swiftly to just 93 units permitted in 2009 during the course of the national housing market downturn and recession. Building permit activity in the county has slowly increased over the last six years with the 560 units permitted in 2016 the highest total in the county since 2007.

Single-family detached homes comprised 84 percent of all units permitted in the Clayton County since 2000 while nearly all remaining units permitted were multi-family structures with five or more units.

Table 6 Building Permits by Structure Type, Clayton County

| Clayton County | | | | | | | | | | | | | | | | | 2000-2016 | Annual Average | |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-----------|------------|------------|-----------|------------|------------|------------|------------|----------------|--------------|
| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | | |
| Single Family | 2,323 | 2,534 | 2,283 | 2,519 | 2,046 | 2,106 | 2,217 | 1,238 | 403 | 85 | 143 | 106 | 93 | 134 | 328 | 427 | 560 | 19,545 | 1,150 |
| Two Family | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| 3 - 4 Family | 0 | 0 | 0 | 0 | 3 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 |
| 5+ Family | 1,024 | 636 | 957 | 60 | 965 | 8 | 8 | 16 | 0 | 8 | 0 | 0 | 0 | 0 | 12 | 0 | 0 | 3,694 | 217 |
| Total | 3,347 | 3,170 | 3,240 | 2,579 | 3,014 | 2,114 | 2,231 | 1,254 | 403 | 93 | 143 | 106 | 93 | 134 | 340 | 427 | 560 | 23,248 | 1,368 |

Source: U.S. Census Bureau, C-40 Building Permit Reports.





C. Demographic Characteristics

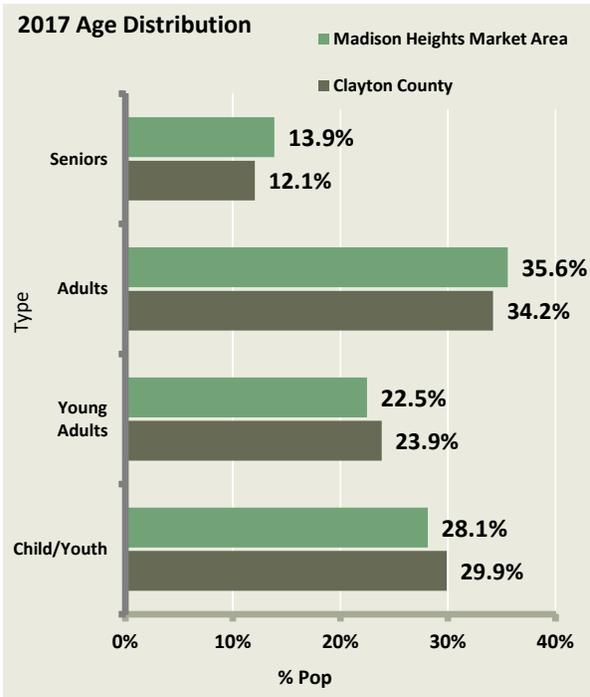
1. Age Distribution and Household Type

Esri estimates the Madison Heights Market Area population has a median age of 34 in 2017, older than the 32 median age of the Clayton County’s population (Table 7). Adults age 35 to 61 are the largest age cohort in both areas, accounting for 35.6 percent of the population in the Madison Heights Market Area and 34.2 percent of the population in Clayton County. Children/Youth under the age of 20 was the next largest age cohort in the market area and county, comprising 28.1 percent of the population in the market area and 29.9 percent of the population in the county. Among the remaining age cohorts, Young Adults age 20 to 34 accounted for roughly 23 to 24 percent of the populations in both areas while Seniors (persons age 62 and older) comprised 13.9 percent of the Madison Heights Market Area’s population and 12.1 percent of Clayton County’s population.

Table 7 2017 Age Distribution

| 2017 Age Distribution | Clayton County | | Madison Heights Market Area | |
|-----------------------|----------------|--------------|-----------------------------|--------------|
| | # | % | # | % |
| Children/Youth | 80,854 | 29.9% | 23,506 | 28.1% |
| Under 5 years | 21,213 | 7.8% | 5,786 | 6.9% |
| 5-9 years | 20,380 | 7.5% | 5,775 | 6.9% |
| 10-14 years | 19,965 | 7.4% | 6,035 | 7.2% |
| 15-19 years | 19,296 | 7.1% | 5,911 | 7.1% |
| Young Adults | 64,530 | 23.9% | 18,785 | 22.5% |
| 20-24 years | 21,518 | 8.0% | 6,217 | 7.4% |
| 25-34 years | 43,012 | 15.9% | 12,568 | 15.0% |
| Adults | 92,518 | 34.2% | 29,725 | 35.6% |
| 35-44 years | 37,424 | 13.8% | 11,479 | 13.7% |
| 45-54 years | 35,161 | 13.0% | 11,426 | 13.7% |
| 55-61 years | 19,933 | 7.4% | 6,820 | 8.2% |
| Seniors | 32,597 | 12.1% | 11,586 | 13.9% |
| 62-64 years | 8,543 | 3.2% | 2,923 | 3.5% |
| 65-74 years | 16,246 | 6.0% | 5,791 | 6.9% |
| 75-84 years | 6,105 | 2.3% | 2,252 | 2.7% |
| 85 and older | 1,704 | 0.6% | 620 | 0.7% |
| TOTAL | 270,499 | 100% | 83,602 | 100% |
| Median Age | 32 | | 34 | |

Source: Esri; RPRG, Inc.



The Madison Heights Market Area and Clayton County were both dominated by families as of the 2010 Census as roughly 42 to 43 percent of all households in both areas contained children (Table 8). The Madison Heights Market Area contained a higher percentage of households with at least two adults and no children at 35.5 percent, compared to 32.5 percent of households in Clayton County. Single persons comprised 21.6 percent of households in the Madison Heights Market Area and 25.4 percent of households in Clayton County.

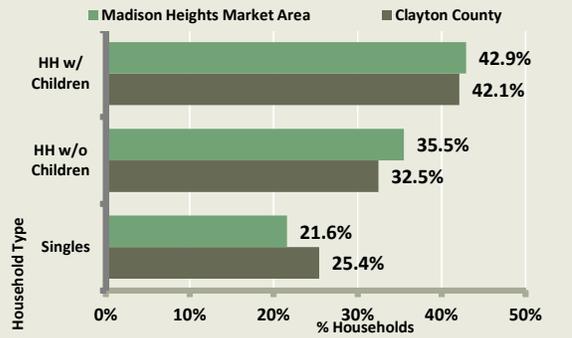


Table 8 2010 Households by Household Type

| 2010 Households by Household Type | Clayton County | | Madison Heights Market | |
|-----------------------------------|----------------|--------------|------------------------|--------------|
| | # | % | # | % |
| Married w/Children | 17,742 | 19.6% | 6,211 | 23.2% |
| Other w/ Children | 20,427 | 22.5% | 5,284 | 19.7% |
| Households w/ Children | 38,169 | 42.1% | 11,495 | 42.9% |
| Married w/o Children | 15,291 | 16.9% | 6,062 | 22.6% |
| Other Family w/o Children | 9,322 | 10.3% | 2,339 | 8.7% |
| Non-Family w/o Children | 4,819 | 5.3% | 1,112 | 4.2% |
| Households w/o Children | 29,432 | 32.5% | 9,513 | 35.5% |
| Singles | 23,032 | 25.4% | 5,784 | 21.6% |
| Total | 90,633 | 100% | 26,792 | 100% |

Source: 2010 Census; RPRG, Inc.

2010 Households by Household Type



2. Renter Household Characteristics

The Madison Heights Market Area had a renter percentage of 28.2 percent as of the 2010 Census, lower than the Clayton County renter percentage of 42.9 percent. Esri estimates renter percentages increased to 32.7 percent in the market area and 47.6 percent in the county with renter households accounting for all of the net household change in both areas during this period (Table 9). Esri projections indicate the Madison Heights Market Area and Clayton County renter percentages will remain relatively stable over the next two years with renter households increasing by 133 in the Madison Heights Market Area and 613 in Clayton County from 2017 to 2019.

Table 9 Households by Tenure

| Clayton County | 2000 | | 2010 | | Change 2000-2010 | | 2017 | | Change 2010-2017 | | 2019 | | Change 2017-2022 | |
|-----------------------|---------------|-------------|----------------|-------------|------------------|-------------|----------------|-------------|------------------|-------------|----------------|-------------|------------------|-------------|
| Housing Units | # | % | # | % | # | % | # | % | # | % | # | % | # | % |
| Owner Occupied | 49,844 | 60.6% | 51,730 | 57.1% | 1,886 | 22.5% | 48,912 | 52.4% | -2,818 | - | 49,395 | 52.3% | 483 | 44.0% |
| Renter Occupied | 32,399 | 39.4% | 38,903 | 42.9% | 6,504 | 77.5% | 44,466 | 47.6% | 5,563 | - | 45,079 | 47.7% | 613 | 56.0% |
| Total Occupied | 82,243 | 100% | 90,633 | 100% | 8,390 | 100% | 93,378 | 100% | 2,745 | 100% | 94,473 | 100% | 1,096 | 100% |
| Total Vacant | 4,218 | | 14,072 | | | | 13,579 | | | | 14,806 | | | |
| TOTAL UNITS | 86,461 | | 104,705 | | | | 106,956 | | | | 109,280 | | | |

| Madison Heights Market Area | 2000 | | 2010 | | Change 2000-2010 | | 2017 | | Change 2010-2017 | | 2019 | | Change 2017-2022 | |
|-----------------------------|---------------|-------------|---------------|-------------|------------------|-------------|---------------|-------------|------------------|-------------|---------------|-------------|------------------|-------------|
| Housing Units | # | % | # | % | # | % | # | % | # | % | # | % | # | % |
| Owner Occupied | 16,378 | 79.5% | 19,239 | 71.8% | 2,861 | 46.1% | 18,649 | 67.3% | -590 | - | 18,858 | 67.2% | 209 | 61.1% |
| Renter Occupied | 4,213 | 20.5% | 7,553 | 28.2% | 3,340 | 53.9% | 9,080 | 32.7% | 1,527 | - | 9,213 | 32.8% | 133 | 38.9% |
| Total Occupied | 20,591 | 100% | 26,792 | 100% | 6,201 | 100% | 27,729 | 100% | 937 | 100% | 28,072 | 100% | 342 | 100% |
| Total Vacant | 1,029 | | 3,212 | | | | 2,988 | | | | 3,287 | | | |
| TOTAL UNITS | 21,620 | | 30,004 | | | | 30,718 | | | | 31,359 | | | |

Source: U.S. Census of Population and Housing, 2000, 2010; Esri, RPRG, Inc.

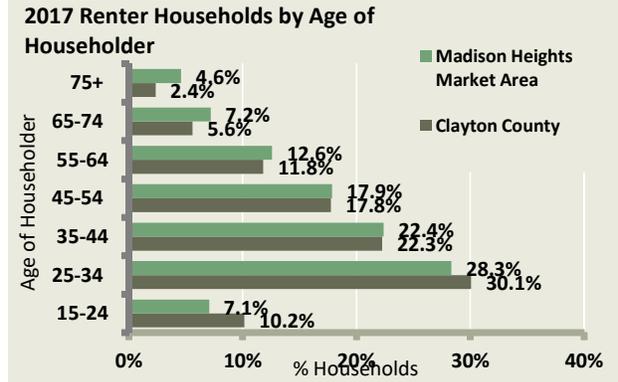
Working age households form the core of renter households in the market area as over half (50.7 percent) of all householders are age 25 to 44. Older adults and younger seniors age 45 to 64 also account for notable percentage of renter householders in the Madison Heights Market Area at 30.4 percent (Table 10). Only 7.1 percent of renters in the Madison Heights Market Area were under 25 years old and 11.8 percent were age 65 or older. Clayton County renter householders have a similar age distribution to the Madison Heights Market Area with a higher proportion of younger renters.



Table 10 Renter Households by Age of Householder

| Renter Households | Clayton County | | Madison Heights Market Area | |
|-------------------|----------------|-------------|-----------------------------|-------------|
| | # | % | # | % |
| Age of HHldr | | | | |
| 15-24 years | 4,516 | 10.2% | 641 | 7.1% |
| 25-34 years | 13,371 | 30.1% | 2,572 | 28.3% |
| 35-44 years | 9,898 | 22.3% | 2,033 | 22.4% |
| 45-54 years | 7,899 | 17.8% | 1,621 | 17.9% |
| 55-64 years | 5,246 | 11.8% | 1,142 | 12.6% |
| 65-74 years | 2,489 | 5.6% | 654 | 7.2% |
| 75+ years | 1,048 | 2.4% | 418 | 4.6% |
| Total | 44,466 | 100% | 9,080 | 100% |

Source: Esri, Real Property Research Group, Inc.

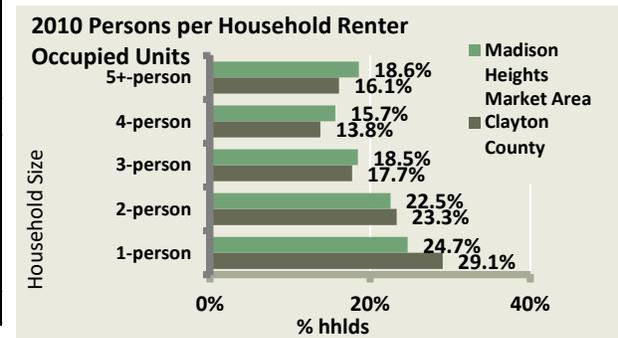


Roughly 47 percent of all renter households in the Madison Heights Market Area contained one or two people as of the 2010 Census (Table 11). Three and four person households comprised 34.1 percent of Madison Heights Market Area renter households while large households (5+ persons) accounted for 18.6 percent of renter households. In comparison, Clayton County had a higher percentage of smaller renter households with 52.4 percent consisting of one or two persons.

Table 11 2010 Renter Households by Household Size

| Renter Occupied | Clayton County | | Madison Heights Market Area | |
|-----------------|----------------|-------------|-----------------------------|-------------|
| | # | % | # | % |
| 1-person hhld | 11,311 | 29.1% | 1,866 | 24.7% |
| 2-person hhld | 9,065 | 23.3% | 1,703 | 22.5% |
| 3-person hhld | 6,900 | 17.7% | 1,396 | 18.5% |
| 4-person hhld | 5,357 | 13.8% | 1,183 | 15.7% |
| 5+-person hhld | 6,270 | 16.1% | 1,405 | 18.6% |
| TOTAL | 38,903 | 100% | 7,553 | 100% |

Source: 2010 Census



3. Income Characteristics

According to income distributions provided by Esri, the 2017 median income of households in the Madison Heights Market Area is \$52,729, \$9,156 or 21.0 percent higher than Clayton County’s median income of \$43,572 (Table 12). Roughly 27 percent of households in the Madison Heights Market Area earn from \$25,000 to \$49,999 annually while 21.6 percent of households earn from \$50,000 to \$74,999 per year.

Based on the U.S. Census Bureau’s American Community Survey (ACS) data and breakdown of tenure and household estimates, the 2017 median income for householders in the Madison Heights Market Area is \$37,802 for renters and \$61,920 for owners (Table 13). Just over one-third of renter households (33.8 percent) in the Madison Heights Market Area have an annual income of \$25,000 to \$49,999 while 21 percent of Madison Heights Market Area renter households earn \$50,000 to \$74,999 annually.



Table 12 2017 Household Income

| Estimated 2017 Household Income | | Clayton County | | Madison Heights Market Area | |
|---------------------------------|-----------------------|-----------------|-------------|-----------------------------|-------------|
| | | # | % | # | % |
| less than | \$15,000 | 12,671 | 13.6% | 2,930 | 10.6% |
| | \$15,000 - \$24,999 | 11,921 | 12.8% | 2,860 | 10.3% |
| | \$25,000 - \$34,999 | 13,534 | 14.5% | 3,244 | 11.7% |
| | \$35,000 - \$49,999 | 14,980 | 16.0% | 4,176 | 15.1% |
| | \$50,000 - \$74,999 | 18,689 | 20.0% | 5,997 | 21.6% |
| | \$75,000 - \$99,999 | 10,704 | 11.5% | 3,803 | 13.7% |
| | \$100,000 - \$149,999 | 8,071 | 8.6% | 3,340 | 12.0% |
| | \$150,000 Over | 2,806 | 3.0% | 1,379 | 5.0% |
| Total | | 93,378 | 100% | 27,729 | 100% |
| Median Income | | \$43,572 | | \$52,729 | |

Source: Esri; Real Property Research Group, Inc.

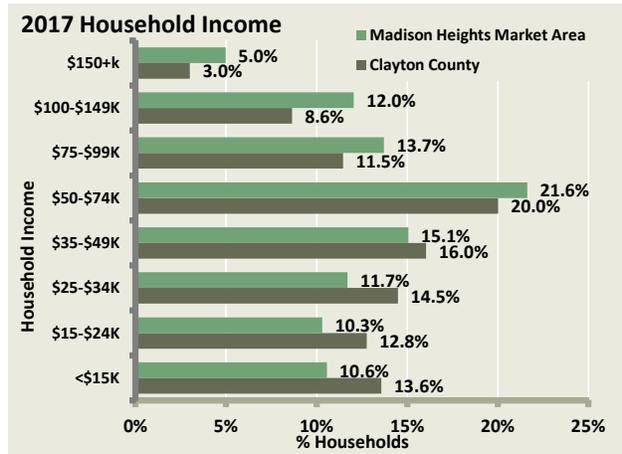
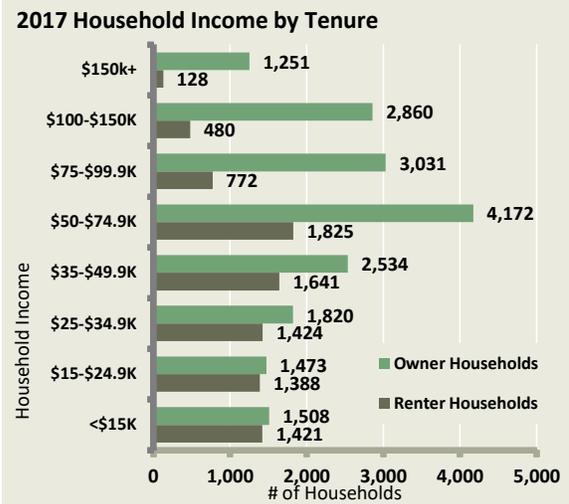


Table 13 2017 Household Income by Tenure

| Estimated 2017 Hhld Income | | Renter Households | | Owner Households | |
|----------------------------|-----------------------|-------------------|-------------|------------------|-------------|
| | | # | % | # | % |
| less than | \$15,000 | 1,421 | 15.7% | 1,508 | 8.1% |
| | \$15,000 - \$24,999 | 1,388 | 15.3% | 1,473 | 7.9% |
| | \$25,000 - \$34,999 | 1,424 | 15.7% | 1,820 | 9.8% |
| | \$35,000 - \$49,999 | 1,641 | 18.1% | 2,534 | 13.6% |
| | \$50,000 - \$74,999 | 1,825 | 20.1% | 4,172 | 22.4% |
| | \$75,000 - \$99,999 | 772 | 8.5% | 3,031 | 16.3% |
| | \$100,000 - \$149,999 | 480 | 5.3% | 2,860 | 15.3% |
| | \$150,000 over | 128 | 1.4% | 1,251 | 6.7% |
| Total | | 9,080 | 100% | 18,649 | 100% |
| Median Income | | \$37,802 | | \$61,920 | |

Source: American Community Survey 2011-2015 Estimates, RPRG, Inc.



Approximately 41 percent of renter households in the Madison Heights Market Area pay at least 40 percent of income for rent (Table 23). Approximately five percent of all renter households in the Madison Heights Market Area live in substandard rental housing; however, this only includes overcrowded rental housing units and rental housing units with incomplete plumbing.



Table 14 Substandard and Cost Burdened Calculations

| Rent Cost Burden | | |
|--------------------------------|--------------|---------------|
| Total Households | # | % |
| Less than 10.0 percent | 260 | 2.9% |
| 10.0 to 14.9 percent | 581 | 6.5% |
| 15.0 to 19.9 percent | 758 | 8.4% |
| 20.0 to 24.9 percent | 607 | 6.8% |
| 25.0 to 29.9 percent | 1,086 | 12.1% |
| 30.0 to 34.9 percent | 769 | 8.6% |
| 35.0 to 39.9 percent | 798 | 8.9% |
| 40.0 to 49.9 percent | 809 | 9.0% |
| 50.0 percent or more | 2,625 | 29.2% |
| Not computed | 697 | 7.8% |
| Total | 8,990 | 100.0% |
| > 40% income on rent | 3,434 | 41.4% |

Source: American Community Survey 2011-2015

| Substandardness | |
|---------------------------------------|-------------|
| Total Households | |
| Owner occupied: | |
| Complete plumbing facilities: | 16,941 |
| 1.00 or less occupants per room | 16,708 |
| 1.01 or more occupants per room | 233 |
| Lacking complete plumbing facilities: | 40 |
| Overcrowded or lacking plumbing | 273 |
| Renter occupied: | |
| Complete plumbing facilities: | 8,931 |
| 1.00 or less occupants per room | 8,563 |
| 1.01 or more occupants per room | 368 |
| Lacking complete plumbing facilities: | 59 |
| Overcrowded or lacking plumbing | 427 |
| Substandard Housing | 700 |
| % Total Stock Substandard | 2.7% |
| % Rental Stock Substandard | 4.7% |



7. EMPLOYMENT TREND

A. Introduction

This section of the report focuses primarily on economic trends and conditions in Clayton County, the jurisdiction in which Madison Heights II will be located. For purposes of comparison, economic trends in Georgia and the nation are also discussed.

B. Labor Force, Resident Employment, and Unemployment

1. Trends in County Labor Force and Resident Employment

Clayton County's labor force decreased from 135,385 workers in 2006 to 129,852 workers in 2016, a net loss of 5,533 workers or 4.2 percent (Table 15). This labor force decline was primarily driven by the loss of 11,455 workers from 2009 to 2010 during and immediately following the national recession. Since 2011, Clayton County's labor force has rebounded with growth in four of the last six years resulting in a net gain of nearly 5,000 workers (3.8 percent). During this period, the number of employed workers in the county increased by over 13,000 while unemployed workers fell by 8,339.

2. Trends in County Unemployment Rate

Clayton County's unemployment rate reached a high of 13.5 percent in 2010, following the national recession, compared to unemployment rate highs of 10.5 percent in Georgia and 9.6 percent in the nation during the same period (2009 to 2010). Unemployment rates have steadily dropped in all three areas over the past six years, reaching 6.6 percent in the county, 5.4 percent in Georgia, and 4.9 percent nationally in 2016.

C. Commutation Patterns

According to 2011-2015 American Community Survey (ACS) data, half of all workers residing in the Madison Heights Market Area spent 30 minutes or more commuting to work. Roughly 34 percent of Madison Heights Market Area workers commuted 15 to 29 minutes while 12.7 percent commuted less than 15 minutes (Table 16).

Reflecting the commuter-oriented nature of the Madison Heights Market Area and the relative proximity/accessibility to employment concentrations throughout the Metro Atlanta area, approximately 60 percent of all market area workers worked outside their county of residence compared to 38.4 percent in their county of residence. Less than two percent of Madison Heights Market Area workers were employed outside the state.



Table 15 Labor Force and Unemployment Rates, Clayton County

Annual Unemployment Rates - Not Seasonally Adjusted

| Annual Unemployment | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Labor Force | 135,385 | 136,206 | 136,611 | 133,143 | 125,156 | 126,983 | 127,655 | 125,088 | 124,799 | 126,350 | 129,852 |
| Employment | 127,426 | 128,444 | 126,243 | 117,459 | 108,243 | 109,948 | 112,298 | 111,567 | 113,183 | 116,736 | 121,278 |
| Unemployment | 7,959 | 7,762 | 10,368 | 15,684 | 16,913 | 17,035 | 15,357 | 13,521 | 11,616 | 9,614 | 8,574 |
| Unemployment Rate | | | | | | | | | | | |
| Clayton County | 5.9% | 5.7% | 7.6% | 11.8% | 13.5% | 13.4% | 12.0% | 10.8% | 9.3% | 7.6% | 6.6% |
| Georgia | 4.7% | 4.5% | 6.2% | 9.9% | 10.5% | 10.2% | 9.2% | 8.2% | 7.1% | 6.0% | 5.4% |
| United States | 4.6% | 4.6% | 5.8% | 9.3% | 9.6% | 8.8% | 8.3% | 7.4% | 6.2% | 5.3% | 4.9% |

Source: U.S. Department of Labor, Bureau of Labor Statistics

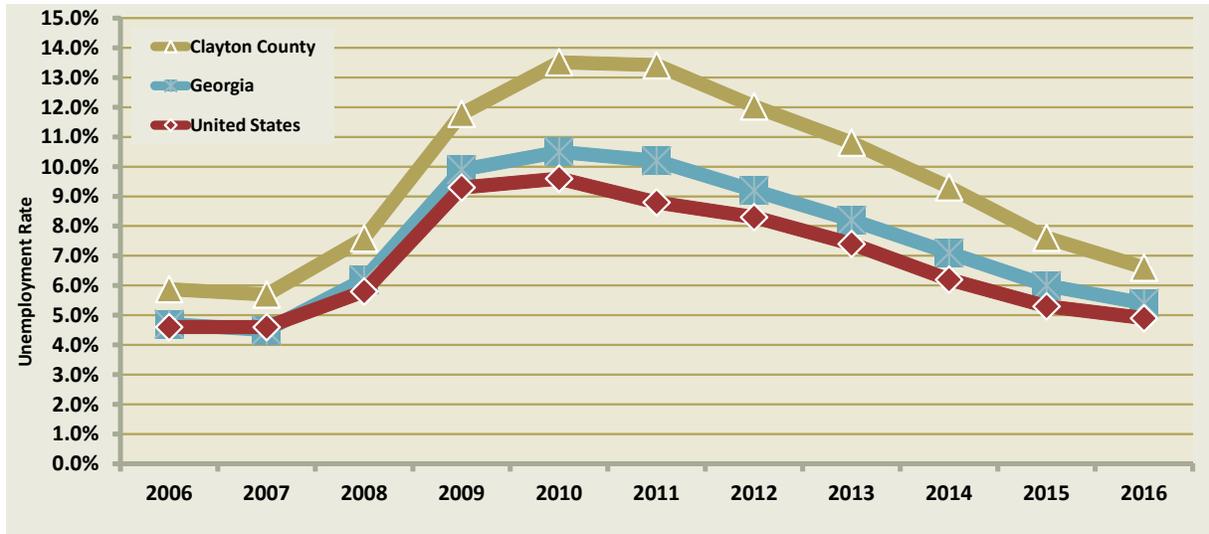
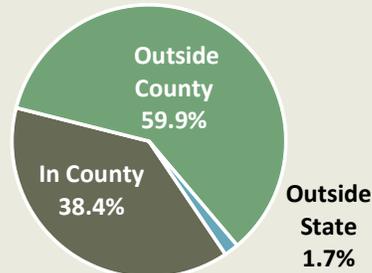


Table 16 2011-2015 Commuting Patterns, Madison Heights Market Area

| Travel Time to Work | | | Place of Work | | |
|-----------------------|---------------|-------|------------------------------------|---------------|-------------|
| Workers 16 years+ | # | % | Workers 16 years and over | # | % |
| Did not work at home: | 31,381 | 96.9% | Worked in state of residence: | 31,845 | 98.3% |
| Less than 5 minutes | 295 | 0.9% | Worked in county of residence | 12,436 | 38.4% |
| 5 to 9 minutes | 1,173 | 3.6% | Worked outside county of residence | 19,409 | 59.9% |
| 10 to 14 minutes | 2,631 | 8.1% | Worked outside state of residence | 552 | 1.7% |
| 15 to 19 minutes | 4,249 | 13.1% | Total | 32,397 | 100% |
| 20 to 24 minutes | 4,322 | 13.3% | | | |
| 25 to 29 minutes | 2,503 | 7.7% | | | |
| 30 to 34 minutes | 5,389 | 16.6% | | | |
| 35 to 39 minutes | 1,248 | 3.9% | | | |
| 40 to 44 minutes | 1,513 | 4.7% | | | |
| 45 to 59 minutes | 4,126 | 12.7% | | | |
| 60 to 89 minutes | 2,885 | 8.9% | | | |
| 90 or more minutes | 1,047 | 3.2% | | | |
| Worked at home | 1,016 | 3.1% | | | |
| Total | 32,397 | | | | |

Source: American Community Survey 2011-2015

**2011-2015 Commuting Patterns
Madison Heights Market Area**



Source: American Community Survey 2011-2015



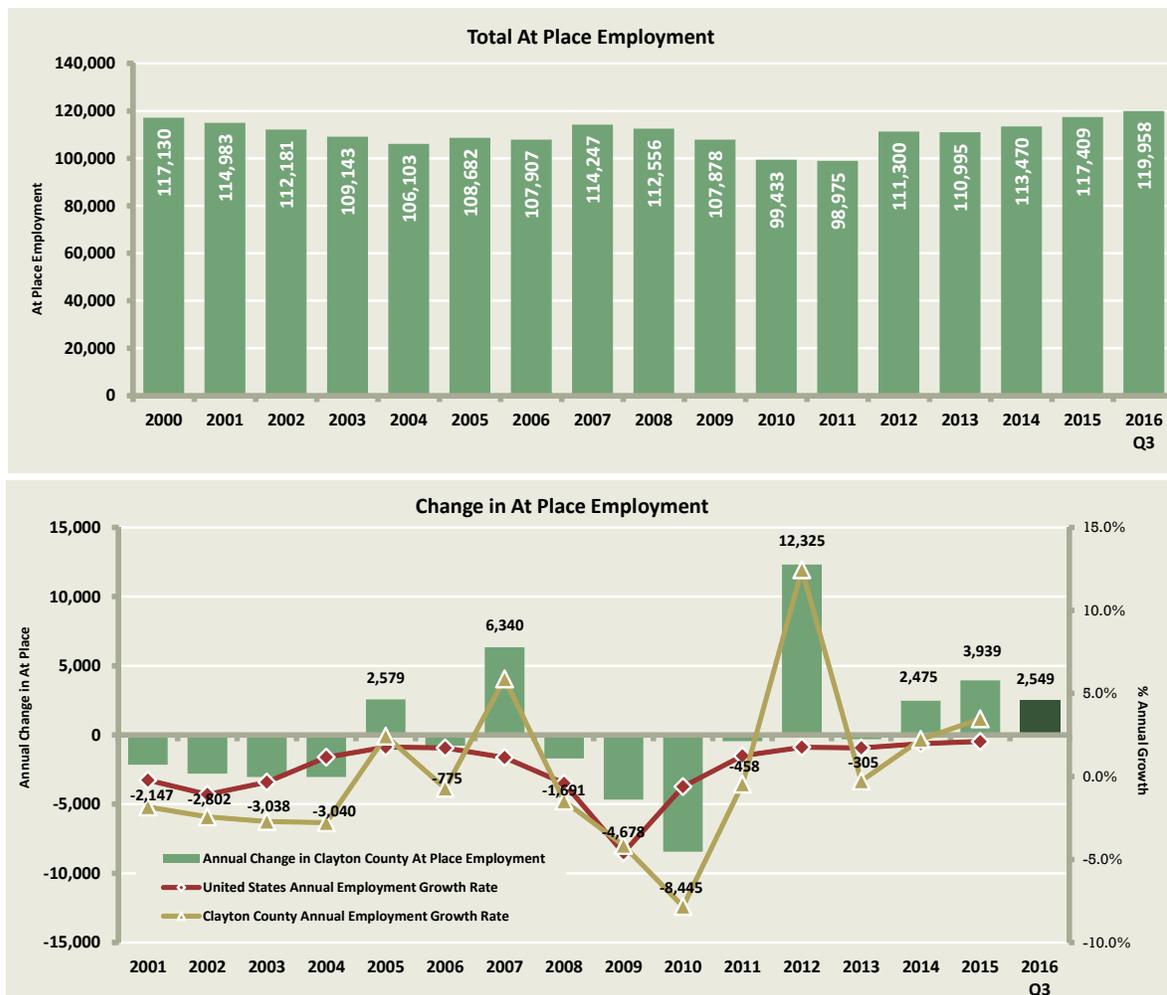
D. At-Place Employment

1. Trends in Total At-Place Employment

Clayton County’s At-Place Employment has been cyclical since 2000 with years of low to moderate job loss offset by large single-year employment gains. As a result, the county’s total At-Place Employment of 117,409 in 2015 represented an increase of just 239 jobs since 2000 (Figure 5). The county’s most significant downturn occurred from 2008 to 2011, surrounding the most recent national recession, and resulted in the loss of 15,272 jobs (13.4 percent). Clayton County’s At-Place Employment has rebounded over the last four years with a net addition of 18,434 jobs (18.6 percent growth) including more than 12,000 jobs in 2012. This recent growth was enough to recoup not only recession era losses but also those incurred in the early 2000’s. The county continued its recent pattern of job growth with the addition of 2,549 jobs through the third quarter of 2016.

Clayton County has generally lagged behind the nation in terms of job growth with a few exceptions. The county’s job losses during the recession were more pronounced than the nation and the subsequent recovery, while somewhat slower to begin, significantly outpaced national growth in 2012 (Figure 5). The county’s rate of job growth was comparable to or above the nation in 2014 and 2015.

Figure 5 At-Place Employment, Clayton County



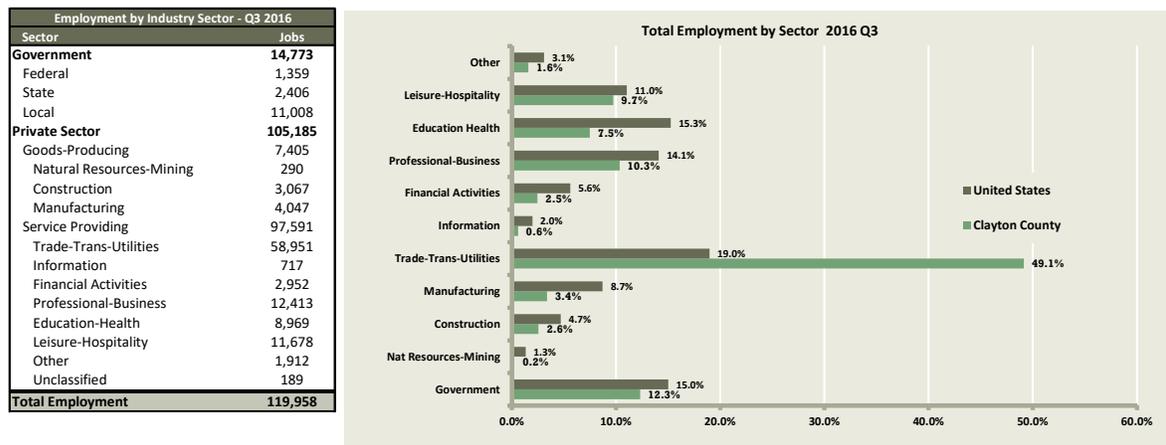
Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages



2. At-Place Employment by Industry Sector

Trade-Transportation-Utilities is Clayton County’s single largest economic sector, accounting for nearly half (49.1 percent) of all jobs in the county compared to 19.0 percent of jobs nationally (Figure 6). The county’s heavy employment in the Trade-Transportation-Utilities sector is driven by several large transportation and shipping based businesses, including Delta Airlines and FedEx, which are located in the northern portion of the county close to Hartsfield-Jackson International Airport. The county also contains roughly seven to twelve percent of its At-Place Employment in the Government, Professional Business, Leisure-Hospitality, and Education Health sectors, which is lower than national proportions for each sector.

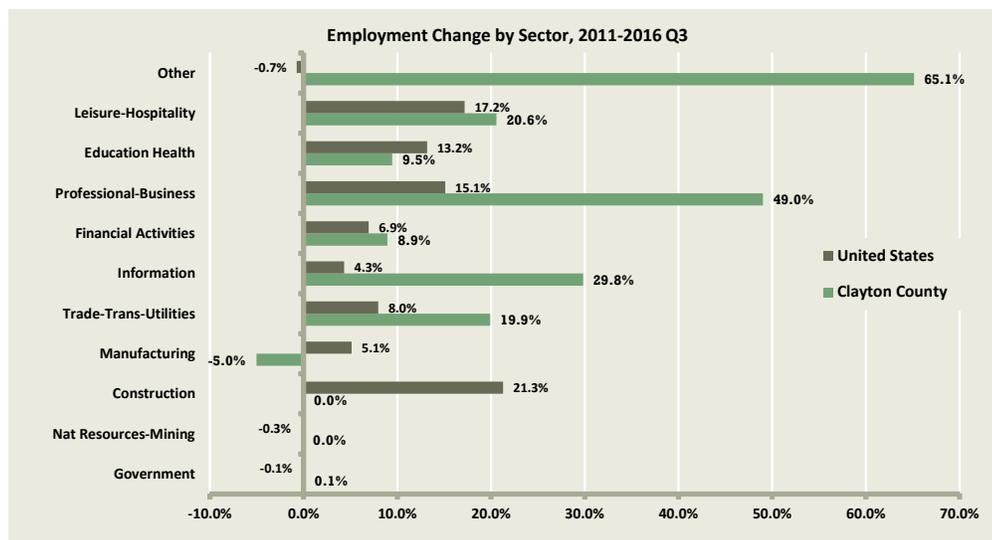
Figure 6 Total Employment by Sector, 2016 Q3



Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Eight of eleven economic sectors added jobs in Clayton County from 2011 to 2016 (Q3) with the most notable gains (in terms of total jobs) occurring in Trade-Transportation-Utilities (19.9 percent), Professional Business (49.0 percent), Leisure-Hospitality (20.6 percent) and Education Health (9.5 percent) (Figure 7). The only notable job losses occurred in the Manufacturing sector, which declined by 5.0 percent.

Figure 7 Change in Employment by Sector 2011-2016 Q3



Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages



3. Major Employers

Given the county’s heavy reliance on the Trade-Transportation-Utilities sector, it’s not surprising six of its eleven largest employers fall within this industry designation. These Trade-Transportation-Utilities include several transportation and shipping related businesses, the largest of which is Delta Tech Ops (part of Delta Airlines), and a major utility provider (Southern Company) (Table 17). The single largest employer in the county is the Clayton County Public School System with 7,100 employees. All of these major employers are located in northern Clayton County but are within ten miles of the subject site (Map 5). Given the subject site’s convenient interstate and highway access, the site is also proximate to employment concentrations throughout the Metro Atlanta Area.

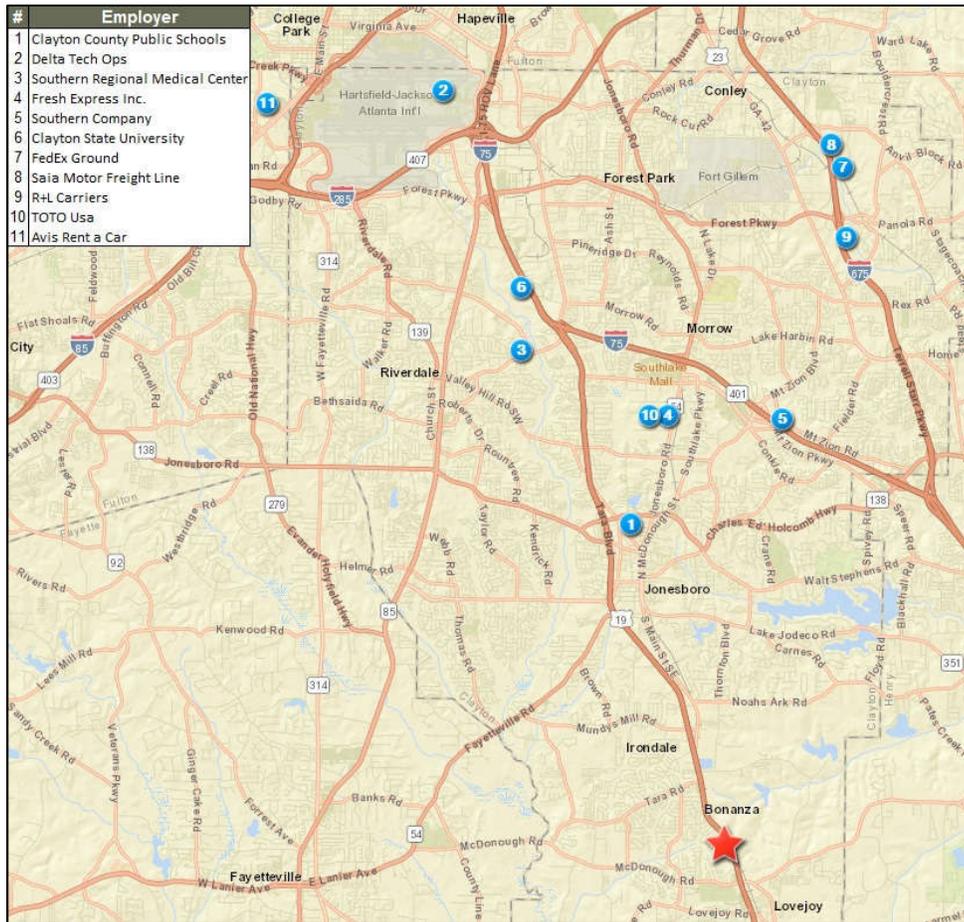
Table 17 2016 Major Employers, Clayton County

| Rank | Name | Sector | Employment |
|------|----------------------------------|--------------------------------|------------|
| 1 | Clayton County Public Schools | Government | 7,100 |
| 2 | Delta Tech Ops | Trade-Transportation-Utilities | 6,000 |
| 3 | Southern Regional Medical Center | Education-Health | 2,100 |
| 4 | Fresh Express Inc. | Manufacturing | 1,100 |
| 5 | Southern Company | Trade-Transportation-Utilities | 766 |
| 6 | Clayton State University | Government | 750 |
| 7 | FedEx Ground | Trade-Transportation-Utilities | 750 |
| 8 | Saia Motor Freight line | Trade-Transportation-Utilities | 500 |
| 9 | R+L Carriers | Trade-Transportation-Utilities | 430 |
| 10 | TOTO Usa | Manufacturing | 425 |
| 11 | Avis Rent a Car | Trade-Transportation-Utilities | 400 |

Source: Clayton County Economic Development



Map 5 Major Employers



4. Recent Economic Expansions and Contractions

Notable economic expansions announced in Clayton County over the last six months include YRC Worldwide’s opening of a new freight terminal in Conley, Georgia that added 60 new jobs and the planned construction of a new state-of-the-art movie studio by Pacifica Ventures in Morrow. Expected new job figures for the new movie studio were not yet available; the project is expected to have a significant economic impact on the county. Outside of these recent job announcements, the redevelopment of the former Fort Gillem (now the Gillem Logistics Center) is also still ongoing and has to the potential to attract new business over the next few years. The only major layoffs or business closures in the county over the past year were layoffs at hhgreg and Sheraton Atlanta Airport Hotel, which combined resulted in the loss of 203 jobs.

E. Conclusions on Local Economics

Clayton County has experienced significant At-Place Employment growth and steadily declining unemployment rates over the last six years following a relatively slow recovery form the national recession. Economic conditions in Clayton County including recent and planned job expansions will increase demand for additional housing in the near-term.



8. PROJECT-SPECIFIC AFFORDABILITY & DEMAND ANALYSIS

A. Affordability Analysis

1. Methodology

The Affordability Analysis tests the percentage of income-qualified households in the market area that the subject community must capture in order to achieve full occupancy.

The first component of the Affordability Analysis involves looking at the total household income distribution and renter household income distribution among primary market area households for the target year of 2019. RPRG calculated the income distribution for both total households and renter households based on the relationship between owner and renter household incomes by income cohort from the 2011-2015 American Community Survey along with estimates and projected income growth as projected by Esri (Table 18).

A housing unit is typically said to be affordable to households that would be expending a certain percentage of their annual income or less on the expenses related to living in that unit. In the case of rental units, these expenses are generally of two types – monthly contract rents paid to landlords and payment of utility bills for which the tenant is responsible. The sum of the contract rent and utility bills is referred to as a household’s ‘gross rent burden’. For the Affordability Analysis, RPRG employs a 35 percent gross rent burden.

HUD has computed a 2016 median household income of \$67,500 for the Atlanta-Sandy Springs-Roswell HUD Metro FMR Area. We have utilized 2016 income limits based on DCA’s 2017 Qualified Allocation Plan (QAP). Based on that median income, adjusted for household size, the maximum income limit and minimum income requirements are computed for each floor plan (Table 19). The minimum income limits are calculated assuming up to 35 percent of income is spent on total housing cost (rent plus utilities). The maximum allowable incomes for LIHTC units are based on an average household size of 1.5 persons per bedroom rounded up the nearest whole number in accordance with DCA market study requirements. Maximum gross rents, however, are based on the federal regulation of 1.5 persons per bedroom. While the proposed market rate units will not have maximum income limits, we have applied an artificial maximum income limit of 80 percent AMI to be conservative.

Table 18 2019 Total and Renter Income Distribution

| Madison Heights Market Area | | Total Households | | Renter Households | |
|-----------------------------|---------------------|------------------|-------------|-------------------|-------------|
| | | # | % | # | % |
| less than | \$15,000 | 3,001 | 10.7% | 1,487 | 16.1% |
| | \$15,000 \$24,999 | 2,846 | 10.1% | 1,410 | 15.3% |
| | \$25,000 \$34,999 | 3,313 | 11.8% | 1,485 | 16.1% |
| | \$35,000 \$49,999 | 3,410 | 12.1% | 1,369 | 14.9% |
| | \$50,000 \$74,999 | 6,211 | 22.1% | 1,930 | 20.9% |
| | \$75,000 \$99,999 | 4,096 | 14.6% | 849 | 9.2% |
| | \$100,000 \$149,999 | 3,688 | 13.1% | 541 | 5.9% |
| | \$150,000 Over | 1,508 | 5.4% | 143 | 1.6% |
| Total | | 28,072 | 100% | 9,213 | 100% |
| Median Income | | \$55,902 | | \$37,468 | |

Source: American Community Survey 2011-2015 Projections, RPRG, Inc.



Table 19 LIHTC Income and Rent Limits, Atlanta-Sandy Springs-Roswell HUD Metro FMR Area

| HUD 2016 Median Household Income | | | | | | | | | | | |
|-----------------------------------------------------------------------------------|------------|-----------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|---------|
| Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area | | \$67,500 | | | | | | | | | |
| Very Low Income for 4 Person Household | | \$33,750 | | | | | | | | | |
| 2016 Computed Area Median Gross Income | | \$67,500 | | | | | | | | | |
| Utility Allowance: | | 1 Bedroom | | \$118 | | | | | | | |
| | | 2 Bedroom | | \$148 | | | | | | | |
| | | 3 Bedroom | | \$188 | | | | | | | |
| Household Income Limits by Household Size: | | | | | | | | | | | |
| Household Size | 30% | 40% | 50% | 60% | 80% | 100% | 120% | 150% | 200% | | |
| 1 Person | \$14,190 | \$18,920 | \$23,650 | \$28,380 | \$37,840 | \$47,300 | \$56,760 | \$70,950 | \$94,600 | | |
| 2 Persons | \$16,200 | \$21,600 | \$27,000 | \$32,400 | \$43,200 | \$54,000 | \$64,800 | \$81,000 | \$108,000 | | |
| 3 Persons | \$18,240 | \$24,320 | \$30,400 | \$36,480 | \$48,640 | \$60,800 | \$72,960 | \$91,200 | \$121,600 | | |
| 4 Persons | \$20,250 | \$27,000 | \$33,750 | \$40,500 | \$54,000 | \$67,500 | \$81,000 | \$101,250 | \$135,000 | | |
| 5 Persons | \$21,870 | \$29,160 | \$36,450 | \$43,740 | \$58,320 | \$72,900 | \$87,480 | \$109,350 | \$145,800 | | |
| 6 Persons | \$23,490 | \$31,320 | \$39,150 | \$46,980 | \$62,640 | \$78,300 | \$93,960 | \$117,450 | \$156,600 | | |
| Imputed Income Limits by Number of Bedroom (Assuming 1.5 persons per bedroom): | | | | | | | | | | | |
| Persons | # Bedrooms | 30% | 40% | 50% | 60% | 80% | 100% | 120% | 150% | 200% | |
| 2 | 1 | \$16,200 | \$21,600 | \$27,000 | \$32,400 | \$43,200 | \$54,000 | \$64,800 | \$81,000 | \$108,000 | |
| 3 | 2 | \$18,240 | \$24,320 | \$30,400 | \$36,480 | \$48,640 | \$60,800 | \$72,960 | \$91,200 | \$121,600 | |
| 5 | 3 | \$21,870 | \$29,160 | \$36,450 | \$43,740 | \$58,320 | \$72,900 | \$87,480 | \$109,350 | \$145,800 | |
| LIHTC Tenant Rent Limits by Number of Bedrooms (assumes 1.5 persons per bedroom): | | | | | | | | | | | |
| # Persons | | 30% | | 40% | | 50% | | 60% | | 80% | |
| | | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| 1 Bedroom | | \$379 | \$261 | \$506 | \$388 | \$633 | \$515 | \$759 | \$641 | \$1,013 | \$895 |
| 2 Bedroom | | \$456 | \$308 | \$608 | \$460 | \$760 | \$612 | \$912 | \$764 | \$1,216 | \$1,068 |
| 3 Bedroom | | \$526 | \$338 | \$702 | \$514 | \$877 | \$689 | \$1,053 | \$865 | \$1,404 | \$1,216 |

Source: U.S. Department of Housing and Urban Development

2. Affordability Analysis

This analysis looks at the affordability of the proposed units at the subject property (Table 20).

- Looking at the one bedroom units at 50 percent AMI (upper left panel), the overall shelter cost at the proposed rent would be \$623 (\$505 net rent plus a \$118 allowance to cover all utilities except trash removal).
- By applying a 35 percent rent burden to this gross rent, we determined that a 50 percent AMI one bedroom unit would be affordable to households earning at least \$21,360 per year. A projected 23,261 households in the Madison Heights Market Area will earn at least this amount in 2019.
- The maximum income limit for a one bedroom unit at 50 percent AMI is \$27,000 based on a household size of two persons. An estimated 21,562 households will have incomes above this maximum in 2019.
- Subtracting the 21,562 households with incomes above the maximum income limit from the 23,261 households that could afford to rent this unit, RPRG computes that an estimated 1,698 households in the Madison Heights Market Area will be within the target income segment for the one bedroom units at 50 percent AMI.
- The capture rate for the six one bedroom units at 50 percent AMI is 0.4 percent for all households.
- We then determined that 810 renter households with incomes between the minimum income required and maximum income allowed will reside in the market in 2019. The community will need to capture 0.7 percent of these renter households to lease up the six units in this floor plan.



- Using the same methodology, we determined the band of qualified households for the remaining floor plan types at the community. We also computed the capture rates for each AMI level and for all units. The remaining renter capture rates by floor plan range from 0.2 percent to 2.9 percent.
- Renter capture rates by income target are 1.1 percent for 50 percent units, 2.5 percent for 60 percent units, 1.2 percent for market rate units, 2.9 percent for all LIHTC units, and 3.0 percent for the project overall.

Table 20 2019 Affordability Analysis, Madison Heights II

| 50% Units | One Bedroom Units | | Two Bedroom Units | | Three Bedroom Units | |
|-------------------------------|-------------------|----------|-------------------|----------|---------------------|----------|
| | Min. | Max. | Min. | Max. | Min. | Max. |
| Number of Units | 6 | | 10 | | 8 | |
| Net Rent | \$505 | | \$553 | | \$629 | |
| Gross Rent | \$623 | | \$701 | | \$817 | |
| % Income for Shelter | 35% | | 35% | | 35% | |
| Income Range (Min, Max) | \$21,360 | \$27,000 | \$24,034 | \$30,400 | \$28,011 | \$36,450 |
| Total Households | | | | | | |
| Range of Qualified Hhlds | 23,261 | 21,562 | 22,500 | 20,436 | 21,227 | 18,583 |
| # Qualified Households | 1,698 | | 2,064 | | 2,645 | |
| Total HH Capture Rate | 0.4% | | 0.5% | | 0.3% | |
| Renter Households | | | | | | |
| Range of Qualified Hhlds | 6,830 | 6,020 | 6,453 | 5,515 | 5,870 | 4,700 |
| # Qualified Hhlds | 810 | | 938 | | 1,170 | |
| Renter HH Capture Rate | 0.7% | | 1.1% | | 0.7% | |

| 60% Units | One Bedroom Units | | Two Bedroom Units | | Three Bedroom Units | |
|-----------------------------------|-------------------|----------|-------------------|----------|---------------------|----------|
| Number of Units | 7 | | 36 | | 14 | |
| Net Rent | \$605 | | \$653 | | \$744 | |
| Gross Rent | \$723 | | \$801 | | \$932 | |
| % Income for Shelter | 35% | | 35% | | 35% | |
| Income Range (Min, Max) | \$24,789 | \$32,400 | \$27,463 | \$36,480 | \$31,954 | \$43,740 |
| Total Households | | | | | | |
| Range of Qualified Hhlds | 22,285 | 19,774 | 21,409 | 18,576 | 19,921 | 16,925 |
| # Qualified Households | 2,511 | | 2,833 | | 2,996 | |
| Unit Total HH Capture Rate | 0.3% | | 1.3% | | 0.5% | |
| Renter Households | | | | | | |
| Range of Qualified Hhlds | 6,347 | 5,218 | 5,951 | 4,697 | 5,284 | 4,035 |
| # Qualified Hhlds | 1,129 | | 1,254 | | 1,250 | |
| Renter HH Capture Rate | 0.6% | | 2.9% | | 1.1% | |

| Market Rate Units | One Bedroom Units | | Two Bedroom Units | | Three Bedroom Units | |
|-------------------------------|-------------------|----------|-------------------|----------|---------------------|----------|
| Number of Units | 3 | | 26 | | 10 | |
| Net Rent | \$675 | | \$725 | | \$825 | |
| Gross Rent | \$793 | | \$873 | | \$1,013 | |
| % Income for Shelter | 35% | | 35% | | 35% | |
| Income Range (Min, Max) | \$27,189 | \$43,200 | \$29,931 | \$48,640 | \$34,731 | \$58,320 |
| Total Households | | | | | | |
| Range of Qualified Hhlds | 21,500 | 17,048 | 20,591 | 15,811 | 19,001 | 13,435 |
| # Qualified Households | 4,452 | | 4,780 | | 5,566 | |
| Total HH Capture Rate | 0.1% | | 0.5% | | 0.2% | |
| Renter Households | | | | | | |
| Range of Qualified Hhlds | 5,992 | 4,084 | 5,585 | 3,588 | 4,872 | 2,821 |
| # Qualified Households | 1,908 | | 1,997 | | 2,051 | |
| Renter HH Capture Rate | 0.2% | | 1.3% | | 0.5% | |

| Income Target | # Units | All Households = 28,072 | | | | Renter Households = 9,213 | | | |
|--------------------|------------|--------------------------|----------------------------|-----------------|--------------|---------------------------|--------------|-----------------|--------------|
| | | Band of Qualified Hhlds | | # Qualified HHs | Capture Rate | Band of Qualified Hhlds | | # Qualified HHs | Capture Rate |
| 50% Units | 24 | Income Households | \$21,360 - \$36,450 | 4,678 | 0.5% | 6,830 - 4,700 | 2,131 | 1.1% | |
| 60% Units | 57 | Income Households | \$24,789 - \$43,740 | 5,360 | 1.1% | 6,347 - 4,035 | 2,312 | 2.5% | |
| LIHTC Units | 81 | Income Households | \$21,360 - \$43,740 | 6,335 | 1.3% | 6,830 - 4,035 | 2,796 | 2.9% | |
| Market Rate Units | 39 | Income Households | \$27,189 - \$58,320 | 8,065 | 0.5% | 5,992 - 2,821 | 3,171 | 1.2% | |
| Total Units | 120 | Income Households | \$21,360 - \$58,320 | 9,825 | 1.2% | 6,830 - 2,821 | 4,009 | 3.0% | |

Source: Income Projections, RPRG, Inc.



3. Conclusions of Affordability

All of Madison Heights II's renter capture rates by floor plan and income level are within reasonable and achievable levels for a family rental community and indicate sufficient income qualified renter households to support the project's 120 proposed units.

B. Demand Estimates and Capture Rates

1. Methodology

DCA's demand methodology for family rental communities consists of three components:

- The first component of demand is household growth. This number is the number of income-qualified renter households anticipated to move into the market area between the base year (2015) and 2018, per Georgia DCA market study guidelines.
- The second component is income-qualified renter households living in substandard housing. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to U.S. Census ACS data, 4.7 percent of the renter occupied units in the Madison Heights Market Area are considered "substandard" (Table 14).
- The third component of demand is cost burdened renters, which is defined as those renter households paying more than 40 percent of household income for housing costs. According to 2011-2015 American Community Survey (ACS) data, 41.4 percent of Madison Heights Market Area renter households are categorized as cost burdened (Table 14).

The data assumptions used in the calculation of these demand estimates are detailed at the bottom of Table 21. Income qualification percentages for demand estimates are derived by using the Affordability Analysis detailed in Table 20, but are adjusted to remove overlap among bedroom sizes within the same AMI level.

Given more than 20 percent of Madison Heights II's proposed units will contain three bedrooms, will we have applied a large household size adjustment (based on 3+ persons) to the three bedroom capture rate.

2. Demand Analysis

According to DCA's demand methodology, all comparable units built or approved since the base year (2015) are to be subtracted from the demand estimates to arrive at net demand. The only rental community that meets this criterion is Madison Heights I.

Madison Heights II's DCA demand capture rates by income level are 2.4 percent for 50 percent units, 5.5 percent for 60 percent units, and 6.5 percent for all LIHTC units, 2.7 percent for market rate units, and 6.8 percent for the project overall (Table 21). Madison Heights II's capture rates by floor plan range from 1.6 percent to 9.3 percent (Table 22).

3. DCA Demand Conclusions

All of Madison Heights II's DCA demand capture rates are well below DCA's mandated threshold of 30 percent and indicate sufficient demand will exist in the Madison Heights Market Area to support the 120 proposed units at the subject property and the 120 units at Phase I.



Table 21 Overall Demand Estimates, Madison Heights II

| Income Target | 50% Units | 60% Units | LIHTC Units | Market Rate Units | Total Units |
|--------------------------------------------------------------------------------|--------------|--------------|--------------|-------------------|--------------|
| Minimum Income Limit | \$21,360 | \$24,789 | \$21,360 | \$27,189 | \$21,360 |
| Maximum Income Limit | \$36,450 | \$43,740 | \$43,740 | \$58,320 | \$58,320 |
| (A) Renter Income Qualification Percentage | 23.1% | 25.1% | 30.3% | 34.4% | 43.5% |
| Demand from New Renter Households <i>Calculation (C-B)*F*A</i> | 46 | 50 | 61 | 69 | 87 |
| PLUS | | | | | |
| Demand from Existing Renter HHs (Substandard) <i>Calculation B*D*F*A</i> | 99 | 107 | 130 | 147 | 186 |
| PLUS | | | | | |
| Demand from Existing Renter HHs (Overburdened) - <i>Calculation B*E*F*A</i> | 861 | 935 | 1,130 | 1,282 | 1,620 |
| Total Demand | 1,006 | 1,092 | 1,320 | 1,497 | 1,893 |
| LESS | | | | | |
| Comparable Units Built or Planned Since 2015 | 24 | 57 | 81 | 39 | 120 |
| Net Demand | 982 | 1,035 | 1,239 | 1,458 | 1,773 |
| Proposed Units | 24 | 57 | 81 | 39 | 120 |
| Capture Rate | 2.4% | 5.5% | 6.5% | 2.7% | 6.8% |

| Demand Calculation Inputs | |
|---------------------------------------------------|-----------|
| A). % of Renter Hhlds with Qualifying Income | see above |
| B). 2015 Households | 27,461 |
| C). 2018 Households | 28,072 |
| D). Substandard Housing (% of Rental Stock) | 4.7% |
| E). Rent Overburdened (% of Renter Hhlds at >40%) | 41.4% |
| F). Renter Percentage (% of all 2017 HHLds) | 32.7% |

Table 22 Demand Estimates by Floor Plan (No Overlap), Madison Heights II

| Income/Unit Size | Income Limits | Units Proposed | Renter Income Qualification % | Total Demand | Large HH Size Adj. (3+ Persons) | Large HH Demand | Supply | Net Demand | Capture Rate |
|--------------------------|----------------------------|----------------|-------------------------------|--------------|---------------------------------|-----------------|--------|------------|--------------|
| 50% Units | \$21,360 - \$36,450 | | | | | | | | |
| One Bedroom Units | \$21,360 - \$24,033 | 6 | 4.1% | 178 | | | 6 | 172 | 3.5% |
| Two Bedroom Units | \$24,034 - \$30,400 | 10 | 10.2% | 443 | | | 10 | 433 | 2.3% |
| Three Bedroom Units | \$30,401 - \$36,450 | 8 | 8.8% | 385 | 52.7% | 203 | 8 | 195 | 4.1% |
| 60% Units | \$24,789 - \$43,740 | | | | | | | | |
| One Bedroom Units | \$24,789 - \$27,462 | 7 | 4.3% | 187 | | | 7 | 180 | 3.9% |
| Two Bedroom Units | \$27,463 - \$36,480 | 36 | 13.6% | 592 | | | 36 | 556 | 6.5% |
| Three Bedroom Units | \$36,481 - \$43,740 | 14 | 7.2% | 313 | 52.7% | 165 | 14 | 151 | 9.3% |
| Market Rate Units | \$27,189 - \$58,320 | | | | | | | | |
| One Bedroom Units | \$27,189 - \$29,930 | 3 | 4.4% | 192 | | | 3 | 189 | 1.6% |
| Two Bedroom Units | \$29,931 - \$48,640 | 26 | 21.7% | 943 | | | 26 | 917 | 2.8% |
| Three Bedroom Units | \$48,641 - \$58,320 | 10 | 8.3% | 362 | 52.7% | 191 | 10 | 181 | 5.5% |



9. COMPETITIVE RENTAL ANALYSIS

A. Introduction and Sources of Information

This section presents data and analyses pertaining to the supply of rental housing in the Madison Heights Market Area. We pursued several avenues of research in an attempt to identify multifamily rental projects that are in the planning stages or under construction in the Madison Heights Market Area. We spoke to planning and zoning officials with the City of Lovelock, the City of Hampton, The City of Jonesboro, and Clayton County. We also reviewed the list of recent LIHTC awards from DCA. The rental survey was conducted in May 2017.

B. Overview of Market Area Housing Stock

Based on the 2011-2015 ACS survey, the rental housing stock in the Madison Heights Market Area is less dense than Clayton County's. Rental housing units are contained within a variety of structure types in the market area including 54.6 percent in single-family detached homes, 24.4 percent in large multi-family structures (i.e., buildings with five or more units), 8.9 percent in mobile homes, and 6.6 percent in multi-family structures with 2-4 units (Table 23). In comparison, Clayton County has a much higher percentage of large multi-family structures at 42.8 percent and a notably lower percentage of rental units in single-family detached homes (39.2 percent).

The housing stock in the Madison Heights Market Area is newer than in Clayton County among both renter and owner occupied units. The median year built of rental units in the Madison Heights Market Area is 1991 compared to 1985 in Clayton County (Table 24). Roughly 31 percent of rental units in the market area were built since 2000 and 37 percent were built from 1980 to 1999. The market area's owner occupied housing stock was also notably newer than the county's with a median year built of 1994 compared to 1987 in Clayton County.

According to 2011-2015 ACS data, the median value among owner-occupied housing units in the Madison Heights Market Area was \$104,370, which is \$18,170 or 21.1 percent higher than the Clayton County median of \$86,200 (Table 25). ACS estimates home values based upon values from homeowners' assessments of the values of their homes. This data is traditionally a less accurate and reliable indicator of home prices in an area than actual sales data, but offers insight of relative housing values among two or more areas.

Table 23 Dwelling Units by Structure and Tenure

| Owner Occupied | Clayton County | | Madison Heights Market Area | |
|----------------|----------------|-------------|-----------------------------|-------------|
| | # | % | # | % |
| 1, detached | 43,205 | 92.3% | 15,941 | 93.9% |
| 1, attached | 1,917 | 4.1% | 265 | 1.6% |
| 2 | 54 | 0.1% | 4 | 0.0% |
| 3-4 | 135 | 0.3% | 27 | 0.2% |
| 5-9 | 206 | 0.4% | 54 | 0.3% |
| 10-19 | 51 | 0.1% | 0 | 0.0% |
| 20+ units | 22 | 0.0% | 8 | 0.0% |
| Mobile home | 1,212 | 2.6% | 682 | 4.0% |
| TOTAL | 46,802 | 100% | 16,981 | 100% |

Source: American Community Survey 2011-2015

| Renter Occupied | Clayton County | | Madison Heights Market Area | |
|-----------------|----------------|-------------|-----------------------------|-------------|
| | # | % | # | % |
| 1, detached | 16,443 | 39.2% | 4,900 | 54.6% |
| 1, attached | 2,335 | 5.6% | 491 | 5.5% |
| 2 | 1,052 | 2.5% | 217 | 2.4% |
| 3-4 | 2,934 | 7.0% | 373 | 4.2% |
| 5-9 | 8,230 | 19.6% | 647 | 7.2% |
| 10-19 | 5,976 | 14.2% | 678 | 7.6% |
| 20+ units | 3,740 | 8.9% | 867 | 9.7% |
| Mobile home | 1,266 | 3.0% | 802 | 8.9% |
| TOTAL | 41,976 | 100% | 8,975 | 100% |

Source: American Community Survey 2011-2015



Table 24 Dwelling Units by Year Built and Tenure

| Owner Occupied | Clayton County | | Madison Heights Market Area | |
|--------------------------|----------------|-------------|-----------------------------|-------------|
| | # | % | # | % |
| 2014 or later | 20 | 0.0% | 0 | 0.0% |
| 2010 to 2013 | 243 | 0.5% | 157 | 0.9% |
| 2000 to 2009 | 13,281 | 28.4% | 5,580 | 32.9% |
| 1990 to 1999 | 8,329 | 17.8% | 4,519 | 26.6% |
| 1980 to 1989 | 7,659 | 16.4% | 3,161 | 18.6% |
| 1970 to 1979 | 8,249 | 17.6% | 1,857 | 10.9% |
| 1960 to 1969 | 5,865 | 12.5% | 1,076 | 6.3% |
| 1950 to 1959 | 2,068 | 4.4% | 350 | 2.1% |
| 1940 to 1949 | 699 | 1.5% | 109 | 0.6% |
| 1939 or earlier | 389 | 0.8% | 172 | 1.0% |
| TOTAL | 46,802 | 100% | 16,981 | 100% |
| MEDIAN YEAR BUILT | 1987 | | 1994 | |

Source: American Community Survey 2011-2015

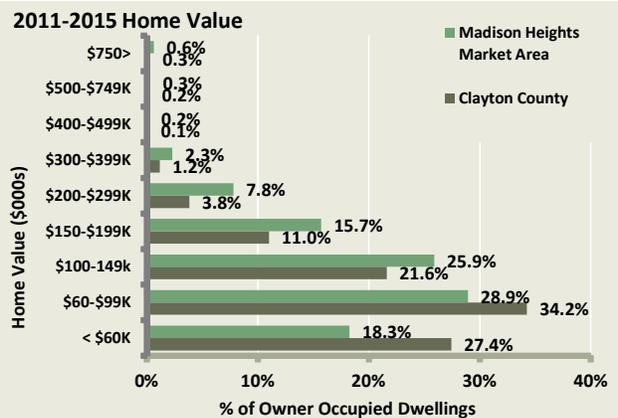
| Renter Occupied | Clayton County | | Madison Heights Market Area | |
|--------------------------|----------------|-------------|-----------------------------|-------------|
| | # | % | # | % |
| 2014 or later | 70 | 0.2% | 0 | 0.0% |
| 2010 to 2013 | 258 | 0.6% | 93 | 1.0% |
| 2000 to 2009 | 9,151 | 21.8% | 2,676 | 29.8% |
| 1990 to 1999 | 7,865 | 18.7% | 1,919 | 21.3% |
| 1980 to 1989 | 7,986 | 19.0% | 1,414 | 15.7% |
| 1970 to 1979 | 9,300 | 22.1% | 1,424 | 15.8% |
| 1960 to 1969 | 4,537 | 10.8% | 934 | 10.4% |
| 1950 to 1959 | 1,815 | 4.3% | 399 | 4.4% |
| 1940 to 1949 | 566 | 1.3% | 70 | 0.8% |
| 1939 or earlier | 443 | 1.1% | 61 | 0.7% |
| TOTAL | 41,991 | 100% | 8,990 | 100% |
| MEDIAN YEAR BUILT | 1985 | | 1991 | |

Source: American Community Survey 2011-2015

Table 25 Value of Owner Occupied Housing Stock

| 2011-2015 Home Value | | Clayton County | | Madison Heights Market Area | |
|-----------------------|--|-----------------|-------------|-----------------------------|-------------|
| | | # | % | # | % |
| less than \$60,000 | | 12,846 | 27.4% | 3,100 | 18.3% |
| \$60,000 - \$99,999 | | 16,029 | 34.2% | 4,913 | 28.9% |
| \$100,000 - \$149,999 | | 10,117 | 21.6% | 4,399 | 25.9% |
| \$150,000 - \$199,999 | | 5,156 | 11.0% | 2,667 | 15.7% |
| \$200,000 - \$299,999 | | 1,797 | 3.8% | 1,325 | 7.8% |
| \$300,000 - \$399,999 | | 550 | 1.2% | 391 | 2.3% |
| \$400,000 - \$499,999 | | 67 | 0.1% | 28 | 0.2% |
| \$500,000 - \$749,999 | | 105 | 0.2% | 50 | 0.3% |
| \$750,000 over | | 135 | 0.3% | 108 | 0.6% |
| Total | | 46,802 | 100% | 16,981 | 100% |
| Median Value | | \$86,200 | | \$104,370 | |

Source: American Community Survey 2011-2015



C. Survey of Family Rental Communities

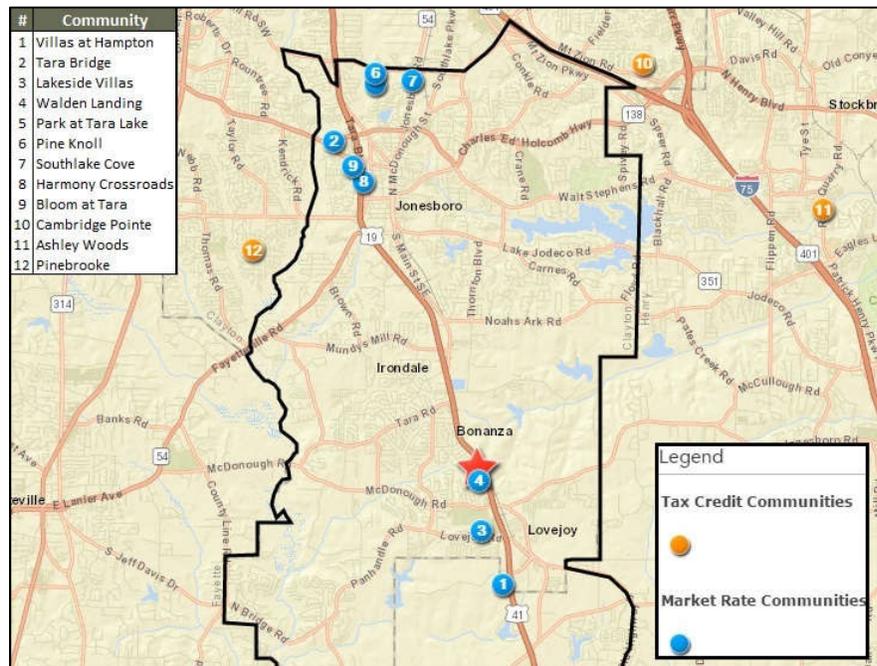
1. Introduction to the Rental Housing Survey

RPRG surveyed nine family rental communities in the Madison Heights Market Area, all of which were market rate. As no family LIHTC communities are located in the Madison Heights Market Area, RPRG also surveyed three LIHTC rental communities just outside the market area to provide insight into the performance and pricing of LIHTC communities in the region. Profile sheets with detailed information on each surveyed community, including photographs, are attached as Appendix 6.

2. Location

Three of the surveyed rental communities in the market area are located in or near Lovejoy and within three miles of the subject site. The six remaining surveyed rental communities in the market area are all located in the city of Jonesboro roughly five to six miles to the north (Map 6). Among the three surveyed LIHTC communities outside of the market area, two are in Jonesboro and one is in Riverdale. The subject site’s location is comparable to all of the surveyed rental communities in and just outside the market area and will not result in a significant competitive advantage or disadvantage.

Map 6 Surveyed Rental Communities



3. Size of Communities

The nine surveyed rental communities in the market area range in size from 46 units (Pine Knoll) to 346 units (Southlake Cove) with an average size of 201 units per community (Table 26). The three LIHTC communities outside the market area are smaller on average at 130 units per community.

4. Age of Communities

The nine rental communities in the market area reported an average year built of 1989 with three properties constructed since 2000. The Park at Tara Lake is also currently under renovation. The



three LIHTC rental communities outside the market area were constructed from 1997 to 2001 with an average year built of 1996.

5. Structure Type

Eight of the nine surveyed rental communities in the market area are garden-style apartments while the remaining community (Bloom at Tara) offers both garden apartments and townhomes. The three LIHTC communities outside the market area include two garden apartment communities and one community with both garden and townhouse apartments.

6. Vacancy Rates

The nine surveyed rental communities in the market area combine to offer 1,806 units. Excluding Park at Tara Lake, which is currently under renovation, the eight stabilized rental communities in the market area reported 79 of 1,576 rental units vacant, a rate of 5.0 percent (Table 26). Forty-two of the 79 vacant units reported at stabilized rental communities in the market area (53 percent) were two properties, both of which are older market rate communities in poor condition. Excluding these non-comparable communities, the stabilized vacancy rate is 3.4 percent. The three LIHTC communities outside the market area had just one vacant unit among 438 units for a vacancy rate of just 0.2 percent. Two of the three LIHTC communities reported waiting lists.

Table 26 Rental Summary, Surveyed Rental Communities

| Map # | Community | Year Built | Year Rehab | Structure Type | Total Units | Vacant Units | Vacancy Rate | Avg 1BR Rent (1) | Avg 2BR Rent (1) | Incentive |
|----------------------------------|--------------------|-------------|-------------|----------------|--------------|--------------|--------------|------------------|------------------|---------------------------|
| | Subject - 50% AMI | | | Gar | 24 | | | \$505 | \$553 | |
| | Subject - 60% AMI | | | Gar | 57 | | | \$605 | \$653 | |
| | Subject - Market | | | Gar | 39 | | | \$675 | \$725 | |
| Inside the PMA | | | | | | | | | | |
| 1 | Villas at Hampton | 2005 | | Gar | 224 | 4 | 1.8% | \$931 | \$1,029 | None |
| 2 | Tara Bridge | 1988 | | Gar | 220 | 15 | 6.8% | \$879 | \$960 | 2 weeks free. |
| 3 | Lakeside Villas | 2002 | | Gar | 250 | 13 | 5.2% | \$810 | \$925 | None |
| 4 | Walden Landing | 2000 | | Gar | 240 | 1 | 0.4% | \$795 | \$865 | None |
| 5 | Park at Tara Lake | 1998 | 2017 | Gar | 230 | 55 | 23.9% | \$720 | \$863 | 3BR \$885/mo. |
| 6 | Pine Knoll | 1985 | | Gar | 46 | 2 | 4.3% | \$600 | \$815 | None |
| 7 | Southlake Cove | 1986 | | Gar | 346 | 31 | 9.0% | \$645 | \$780 | \$200 off lease. |
| 8 | Harmony Crossroads | 1969 | | Gar | 134 | 11 | 8.2% | \$579 | \$669 | \$299 for 1st month rent. |
| 9 | Bloom at Tara | 1969 | 1993 | Gar/TH | 116 | 2 | 1.7% | | \$664 | \$299 for May 2017 rent. |
| PMA Total | | | | | 1,806 | 134 | 7.4% | | | |
| PMA Stabilized Total | | | | | 1,576 | 79 | 5.0% | | | |
| PMA Average | | 1989 | 2005 | | 201 | | | \$745 | \$841 | |
| Outside the PMA | | | | | | | | | | |
| 10 | Cambridge Pointe* | 2001 | | Gar | 180 | 1 | 0.6% | \$796 | \$942 | None |
| 11 | Ashley Woods* | 1991 | | Gar | 128 | 0 | 0.0% | \$735 | \$812 | None |
| 12 | Pinebrooke* | 1997 | | Gar/TH | 130 | 0 | 0.0% | | \$732 | None |
| Outside PMA Total | | | | | 438 | 1 | 0.2% | | | |
| Outside PMA Average | | 1996 | | | 146 | | | \$765 | \$829 | |
| Outside PMA LIHTC Total | | | | | 438 | 1 | 0.2% | | | |
| Outside PMA LIHTC Average | | 1996 | | | 130 | | | \$765 | \$829 | |

Tax Credit Communities*

Community is under renovation.

(1) Rent is contract rent, and not adjusted for utilities or incentives

Source: Field Survey, RPRG, Inc. May 2017.



7. Rent Concessions

Five market rate rental communities in the market area were offering recent concessions or incentives at the time of our survey. None of the three LIHTC communities outside the market area were offering rent concessions or incentives.

8. Absorption History

None of the surveyed rental communities in or outside of the market area were able to provide an absorption history.

D. Analysis of Product Offerings

1. Payment of Utility Costs

Seven of the nine surveyed rental communities in the market area do not include the cost of any utilities in rent (Table 27). Among the remaining two rental communities, Tara Bridge includes the cost of trash removal in rent and Pine Knoll includes the cost of water/sewer and trash removal. All three LIHTC communities just outside the market area include the cost of water/sewer and trash removal in rent.

2. Unit Features

All surveyed rental communities include dishwashers and washer dryer connections in all or select units. One surveyed rental community (Tara Bridge) also provides a washer and dryer in each unit while three surveyed rental communities include exterior storage closets in some or all units. All three LIHTC rental communities just outside the market area include dishwashers and washer/dryer connections as standard unit features and one (Cambridge Pointe) includes microwaves in each unit. In addition to these basic features, patios/balconies and central laundry facilities are also available at most surveyed rental communities.

3. Parking

All communities include free surface parking as their standard parking option. Three properties also offer detached garage parking for an additional monthly fee.

4. Community Amenities

The Madison Heights Market Area's surveyed rental stock offers a range of community amenities the most common of which include a swimming pool (eight properties), playground (eight properties), clubhouse (six properties), and fitness centers (six properties) (Table 28). Four of the surveyed rental communities in the market area contain security gates.



Table 27 Utility Arrangement and Unit Features

| Community | Heat Type | Utilities Included in Rent | | | | | Dish-washer | Micro-wave | Parking | In-Unit Laundry | Storage |
|------------------------|-------------|----------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|-------------------------------------|------------|---------|-----------------|---------------|
| | | Heat | Hot Water | Cooking | Electric | Water | | | | | |
| Subject | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | STD | STD | Surface | Hook Ups |
| Inside the PMA | | | | | | | | | | | |
| Villas at Hampton | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Tara Bridge | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | STD | | Surface | STD - Stacked |
| Lakeside Villas | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Walden Landing | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Park at Tara Lake | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Pine Knoll | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Select | | Surface | Hook Ups |
| Southlake Cove | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Harmony Crossroads | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Bloom at Tara | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | STD | | Surface | Hook Ups |
| Outside the PMA | | | | | | | | | | | |
| Cambridge Pointe | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | STD | STD | Surface | Hook Ups |
| Ashley Woods | Gas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | STD | | Surface | Hook Ups |
| Pinebrooke | Elec | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | STD | | Surface | Hook Ups |

Source: Field Survey, RPRG, Inc. May 2017.

Table 28 Community Amenities

| Community | Clubhouse | Fitness | Room | Pool | Playground | Tennis | Business Center | Gated Entry |
|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Subject | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Inside the PMA | | | | | | | | |
| Villas at Hampton | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Tara Bridge | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Lakeside Villas | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Walden Landing | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Park at Tara Lake | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Pine Knoll | <input type="checkbox"/> |
| Southlake Cove | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Harmony Crossroads | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bloom at Tara | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Outside the PMA | | | | | | | | |
| Cambridge Pointe | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Ashley Woods | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pinebrooke | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Source: Field Survey, RPRG, Inc. May 2017.



5. Unit Distribution

Two bedroom units are offered at all nine surveyed rental communities in the market area (Table 29) while one bedroom units are offered at eight communities and three bedroom units are offered at six communities. Based on rental communities reporting unit distributions, which constitute two-thirds of surveyed rental units, 48.6 percent are one bedroom units, 36.4 percent are two bedroom units, and 15.0 percent are three bedroom units.

6. Effective Rents

Unit rents presented in Table 26 are net or effective rents, as opposed to street or advertised rents. To arrive at effective rents, we apply adjustments to street rents to equalize the impact of utility expenses across complexes. Specifically, the net rents represent the hypothetical situation where trash removal utility costs are included in monthly rents at all communities, with tenants responsible for all other utility costs.

- **One bedroom** units in the market area had an average effective rent of \$741 with an average unit size of 760 square feet and an average rent per square foot of \$0.97. The three LIHTC properties just outside the market area reported an average effective one bedroom rent of \$766 with an average unit size of 794 square feet and an average rent per square foot of \$0.96.
- **Two bedroom** units in the market area had an average effective rent of \$837 with an average unit size of 1,032 square feet and an average rent per square foot of \$0.81. The three LIHTC properties just outside the market area reported an average effective two bedroom rent of \$854 with an average unit size of 1,042 square feet and an average rent per square foot of \$0.82.
- **Three bedroom** units in the market area had an average effective rent of \$1,010 with an average unit size of 1,351 square feet and an average rent per square foot of \$0.75. The three LIHTC properties just outside the market area reported an average effective rent of \$980 with an average unit size of 1,181 square feet and an average rent per square foot of \$0.83.

It is important to note the average rents reported at the three LIHTC communities just outside the market area include LIHTC units targeting households earning from 50 percent to 60 percent of the Area Median Income (AMI) as well as market rate units.

7. DCA Average Market Rent

To determine average “market rents” as outlined in DCA’s 2017 Market Study Manual, market rate rents were averaged at the most comparable communities to Madison Heights II. These communities include three market rate family rental communities in the Madison Heights Market Area. It is important to note, these “average market rents” are not adjusted to reflect differences in age, unit size, or amenities relative to the subject property.

DCA’s “average market rents” among comparable communities are \$855 for one bedroom units, \$950 for two bedroom units, and \$1,107 for three bedroom units (Table 30). The proposed 50 percent and 60 percent rents at Madison Heights II will result in rent advantages of at least 29 percent for all floor plans (Table 31). While the proposed market rate units cannot be expected to maintain a rent advantage, all of the proposed market rate rents also have a rent advantage of at least 20 percent. The overall rent advantage for the community is 31.1 percent.



Table 29 Unit Distribution, Size, and Pricing – Surveyed Rental Communities

| Community | Type | Total Units | One Bedroom Units | | | | Two Bedroom Units | | | | Three Bedroom Units | | | |
|---------------------------|--------|--------------|-------------------|--------------|------------|---------------|-------------------|--------------|--------------|---------------|---------------------|----------------|--------------|---------------|
| | | | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF | Units | Rent(1) | SF | Rent/SF |
| Subject - 50% AMI | Gar | 24 | 6 | \$505 | 800 | \$0.63 | 10 | \$553 | 1,050 | \$0.53 | 8 | \$629 | 1,200 | \$0.52 |
| Subject - 60% AMI | Gar | 57 | 7 | \$605 | 800 | \$0.76 | 36 | \$653 | 1,050 | \$0.62 | 14 | \$744 | 1,200 | \$0.62 |
| Subject - Market | Gar | 39 | 3 | \$675 | 800 | \$0.84 | 26 | \$725 | 1,050 | \$0.69 | 10 | \$825 | 1,200 | \$0.69 |
| Inside the PMA | | | | | | | | | | | | | | |
| Villas at Hampton | Gar | 224 | 74 | \$941 | 819 | \$1.15 | 100 | \$1,039 | 1,216 | \$0.85 | 50 | \$1,276 | 1,474 | \$0.87 |
| Lakeside Villas | Gar | 250 | 55 | \$820 | 827 | \$0.99 | 120 | \$935 | 1,277 | \$0.73 | 48 | \$1,074 | 1,474 | \$0.73 |
| Tara Bridge | Gar | 220 | | \$842 | 675 | \$1.25 | | \$920 | 913 | \$1.01 | | \$1,014 | 1,200 | \$0.85 |
| Walden Landing | Gar | 240 | | \$805 | 980 | \$0.82 | | \$875 | 1,166 | \$0.75 | | \$970 | 1,403 | \$0.69 |
| Park at Tara Lake | Gar | 230 | 50 | \$730 | 804 | \$0.91 | 100 | \$873 | 1,057 | \$0.83 | 80 | \$895 | 1,260 | \$0.71 |
| Pine Knoll | Gar | 46 | 36 | \$585 | 600 | \$0.98 | 10 | \$795 | 1,000 | \$0.80 | | | | |
| Southlake Cove | Gar | 346 | 332 | \$638 | 576 | \$1.11 | 12 | \$773 | 864 | \$0.89 | 2 | \$828 | 1,296 | \$0.64 |
| Bloom at Tara | Gar/TH | 116 | | | | | | \$674 | 900 | \$0.75 | | | | |
| Harmony Crossroads | Gar | 134 | 38 | \$566 | 800 | \$0.71 | 96 | \$648 | 900 | \$0.72 | | | | |
| Total/Average | | 1,806 | | \$741 | 760 | \$0.97 | | \$837 | 1,032 | \$0.81 | | \$1,010 | 1,351 | \$0.75 |
| Unit Distribution | | 1,203 | 585 | | | | 438 | | | | 180 | | | |
| % of Total | | 66.6% | 48.6% | | | | 36.4% | | | | 15.0% | | | |
| Outside the PMA | | | | | | | | | | | | | | |
| Cambridge Pointe | Gar | 180 | 48 | \$855 | 809 | \$1.06 | 60 | \$995 | 1,074 | \$0.93 | 56 | \$1,170 | 1,197 | \$0.98 |
| Cambridge Pointe* 60% AMI | Gar | | | \$813 | 809 | \$1.00 | | \$969 | 1,074 | \$0.90 | | \$1,114 | 1,197 | \$0.93 |
| Cambridge Pointe* 50% AMI | Gar | | | \$674 | 809 | \$0.83 | | \$802 | 1,074 | \$0.75 | | \$922 | 1,197 | \$0.77 |
| Ashley Woods* 60% AMI | Gar | 128 | 16 | \$720 | 748 | \$0.96 | 64 | \$792 | 1,010 | \$0.78 | 48 | \$967 | 1,134 | \$0.85 |
| Pinebrooke* 50% AMI | Gar/TH | 130 | | | | | 24 | \$712 | 976 | \$0.73 | 76 | \$725 | 1,179 | \$0.62 |
| Total/Average | | 438 | | \$766 | 794 | \$0.96 | | \$854 | 1,042 | \$0.82 | | \$980 | 1,181 | \$0.83 |
| Unit Distribution | | 392 | 64 | | | | 148 | | | | 180 | | | |
| % of Total | | 89.5% | 16.3% | | | | 37.8% | | | | 45.9% | | | |

(1) Rent is adjusted to include only Trash and incentives
 Source: Field Survey, RPRG, Inc. May 2017.

Tax Credit Communities*

Table 30 Average Rents, Comparable Properties

| Community | One Bedroom Units | | | Two Bedroom Units | | | Three Bedroom Units | | |
|-------------------|-------------------|------------|---------------|-------------------|--------------|---------------|---------------------|--------------|---------------|
| | Rent(1) | SF | Rent/SF | Rent(1) | SF | Rent/SF | Rent(1) | SF | Rent/SF |
| Subject - 50% AMI | \$505 | 800 | \$0.63 | \$553 | 1,050 | \$0.53 | \$629 | 1,200 | \$0.52 |
| Subject - 60% AMI | \$605 | 800 | \$0.76 | \$653 | 1,050 | \$0.62 | \$744 | 1,200 | \$0.62 |
| Subject - Market | \$675 | 800 | \$0.84 | \$725 | 1,050 | \$0.69 | \$825 | 1,200 | \$0.69 |
| Villas at Hampton | \$941 | 819 | \$1.15 | \$1,039 | 1,216 | \$0.85 | \$1,276 | 1,474 | \$0.87 |
| Lakeside Villas | \$820 | 827 | \$0.99 | \$935 | 1,277 | \$0.73 | \$1,074 | 1,474 | \$0.73 |
| Walden Landing | \$805 | 980 | \$0.82 | \$875 | 1,166 | \$0.75 | \$970 | 1,403 | \$0.69 |
| | \$855 | 875 | \$0.98 | \$950 | 1,220 | \$0.78 | \$1,107 | 1,451 | \$0.76 |

(1) Rent is adjusted to include only Trash and incentives
 Source: Field Survey, RPRG, Inc. May 2017.



Table 31 Average Market Rent and Rent Advantage Summary

| | 1 BR | 2 BR | 3 BR |
|-------------------------------|--------------|--------------|----------------|
| Average Market Rent | \$855 | \$950 | \$1,107 |
| Proposed Rent (50% AMI) | \$505 | \$553 | \$629 |
| Advantage (\$) | \$350 | \$397 | \$478 |
| Advantage (%) | 41.0% | 41.8% | 43.2% |
| Total Units | 6 | 10 | 8 |
| Proposed Rent (60% AMI) | \$605 | \$653 | \$744 |
| Advantage (\$) | \$250 | \$297 | \$363 |
| Advantage (%) | 29.3% | 31.2% | 32.8% |
| Total Units | 7 | 36 | 14 |
| Proposed Rent (Market) | \$675 | \$725 | \$825 |
| Advantage (\$) | \$180 | \$225 | \$282 |
| Advantage (%) | 21.1% | 23.7% | 25.5% |
| Total Units | 3 | 26 | 10 |
| Overall Rent Advantage | 31.1% | | |

E. Multi-Family Pipeline

Based on information provided by local planning officials and DCA’s list of LIHTC allocations, the only new rental community proposed, planned, or under construction in the Madison Heights Market Area is Madison Heights phase I. Madison Heights I will have the same unit mix and income targeting as the proposed Madison Heights II and will offer 120 rental units targeting households earning at or below 50 percent AMI, 60 percent AMI, and market rates. Madison Heights I received a tax credit allocation in 2016 and will be complete by mid-2018. One additional rental community (Keystone Apartments) is also undergoing rehabilitation and received a four percent LIHTC allocation in 2016; however, all of the units at Keystone Apartments will remain subsidized through the HUD Section 8 program and are not comparable to the proposed Madison Heights II.

F. Housing Authority Data

The subject site is served by the Jonesboro Housing Authority, which manages 1,877 Section 8 Housing Choice Vouchers (HCV) and 30 public housing units. The waiting lists for Housing Choice Vouchers and public housing units are both currently closed. As the proposed Madison Heights II will not contain additional project based subsidies, it is unlikely to attract tenants from public housing authority waiting lists.

G. Existing Low Income Rental Housing

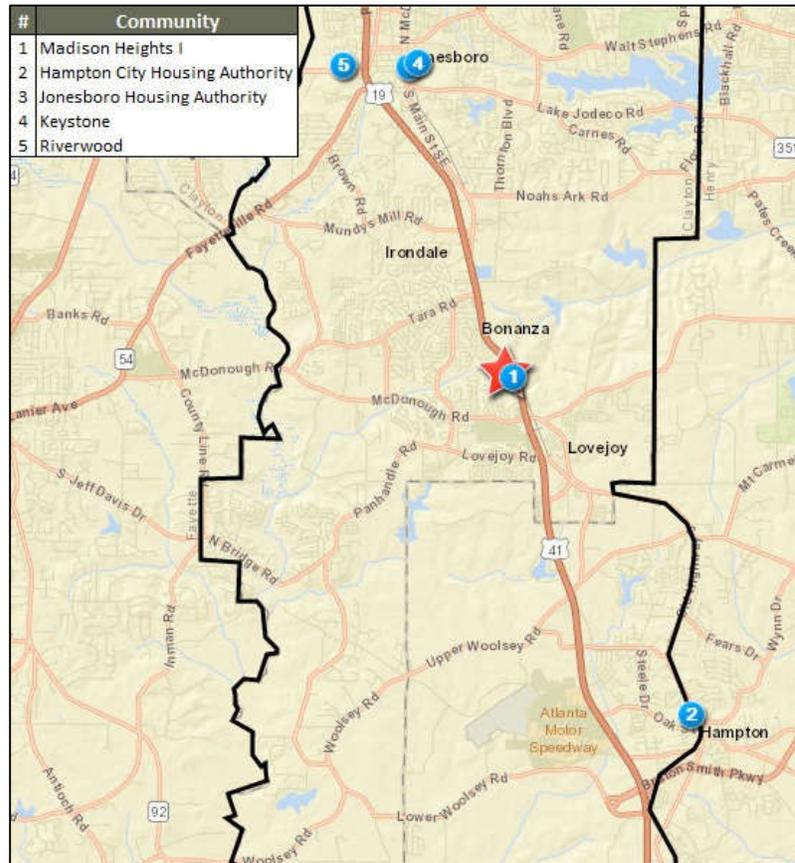
Table 32 and Map 7 detail existing low-income rental housing properties in the market area. The market area does not currently contain any LIHTC communities; however, Keystone and Madison Heights I will contain tax credits upon construction/rehabilitation completion.

Table 32 Subsidized Communities, Madison Heights Market Area

| Community | Subsidy | Type | Address | City | State | Distance |
|--------------------------------|-----------------|--------|---------------------|-----------|-------|-----------|
| Madison Heights I | LIHTC | Family | Tara Blvd. | Lovejoy | GA | 0 mile |
| Hampton City Housing Authority | Public Housing | Family | 20 College St. | Hampton | GA | 6.5 miles |
| Jonesboro Housing Authority | Public Housing | Family | 203 Hightower St. | Jonesboro | GA | 5 miles |
| Keystone | LIHTC/Section 8 | Family | 145 S McDonough St. | Jonesboro | GA | 5.1 miles |
| Riverwood | Section 8 | Family | 681 Flint River Rd. | Jonesboro | GA | 5.3 miles |

Source: HUD, GA DCA, Hampton City Housing Authority, Jonesboro Housing Authority Pipeline Community

Map 7 Subsidized Rental Communities



H. Impact of Abandoned, Vacant, or Foreclosed Homes

Based on field observations and the age of the existing housing stock, a modest number of abandoned / vacant single-family homes exist in the Madison Heights Market Area. In addition, to understand the state of foreclosure in the community around the subject site, we tapped data available through RealtyTrac, a web site aimed primarily at assisting interested parties in the process of locating and purchasing properties in foreclosure and at risk of foreclosure. RealtyTrac classifies properties in its database into several different categories, among them three that are relevant to our analysis: 1.) pre-foreclosure property – a property with loans in default and in danger of being repossessed or auctioned, 2.) auction property – a property that lien holders decide to sell at public auctions, once the homeowner’s grace period has expired, in order to dispose of the property as quickly as possible, and 3.) bank-owned property – a unit that has been repossessed by lenders. We included properties within these three foreclosure categories in our analysis. We queried the RealtyTrac database for ZIP code 30228 in which the subject property will be located and the broader areas of Clayton County, Georgia, and the United States for comparison purposes.

Our RealtyTrac search showed 2017 foreclosure rates of 0.14 percent for ZIP Code 30228, 0.09 percent for Clayton County, 0.05 percent for Georgia, and 0.06 percent for the nation (Table 33). The number of foreclosures in the subject property’s ZIP Code has generally been consistent over the past year outside of a spike in October 2016 (Table 34).

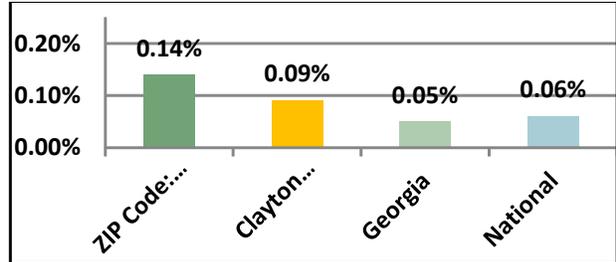
While the conversion of foreclosure properties can affect the demand for new multi-family rental housing in some markets, the impact on affordable housing rental communities is typically limited due to their tenant rent and income restrictions. The subject property will also primarily consist of



one and two bedroom units, which are unlikely to compete with scattered site rental homes that are typically larger in size and higher in price. As such, we do not believe foreclosed, abandoned, or vacant single/multi-family homes will impact the subject property’s ability to lease its units.

Table 33 Foreclosure Rate, ZIP Code 30228, April 2017

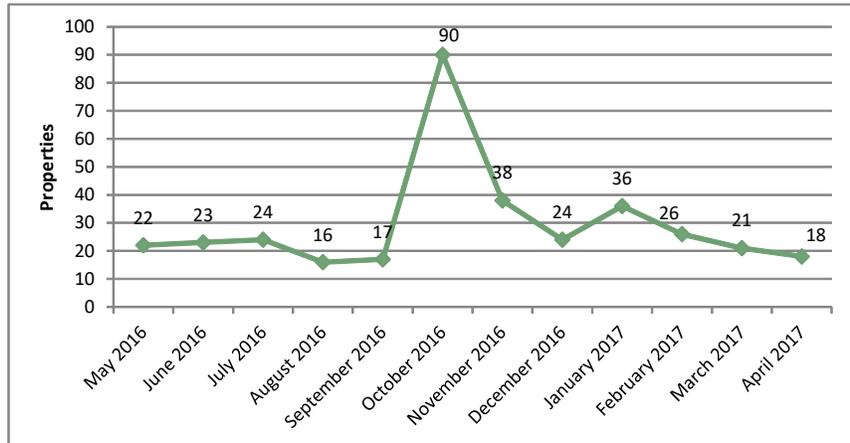
| Geography | April 2017 Foreclosure Rate |
|-----------------|-----------------------------|
| ZIP Code: 30228 | 0.14% |
| Clayton County | 0.09% |
| Georgia | 0.05% |
| National | 0.06% |



Source: Realtytrac.com

Table 34 Recent Foreclosure Activity, ZIP Code 30228

| ZIP Code: 30228 | |
|-----------------|-------------------|
| Month | # of Foreclosures |
| May 2016 | 22 |
| June 2016 | 23 |
| July 2016 | 24 |
| August 2016 | 16 |
| September 2016 | 17 |
| October 2016 | 90 |
| November 2016 | 38 |
| December 2016 | 24 |
| January 2017 | 36 |
| February 2017 | 26 |
| March 2017 | 21 |
| April 2017 | 18 |



Source: Realtytrac.com

10. FINDINGS AND CONCLUSIONS

A. Key Findings

Based on the preceding review of the subject project and demographic and competitive housing trends in the Madison Heights Market Area, RPRG offers the following key findings:

1. Site and Neighborhood Analysis

The subject site is a suitable location for affordable rental housing, as it is compatible with surrounding land uses and has ample access to major traffic arteries, public transportation, community amenities, public schools, and shopping opportunities.

- The site for Madison Heights II is located adjacent to the planned Madison Heights Phase I within a larger parcel situated on the west side of U.S. Highway 41 (Tara Boulevard) in Lovejoy, Clayton County, Georgia. Bordering land uses include wooded land, single-family detached homes, Trinity Community Church, Walding Landing Apartments, and Sigma Chi Memorial Park.
- Surrounding land uses in the subject site's immediate vicinity primarily consist of wooded land and single-family detached homes. A handful of multi-family rental communities are also located in the immediate area including Walden Landing bordering the subject site to the south. Other nearby land uses include various commercial development along Tara Boulevard, Lovejoy Regional Park, Lovejoy High School, the Clayton County Library, and active rail lines that run parallel to U.S. Highway 41.
- Community amenities, shopping, medical services, public schools, and recreational venues are all easily accessible within two miles of the subject site.
- Madison Heights II will have excellent visibility and accessibility from U.S. Highway 41 (Tara Boulevard), a major four-lane divided highway traveling north to south through Clayton County and Metro Atlanta. The subject property will also benefit from traffic generated by surrounding land uses including Walden Landing Apartments, Trinity Community Church, Sigma Chi Memorial Park, and Home Depot.

2. Economic Context

Clayton County has experienced significant job growth over the last five years while unemployment rates steadily declined.

- The most recent annual average unemployment rates of 6.6 percent in Clayton County, 5.4 percent in Georgia, and 4.9 percent in the nation all represent significant improvements relative to highs reached during the most recent national recession.
- Clayton County added jobs in three of the last four years including a net gain of 18,434 jobs since 2012.
- Commuting data indicates that the residents of the Madison Heights Market Area work throughout Metro Atlanta with roughly 60 percent working in a different county than they reside.
- The strong At-Place Employment growth and declining unemployment rate in Clayton County will support additional housing in the near-term.

3. Population and Household Trends

The Madison Heights Market Area experienced steady population and household growth from 2010 to 2017, a trend expected to continue through 2019.



- The Madison Heights Market Area added 1,942 people (2.8 percent) and 620 households (2.7 percent) annually between the 2000 and 2010 Census counts.
- Esri projections indicate the market area experienced slower population and household growth through 2017, though growth remained steady overall. The market area is projected to add 579 people (0.7 percent) and 171 households (0.6 percent) annually over the next two years.

4. Demographic Analysis

The demographics of the Madison Heights Market Area and Clayton County reflect their suburban nature. Madison Heights Market Area households are somewhat older and more affluent when compared to Clayton County with a lower propensity to rent.

- Adults age 35 to 61 are the largest age cohort in both the market area and the county accounting for 35.6 percent of the population in the Madison Heights Market Area and 34.2 percent of the population in Clayton County. Among the remaining age cohorts, Children/Youth under the age of 20 comprised 28.1 percent of the population in the market area and 29.9 percent of the population in the county followed by Young Adults age 20 to 34 (roughly 23 to 24 percent of the populations in both areas) and Seniors age 62 and older (13.9 percent in the market area and 12.1 percent in the county).
- Roughly 42 to 43 percent of all households in the Madison Heights Market Area and Clayton County contained children as of the 2010 Census. The Madison Heights Market Area contained a higher percentage of households with at least two adults and no children (35.5 percent versus 32.5 percent) than the county but had a lower percentage of single persons (21.6 percent versus 25.4 percent).
- Esri estimates renter percentages increased to 32.7 percent in the market area and 47.6 percent in the county from 2010 to 2017 with renter households accounting for all of the net household change in both areas during this period. Esri projections indicate the Madison Heights Market Area and Clayton County renter percentages will remain relatively stable over the next two years with renter households increasing by 133 in the Madison Heights Market Area and 613 in Clayton County from 2017 to 2019.
- The 2017 median income of households in the Madison Heights Market Area is \$52,729, \$9,156 or 21.0 percent higher than Clayton County's median income of \$43,572. Based on ACS and Esri estimates, the 2017 median income for householders in the Madison Heights Market Area is \$37,802 for renters and \$61,920 for owners. Just over one-third of renter households (33.8 percent) in the Madison Heights Market Area have an annual income of \$25,000 to \$49,999 while 21 percent of Madison Heights Market Area renter households earn \$50,000 to \$74,999 annually.

5. Competitive Housing Analysis

RPRG surveyed nine family communities in the Madison Heights Market Area all of which were market rate. RPRG also surveyed three LIHTC communities just outside the market area to gain insight into market conditions for LIHTC communities in the region, as none are located in the Madison Heights Market Area. Surveyed rental communities were performing well with a stable vacancy rate among market rate properties in the market area and a low vacancy rate among LIHTC communities outside the market area.

- Excluding Park at Tara Lake, which is currently under renovation, the eight stabilized rental communities in the market area reported 79 of 1,576 rental units vacant, a rate of 5.0 percent. Forty-two of the 79 vacant units reported at stabilized rental communities in the market area (53 percent) were at two properties, both of which are older market rate communities in poor condition. The stabilized vacancy rate among the more comparable communities is 3.4 percent.



- The three LIHTC communities outside the market area had one vacant unit among 438 units for a vacancy rate of just 0.2 percent. Two of the three LIHTC communities also reported waiting lists.
- Surveyed rental communities reported average net rents as follows:
 - **One bedroom** units in the market area had an average effective rent of \$741 with an average unit size of 760 square feet and an average rent per square foot of \$0.97. The three LIHTC properties just outside the market area reported an average effective one bedroom rent of \$766 with an average unit size of 794 square feet and an average rent per square foot of \$0.96.
 - **Two bedroom** units in the market area had an average effective rent of \$837 with an average unit size of 1,032 square feet and an average rent per square foot of \$0.81. The three LIHTC properties just outside the market area reported an average effective two bedroom rent of \$854 with an average unit size of 1,042 square feet and an average rent per square foot of \$0.82.
 - **Three bedroom** units in the market area had an average effective rent of \$1,010 with an average unit size of 1,351 square feet and an average rent per square foot of \$0.75. The three LIHTC properties just outside the market area reported an average effective rent of \$980 with an average unit size of 1,181 square feet and an average rent per square foot of \$0.83.
- DCA’s “average market rents” among comparable communities are \$855 for one bedroom units, \$950 for two bedroom units, and \$1,107 for three bedroom units. The proposed 50 percent and 60 percent rents at Madison Heights II will result in rent advantages of at least 29 percent for all floor plans. While the proposed market rate units cannot be expected to maintain a rent advantage, all of the proposed market rate rents also have a rent advantage of at least 20 percent. The overall rent advantage for the community is 31.1 percent.
- The only multi-family rental community planned or under construction in the Madison Heights Market Area is the first phase of Madison Heights, which received a tax credit allocation in 2016. An existing HUD Section 8 community (Keystone Apartments) is also being rehabilitated using four percent tax credits but will retain PBRA on all units and is not comparable to the proposed Madison Heights II.

B. Target Markets

Madison Heights II’s LIHTC units will target low to moderate income households earning at or below 50 percent and 60 percent of the Area Median Income (AMI) while the proposed market rate units will target households earning at or near the Area Median Income. The proposed unit mix includes one, two, and three bedroom units, which will appeal to a variety of household types including single persons, couples, and families.

C. Product Evaluation

Considered in the context of the competitive environment, the relative position of Madison Heights II is as follows:

- **Site:** The subject site is suitable for a rental housing development targeted to low and moderate income households. The site is comparable to existing rental communities in the market area and surrounding land uses are compatible with multi-family rental housing. The subject site is also convenient to major thoroughfares, public transportation, and community amenities including healthcare facilities, shopping opportunities, restaurants, and recreational facilities within two miles.



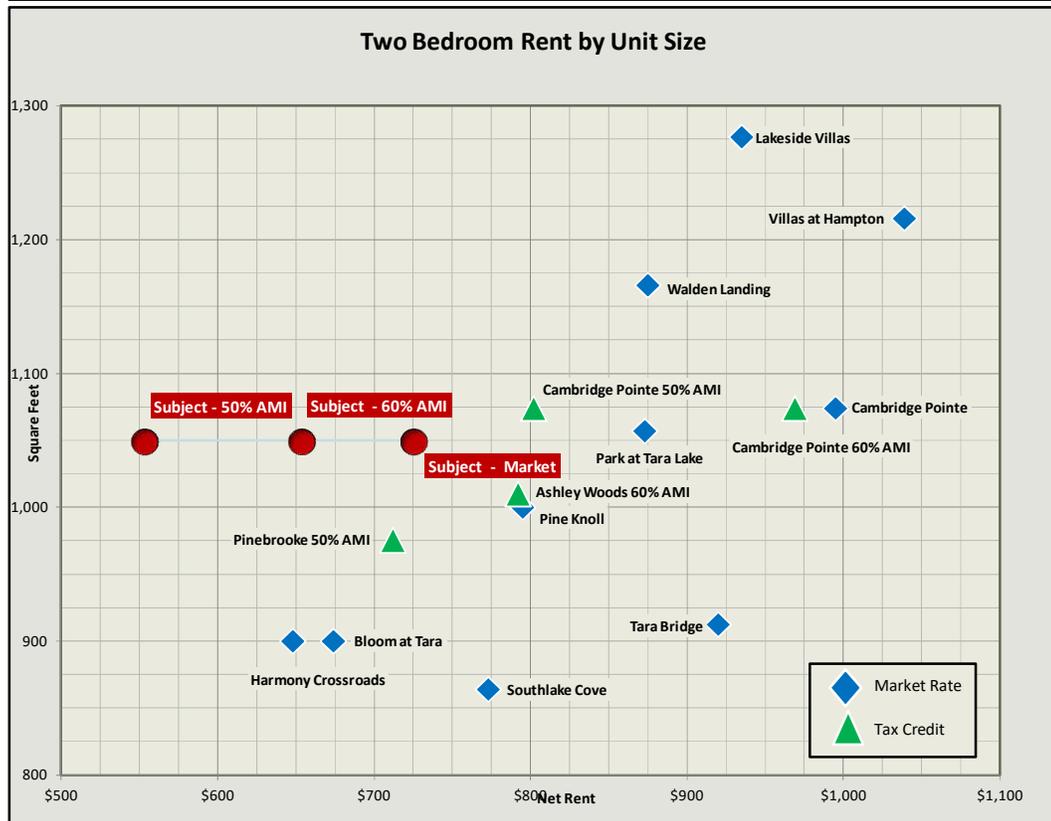
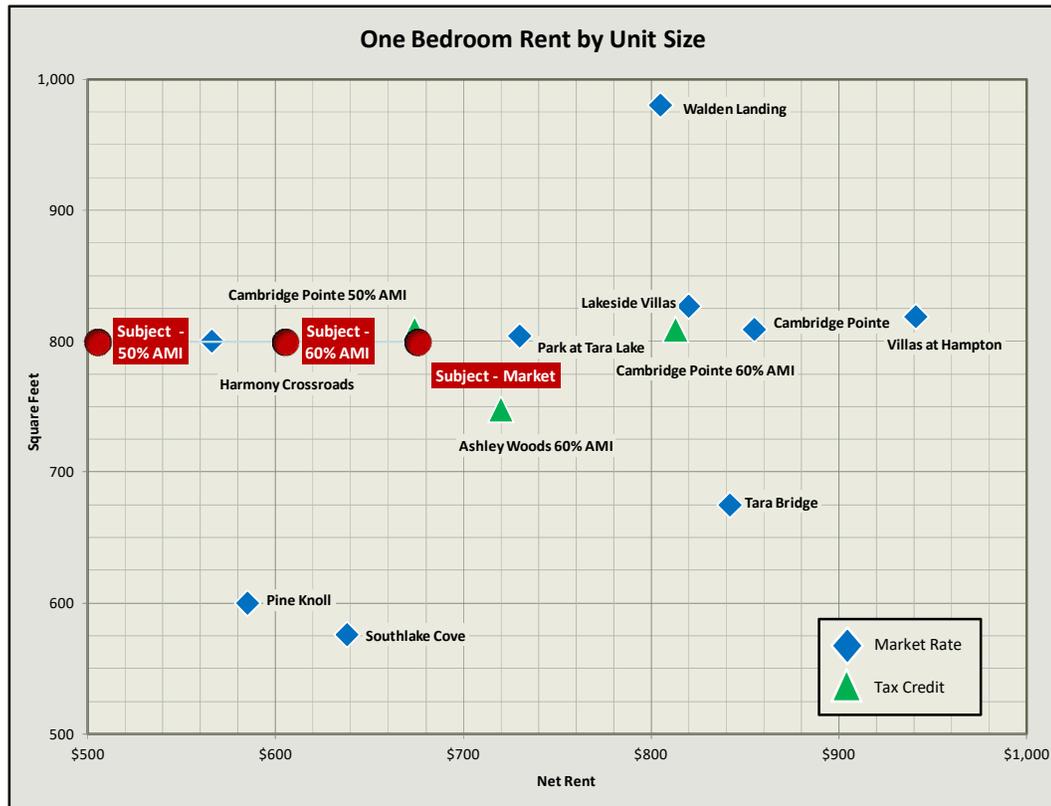
- **Unit Distribution:** Madison Heights II will offer 16 one bedroom units (13.3 percent), 72 two bedroom units (60 percent), and 32 three bedroom units (26.7 percent). One, two, and three bedroom units are common among surveyed rental communities both in and just outside the of the market area. While the proposed unit distribution at Madison Heights II skews more heavily toward larger units than surveyed market rate rental communities in the market area, the proposed unit distribution is comparable to LIHTC communities just outside the market area and consistent with the high percentage of larger households and families in the Madison Heights Market Area. The subject property's proposed unit distribution appears appropriate.
- **Unit Size:** Madison Heights II proposed units sizes are 800 square feet for one bedroom units, 1,050 square feet for two bedroom units, and 1,200 square feet for three bedroom units. These proposed units sizes will be competitive in the Madison Heights Market Area and larger than units at the majority of surveyed rental communities in and just outside of the market area including all three LIHTC communities for all floor plans. All of the proposed unit sizes are reasonable and appropriate.
- **Unit Features:** The newly constructed units at the subject property will offer kitchens equipped with a range, a refrigerator, a dishwasher, garbage disposal, and microwave. In addition, all units will include washer and dryer connections, central heating and air-conditioning, ceiling fans, and window blinds. The proposed unit features at Madison Heights II will be comparable to or superior to existing LIHTC and market rate rental communities in and just outside of the market area and will be well received by the target market.
- **Community Amenities:** Madison Heights II will offer a variety of community amenities including a wellness center, playground, community laundry room, fitness center, and covered porch. The amenities offered at the subject property will be competitive with existing LIHTC rental communities in and just outside of the market area are appropriate for the target market.
- **Marketability:** The subject property will offer a newly constructed garden-style product that will be significantly newer than all of the surveyed rental communities in and just outside of the market area. The subject property will also contain competitive in-unit features and community amenities comparable to or superior than those offered at existing market rate and LIHTC rental communities in and just outside in the market area. The subject property will also be located within two miles of numerous shopping opportunities, restaurants, community amenities, recreational venues, healthcare facilities, and service providers in southern Clayton County.

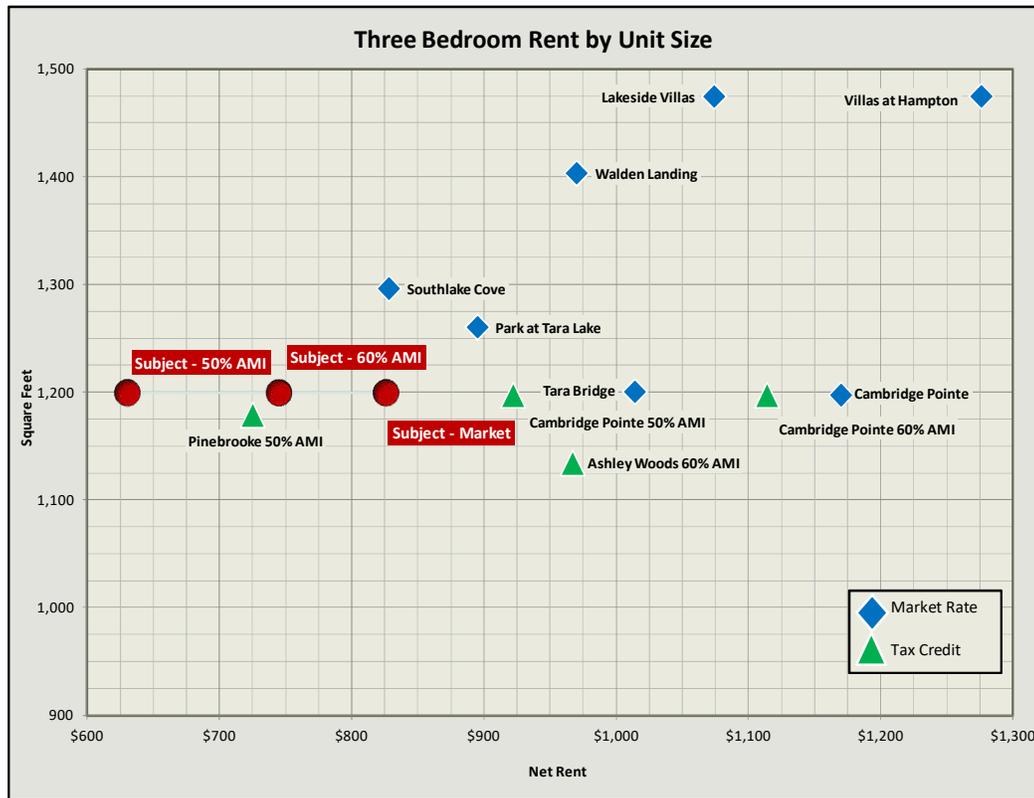
D. Price Position

The subject property's proposed 50 percent, 60 percent, and market rate rents will be priced at or near the bottom of the rental market, below nearly all market rate rental units in the market area and all LIHTC units just outside the market area for all floor plans. Given the low proposed rents and reasonable unit sizes, Madison Heights II units will also be among the lowest priced on a rent per square foot basis. The proposed rents appear reasonable and appropriate.



Figure 8 Price Position





11. ABSORPTION AND STABILIZATION RATES

A. Absorption Estimate

None of the surveyed rental communities in the Madison Heights Market Area were able to provide recent absorption history. In the absence of experiences at recently constructed rental communities, the projected absorption rate is based on projected household growth, income-qualified renter households, affordability/demand estimates, rental market conditions, and the marketability of the proposed site and product.

- Households are projected to increase at an annual rate of 0.6 percent or 171 households per year through 2019.
- More than 4,000 renter households will be income-qualified for one or more units proposed at Madison Heights II by its placed-in-service year of 2019.
- Rental market conditions are stable in the Madison Heights Market Area with a stabilized vacancy rate of 5.0 percent among market rate communities. The three LIHTC communities just outside the market area reported just one of 478 units vacant, a rate of 0.2 percent.
- All affordability and DCA demand capture rates are well within reasonable and achievable levels for a family rental community.
- Madison Heights II will offer properly positioned and well designed product that will appeal to low and moderate income renter households in the Madison Heights Market Area.

Based on projected household growth, reasonable affordability and demand capture rates, stable rental market conditions, and the product to be constructed, we conservatively estimate Madison Heights II will lease-up at a rate of 12 units per month. At this rate, the subject property will reach a stabilized occupancy of at least 93 percent in approximately nine to ten months.



B. Impact on Existing Market

Given the lack of LIHTC communities in the market area, stable vacancy rates among market rate communities, low proposed priced position, and low vacancy rates among LIHTC communities just outside the market area, we do not believe the development of the subject property will have an adverse impact on existing rental communities in the Madison Heights Market Area including those with tax credits. With steady household growth projected in the Madison Heights Market Area over the next two years, demand for affordable rental housing is likely to increase in the near-term. Given no LIHTC communities currently exist in the Madison Heights Market Area, both phases of Madison Heights will help to fill the void of quality affordable rental housing in the market.

12. INTERVIEWS

Primary information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included rental community property managers, and staff with the City of Lovejoy, Jonesboro Zoning Division, City of Hampton, Clayton County Planning and Zoning, and the Jonesboro Housing Authority.

13. CONCLUSIONS AND RECOMMENDATIONS

| Income/Unit Size | Income Limits | Units Proposed | Renter Income Qualification % | Total Demand | Large HH Size Adj. (3+ Persons) | Large HH Demand | Supply | Net Demand | Capture Rate | Absorption | Average Market Rent | Market Rents Band | Proposed Rents |
|--------------------------|----------------------------|----------------|-------------------------------|--------------|---------------------------------|-----------------|------------|--------------|--------------|--------------------|---------------------|-------------------|----------------|
| 50% Units | \$21,360 - \$36,450 | | | | | | | | | | | | |
| One Bedroom Units | \$21,360 - \$24,033 | 6 | 4.1% | 178 | | | 6 | 172 | 3.5% | 1 Month | \$855 | \$805-\$941 | \$505 |
| Two Bedroom Units | \$24,034 - \$30,400 | 10 | 10.2% | 443 | | | 10 | 433 | 2.3% | 1 Month | \$950 | \$875-\$1,039 | \$553 |
| Three Bedroom Units | \$30,401 - \$36,450 | 8 | 8.8% | 385 | 52.7% | 203 | 8 | 195 | 4.1% | 1 Month | \$1,107 | \$970-\$1,276 | \$629 |
| 60% Units | \$24,789 - \$43,740 | | | | | | | | | | | | |
| One Bedroom Units | \$24,789 - \$27,462 | 7 | 4.3% | 187 | | | 7 | 180 | 3.9% | 1 Month | \$855 | \$805-\$941 | \$605 |
| Two Bedroom Units | \$27,463 - \$36,480 | 36 | 13.6% | 592 | | | 36 | 556 | 6.5% | 3 Months | \$950 | \$875-\$1,039 | \$653 |
| Three Bedroom Units | \$36,481 - \$43,740 | 14 | 7.2% | 313 | 52.7% | 165 | 14 | 151 | 9.3% | 1-2 Months | \$1,107 | \$970-\$1,276 | \$744 |
| Market Rate Units | \$27,189 - \$58,320 | | | | | | | | | | | | |
| One Bedroom Units | \$27,189 - \$29,930 | 3 | 4.4% | 192 | | | 3 | 189 | 1.6% | 1 Month | \$855 | \$805-\$941 | \$675 |
| Two Bedroom Units | \$29,931 - \$48,640 | 26 | 21.7% | 943 | | | 26 | 917 | 2.8% | 2-3 Months | \$950 | \$875-\$1,039 | \$725 |
| Three Bedroom Units | \$48,641 - \$58,320 | 10 | 8.3% | 362 | 52.7% | 191 | 10 | 181 | 5.5% | 1 Month | \$1,107 | \$970-\$1,276 | \$825 |
| Bedroom Total | \$21,360 - \$58,320 | | | | | | | | | | | | |
| One Bedroom Units | \$21,360 - \$29,930 | 16 | 12.4% | 538 | | | 16 | 522 | 3.1% | 1-2 Months | \$855 | \$805-\$941 | \$675 |
| Two Bedroom Units | \$24,034 - \$48,640 | 72 | 31.1% | 1,353 | | | 72 | 1,281 | 5.6% | 7-8 Months | \$950 | \$875-\$1,039 | \$725 |
| Three Bedroom Units | \$30,401 - \$58,320 | 32 | 24.4% | 1,060 | 52.7% | 559 | 32 | 527 | 6.1% | 3-4 Months | \$1,107 | \$970-\$1,276 | \$825 |
| Project Total | \$21,360 - \$58,320 | | | | | | | | | | | | |
| 50% Units | \$21,360 - \$36,450 | 24 | 23.1% | 1,006 | | | 24 | 982 | 2.4% | 2 Months | | | |
| 60% Units | \$24,789 - \$43,740 | 57 | 25.1% | 1,092 | | | 57 | 1,035 | 5.5% | 4-5 Months | | | |
| LIHTC Units | \$21,360 - \$43,740 | 81 | 30.3% | 1,320 | | | 81 | 1,239 | 6.5% | 6-7 Months | | | |
| Market Rate Units | \$27,189 - \$58,320 | 39 | 34.4% | 1,497 | | | 39 | 1,458 | 2.7% | 3-4 Months | | | |
| Total Units | \$21,360 - \$58,320 | 120 | 43.5% | 1,893 | | | 120 | 1,773 | 6.8% | 9-10 Months | | | |

Based on an analysis of projected household growth trends, affordability and demand estimates, current rental market conditions, and socio-economic and demographic characteristics of the Madison Heights Market Area, RPRG believes that the subject property will be able to successfully reach and maintain a stabilized occupancy of at least 93 percent following its entrance into the rental market. The subject property will be competitively positioned with existing rental communities in the Madison Heights Market Area and the units will be well received by the target market. We recommend proceeding with the project as planned.

Michael Riley
Senior Analyst

Tad Scepianiak
Principal



APPENDIX 1 UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.
3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject project will be served by adequate transportation, utilities and governmental facilities.
5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.
7. The subject project will be developed, marketed and operated in a highly professional manner.
8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.
9. There are neither existing judgments nor any pending or threatened litigation, which could hinder the development, marketing or operation of the subject project.



The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.



APPENDIX 2 ANALYST CERTIFICATIONS

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
- I affirm that I have made a physical inspection of the market area and the subject property and that the 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, 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 the 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 on this project being funded.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.
- DCA may rely on the representation made in the market study provided and this document is assignable to other lenders that are parties to the DCA loan transaction.

A handwritten signature in black ink, appearing to read 'Michael Riley', is written over a horizontal line.

Michael Riley
Senior Analyst
Real Property Research Group, Inc.

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.



I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
- I affirm that the 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, 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 the 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 on this project being funded.
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- DCA may rely on the representation made in the market study provided and this document is assignable to other lenders that are parties to the DCA loan transaction.

A handwritten signature in black ink, appearing to read 'Tad Scepaniak', is written over a horizontal line.

Tad Scepaniak
Principal
Real Property Research Group, Inc.

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APPENDIX 3 NCHMA CERTIFICATION

This market study has been prepared by Real Property Research Group, Inc., a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the Standard Definitions of Key Terms Used in Market Studies for Affordable Housing Projects and Model Content Standards for the Content of Market Studies for Affordable Housing Projects. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

Real Property Research Group, Inc. is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principals participate in NCHMA educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Real Property Research Group, Inc. is an independent market analyst. No principal or employee of Real Property Research Group, Inc. has any financial interest whatsoever in the development for which this analysis has been undertaken.

While the document specifies Real Property Research Group, Inc., the certification is always signed by the individual completing the study and attesting to the certification.

Real Property Research Group, Inc.



Tad Scepaniak
Name

Principal
Title

May 9, 2017
Date



APPENDIX 4 ANALYST RESUMES

ROBERT M. LEFENFELD

Mr. Lefenfeld is the Managing Principal of the firm with over 30 years of experience in the field of residential market research. Before founding Real Property Research Group in February, 2001, Bob served as an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles. Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, analyzing markets throughout the Eastern United States and evaluating the company's active building operation.

Bob oversees the execution and completion of all of the firm's research assignments, ranging from a strategic assessment of new development and building opportunities throughout a region to the development and refinement of a particular product on a specific site. He combines extensive experience in the real estate industry with capabilities in database development and information management. Over the years, he has developed a series of information products and proprietary databases serving real estate professionals.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders, the National Council on Seniors' Housing and various local homebuilder associations. Bob serves as a visiting professor for the Graduate Programs in Real Estate Development, School of Architecture, Planning and Preservation, University of Maryland College Park. He has served as National Chair of the National Council of Affordable Housing Market Analysts (NCAHMA) and is currently a board member of the Baltimore chapter of Lambda Alpha Land Economics Society.

Areas of Concentration:

Strategic Assessments: Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

Feasibility Analysis: Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects of these analyses have included for-sale single family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations, and continuing care facilities for the elderly. In addition, he has conducted feasibility work in conjunction with Hope VI applications for redevelopment of public housing sites and analyses of rental developments for 221(d)4 insurance and tax credit applications.

Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for-sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), allowing the comprehensive integration of data.

Education:

Masters of Urban and Regional Planning; The George Washington University.
Bachelor of Arts, Political Science; Northeastern University.



TAD SCEPANIAK

Tad Scepaniak directs the Atlanta office of Real Property Research Group and leads the firm's affordable housing practice. Tad directs the firm's efforts in the southeast and south central United States and has worked extensively in North Carolina, South Carolina, Georgia, Florida, Tennessee, Iowa, and Michigan. He specializes in the preparation of market feasibility studies for rental housing communities, including market-rate apartments developed under the HUD 221(d)(4) program and affordable housing built under the Low-Income Housing Tax Credit program. Along with work for developer clients, Tad is the key contact for research contracts with the North Carolina, South Carolina, Georgia, Michigan, and Iowa Housing Finance agencies. Tad is also responsible for development and implementation of many of the firm's automated systems.

Tad is National Chair of the National Council of Housing Market Analysts (NCHMA) and previously served as the Vice-Chair and Co-Chair of Standards Committee. He has taken a lead role in the development of the organization's Standard Definitions and Recommended Market Study Content, and he has authored and co-authored white papers on market areas, derivation of market rents, and selection of comparable properties. Tad is also a founding member of the Atlanta chapter of the Lambda Alpha Land Economics Society.

Areas of Concentration:

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program; however his experience includes assisted living facilities and market rate senior rental communities.

Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

Public Housing Authority Consultation: Tad has worked with Housing Authorities throughout the United States to document trends rental and for sale housing market trends to better understand redevelopment opportunities. He has completed studies examining development opportunities for housing authorities through the Choice Neighborhood Initiative or other programs in Florida, Georgia, North Carolina, South Carolina, Texas, and Tennessee.

Education:

Bachelor of Science – Marketing; Berry College – Rome, Georgia.



MICHAEL RILEY

Michael Riley entered the field of Real Estate Market Research in 2006, joining Real Property Research Group's (RPRG) Atlanta office as a Research Associate upon college graduation. During Michael's time as a Research Associate, he gathered economic, demographic, and competitive data for market feasibility analyses and other consulting projects completed by the firm. Since 2007, Michael has served as an Analyst for RPRG, conducting a variety of market analyses for affordable and market rate rental housing communities throughout the United States. In total, Michael has conducted work in eleven states and the District of Columbia with particular concentrations in the Southeast and Midwest regions.

Areas of Concentration:

- **Low Income Housing Tax Credit Rental Housing** – Michael has worked extensively with the Low Income Housing Tax Credit program, evaluating general occupancy, senior oriented, and special needs developments for State allocating agencies, lenders, and developers. His work with the LIHTC program has spanned a wide range of project types, including newly constructed communities, adaptive reuses, and rehabilitations. Michael also has extensive experience analyzing multiple subsidy projects, such as those that contain rental assistance through the HUD Section 8/202 and USDA Section 515 programs.
- **Market Rate Rental Housing** – Michael has analyzed various projects for lenders and developers of market rate rental housing including those compliant with HUD MAP guidelines under the FHA 221(d)(4) program. The market rate studies produced are often used to determine the rental housing needs of a specific submarket and to obtain financing.

In addition to market analysis responsibilities, Michael has also assisted in the development of research tools for the organization, including a rent comparability table incorporated in many RPRG analyses.

Education:

Bachelor of Business Administration – Finance; University of Georgia, Athens, GA



APPENDIX 5 DCA CHECKLIST

I understand that by initializing (or checking) the following items, I am stating that those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report. A list listing of page number(s) is equivalent to check or initializing.

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

I also certify that I have inspected the subject property as well as all rent comparables.

Signed:  Date: May 9, 2017
 Michael Riley

A. Executive Summary

1. Project Description:
 - i. Brief description of the project location including address and/or position relative to the closest cross-street Page(s) 1
 - ii. Construction and Occupancy Types Page(s) 1
 - iii. Unit mix, including bedrooms, bathrooms, square footage, Income targeting, rents, and utility allowance Page(s) 1
 - iv. Any additional subsidies available, including project based rental assistance (PBRA) Page(s) 1
 - v. Brief description of proposed amenities and how they compare with existing properties Page(s) 1-2
2. Site Description/Evaluation:
 - i. A brief description of physical features of the site and adjacent parcels Page(s) 2
 - ii. A brief overview of the neighborhood land composition (residential, commercial, industrial, agricultural) Page(s) 2
 - iii. A discussion of site access and visibility Page(s) 2
 - iv. Any significant positive or negative aspects of the subject site Page(s) 2
 - v. A brief summary of the site's proximity to neighborhood services including shopping, medical care, employment concentrations, public transportation, etc Page(s) 2
 - vi. A brief description of public safety, including comments on local perceptions, maps, or statistics of crime in the area Page(s) 2
 - vii. An overall conclusion of the site's appropriateness for the proposed development Page(s) 2
3. Market Area Definition:
 - i. A brief definition of the primary market area (PMA) including boundaries and their approximate distance from the subject site Page(s) 2-3
4. Community Demographic Data:
 - i. Current and projected household and population counts for the PMA Page(s) 3
 - ii. Household tenure including any trends in rental rates Page(s) 3



- iii. Household income level Page(s) 3
- iv. Discuss Impact of foreclosed, abandoned / vacant, single and multi-family homes, and commercial properties in the PMA of the proposed development Page(s) 3
- 5. Economic Data:
 - i. Trends in employment for the county and/or region..... Page(s) 4
 - ii. Employment by sector for the primary market area Page(s) 4
 - iii. Unemployment trends for the county and/or region for the past five years..... Page(s) 4
 - iv. Brief discussion of recent or planned employment contractions or expansions..... Page(s) 4
 - v. Overall conclusion regarding the stability of the county’s economic environment. Page(s) 4
- 6. Project Specific Affordability and Demand Analysis:
 - i. Number of renter households income qualified for the proposed development. For senior projects, this should be age and income qualified renter households..... Page(s) 4-5
 - ii. Overall estimate of demand based on DCA’s demand methodology..... Page(s) 5
 - iii. Capture rates for the proposed development including the overall project, all LIHTC units (excluding any PBRA or market rate units), and a conclusion regarding the achievability of these capture rates. Page(s) 5
- 7. Competitive Rental Analysis
 - i. An analysis of the competitive properties in the PMA. Page(s) 5-6
 - ii. Number of properties..... Page(s) 5
 - iii. Rent bands for each bedroom type proposed. Page(s) 5-6
 - iv. Average market rents Page(s) 6
- 8. Absorption/Stabilization Estimate:
 - i. Expected absorption rate of the subject property (units per month)..... Page(s) 6
 - ii. Expected absorption rate by AMI targeting (capture rate chart)..... Page(s) 7
 - iii. Months required for the project to reach a stabilized occupancy of 93 percent. Page(s) 6
- 9. Overall Conclusion:
 - i. A narrative detailing key conclusions of the report including the analyst’s opinion regarding the proposed development’s potential for success..... Page(s) 7
- 10. Summary Table Page(s) 8

B. Project Description

- 1. Project address and location Page(s) 11
- 2. Construction type. Page(s) 11
- 3. Occupancy Type. Page(s) 11
- 4. Special population target (if applicable). Page(s) N/A
- 5. Number of units by bedroom type and income targeting (AMI)..... Page(s) 12
- 6. Unit size, number of bedrooms, and structure type. Page(s) 12
- 7. Rents and Utility Allowances. Page(s) 12
- 8. Existing or proposed project based rental assistance..... Page(s) 12
- 9. Proposed development amenities Page(s) 12
- 10. For rehab proposals, current occupancy levels, rents, tenant incomes (if applicable), and scope of work including an estimate of the total and per unit construction cost. Page(s) N/A
- 11. Projected placed-in-service date Page(s) 12

C. Site Evaluation

- 1. Date of site / comparables visit and name of site inspector Page(s) 10
- 2. Site description
 - i. Physical features of the site. Page(s) 14



- ii. Positive and negative attributes of the site..... Page(s) 13, 22
 - iii. Detailed description of surrounding land uses including their condition..... Page(s) 16
 - 3. Description of the site’s physical proximity to surrounding roads, transportation, amenities, employment, and community services..... Page(s) 19-22
 - 4. Color photographs of the subject property, surrounding neighborhood, and street scenes with a description of each vantage point..... Page(s) 14-15
 - 5. Neighborhood Characteristics
 - i. Map identifying the location of the project..... Page(s) 13
 - ii. List of area amenities including their distance (in miles) to the subject site..... Page(s) 20
 - iii. Map of the subject site in proximity to neighborhood amenities..... Page(s) 21
 - 6. Describe the land use and structures of the area immediately surrounding the site including significant concentrations of residential, commercial, industrial, vacant, or agricultural uses; comment on the condition of these existing land uses. Page(s) 16
 - 7. Map identifying existing low-income housing in the market area Page(s) 22
 - 8. Road or infrastructure improvements planned or under construction in the PMA..... Page(s) 19
 - 9. Discussion of accessibility, ingress/egress, and visibility of the subject site..... Page(s) 18-19
 - 10. Overall conclusions about the subject site, as it relates to the marketability of the proposed development..... Page(s) 22

D. Market Area

- 1. Definition of the primary market area (PMA) including boundaries and their approximate distance from the subject site..... Page(s) 23
- 2. Map Identifying subject property’s location within market area..... Page(s) 24

E. Community Demographic Data

- 1. Population Trends
 - i. Total Population..... Page(s) 25
 - ii. Population by age group..... Page(s) 27
 - iii. Number of elderly and non-elderly..... Page(s) 27
 - iv. Special needs population (if applicable)..... Page(s) N/A
- 2. Household Trends
 - i. Total number of households and average household size..... Page(s) 25
 - ii. Household by tenure..... Page(s) 28
 - iii. Households by income..... Page(s) 29
 - iv. Renter households by number of persons in the household..... Page(s) 29

F. Employment Trends

- 1. Total jobs in the county or region..... Page(s) 34
- 2. Total jobs by industry – numbers and percentages..... Page(s) 35
- 3. Major current employers, product or service, total employees, anticipated expansions/contractions, as well as newly planned employers and their impact on employment in the market area..... Page(s) 36-37
- 4. Unemployment trends, total workforce figures, and number and percentage unemployed for the county over the past five years..... Page(s) 33
- 5. Map of the site and location of major employment concentrations..... Page(s) 37
- 6. Analysis of data and overall conclusions relating to the impact on housing demand..... Page(s) 37



G. Project-specific Affordability and Demand Analysis

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|
| 1. Income Restrictions / Limits | Page(s) | 38, 39 |
| 2. Affordability estimates | Page(s) | 38-40 |
| 3. Components of Demand | | |
| i. Demand from new households..... | Page(s) | 41-42 |
| ii. Demand from existing households..... | Page(s) | 41-42 |
| iii. Elderly Homeowners likely to convert to rentership..... | Page(s) | 41-42 |
| iv. Other sources of demand (if applicable)..... | Page(s) | N/A |
| 4. Net Demand, Capture Rate, and Stabilization Calculations | | |
| i. Net demand | | |
| 1. By AMI Level | Page(s) | 42 |
| 2. By floor plan | Page(s) | 42 |
| ii. Capture rates | | |
| 1. By AMI level | Page(s) | 42 |
| 2. By floor plan | Page(s) | 42 |
| 5. Capture rate analysis chart | Page(s) | 42 |
| 6. Detailed project information for each competitive rental community surveyed | | |
| i. Charts summarizing competitive data including a comparison of the proposed project's rents, square footage, amenities, to comparable rental communities in the market area..... | Page(s) | 45-49 |
| 7. Additional rental market information | | |
| i. An analysis of voucher and certificates available in the market area..... | Page(s) | 51 |
| ii. Lease-up history of competitive developments in the market area..... | Page(s) | 47, |
| iii. Tenant profile and waiting list of existing phase (if applicable) | Page(s) | N/A |
| iv. Competitive data for single-family rentals, mobile homes, etc. in rural areas if lacking sufficient comparables (if applicable)..... | Page(s) | N/A |
| 8. Map showing competitive projects in relation to the subject property..... | Page(s) | 45 |
| 9. Description of proposed amenities for the subject property and assessment of quality and compatibility with competitive rental communities..... | Page(s) | 48 |
| 10. For senior communities, an overview / evaluation of family properties in the PMA..... | Page(s) | N/A |
| 11. Subject property's long-term impact on competitive rental communities in the PMA..... | Page(s) | 60 |
| 12. Competitive units planned or under construction the market area | | |
| i. Name, address/location, owner, number of units, configuration, rent structure, estimated date of market entry, and any other relevant information..... | Page(s) | 51 |
| 13. Narrative or chart discussing how competitive properties compare with the proposed development with respect to total units, rents, occupancy, location, etc..... | Page(s) | 56 |
| i. Average market rent and rent advantage..... | Page(s) | 51 |
| 14. Discussion of demand as it relates to the subject property and all comparable DCA funded projects in the market area..... | Page(s) | 41-42 |
| 15. Rental trends in the PMA for the last five years including average occupancy trends and projection for the next two years..... | Page(s) | N/A |
| 16. Impact of foreclosed, abandoned, and vacant single and multi-family homes as well commercial properties in the market area..... | Page(s) | 52 |
| 17. Discussion of primary housing voids in the PMA as they relate to the subject property..... | Page(s) | 60 |

H. Absorption and Stabilization Rates

| | | |
|-------------------------------------------------------------|---------|----|
| 1. Anticipated absorption rate of the subject property..... | Page(s) | 59 |
| 2. Stabilization period..... | Page(s) | 59 |



I. Interviews.....Page(s) 60

J. Conclusions and Recommendations

- 1. Conclusion as to the impact of the subject property on PMA.....Page(s) 60
- 2. Recommendation as the subject property's viability in PMA.....Page(s) 60

K. Signed Statement Requirements.....Page(s) App.



APPENDIX 6 RENTAL COMMUNITY PROFILES

| Community | Address | City | State | Phone Number | Date Surveyed | Contact |
|--------------------|----------------------|-------------|-------|--------------|---------------|------------------|
| Ashley Woods | 1050 Rock Quarry Rd. | Stockbridge | GA | 770-474-8444 | 5/9/2017 | Property Manager |
| Bloom at Tara | 790 Dixon Rd. | Jonesboro | GA | 770-478-1202 | 5/11/2017 | Property Manager |
| Cambridge Pointe | 3384 Mt. Zion Rd. | Stockbridge | GA | 770-282-3345 | 5/11/2017 | Property Manager |
| Harmony Crossroads | 8050 Tara Blvd. | Jonesboro | GA | 770-471-4003 | 5/11/2017 | Property Manager |
| Lakeside Villas | 1992 Lovejoy Rd. | Hampton | GA | 770-744-0831 | 5/9/2017 | Property Manager |
| Park at Tara Lake | 7545 Tara Rd. | Jonesboro | GA | 770-472-5228 | 5/11/2017 | Property Manager |
| Pine Knoll | 7393 Tara Rd. | Jonesboro | GA | 770-478-3020 | 5/11/2017 | Property Manager |
| Pinebrooke | 9170 Dorsey Rd. | Riverdale | GA | 770-210-0800 | 5/11/2017 | Property Manager |
| Southlake Cove | 7509 Jonesboro Rd. | Jonesboro | GA | 678-610-8919 | 5/11/2017 | Property Manager |
| Tara Bridge | 1 Magnolia Cir. | Jonesboro | GA | 770-478-3288 | 5/11/2017 | Property Manager |
| Villas at Hampton | 12227 Tara Blvd. | Hampton | GA | 678-479-6585 | 5/11/2017 | Property Manager |
| Walden Landing | 11015 Tara Blvd. | Hampton | GA | 770-471-4411 | 5/9/2017 | Property Manager |

Ashley Woods

Multifamily Community Profile

1050 Rock Quarry Rd
Stockbridge, GA

CommunityType: LIHTC - General

Structure Type: Garden

128 Units 0.0% Vacant (0 units vacant) as of 5/9/2017

Opened in 1991



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---------------------------------------------------|---------------------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 12.5% | \$735 | 748 | \$0.98 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 50.0% | \$812 | 1,010 | \$0.80 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | 37.5% | \$992 | 1,134 | \$0.87 | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

| Features | |
|---------------------------------------------------------------------------------------------------|---------------|
| Standard: Dishwasher; Disposal; Ice Maker; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | Fee: -- |
| Property Manager: | -- |
| Owner: | -- |

Comments

Amenity Fee: \$ 0

| Floorplans (Published Rents as of 5/9/2017) (2) | | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | |
|-------------------------------------------------|---------|-----|------|--------|-------|-------|---------|------------|--------|----------------------------------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | 16 | \$735 | 748 | \$.98 | LIHTC/ 60% | 5/9/17 | 0.0% | \$735 | \$812 | \$992 |
| Garden | -- | 2 | 1 | 64 | \$812 | 1,010 | \$.80 | LIHTC/ 60% | 3/8/07 | 10.2% | -- | -- | -- |
| Garden | -- | 3 | 2 | 48 | \$992 | 1,134 | \$.87 | LIHTC/ 60% | | | | | |

Adjustments to Rent

Incentives:

NONE

Utilities in Rent: Heat Fuel: Natural Gas

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Bloom at Tara

Multifamily Community Profile

790 Dixon Rd.
Jonesboro, GA 30238

CommunityType: Market Rate - General

Structure Type: Garden/TH

116 Units 1.7% Vacant (2 units vacant) as of 5/11/2017

Last Major Rehab in 1993 Opened in 1969



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|-------------------------------------------------|---------------------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | -- | -- | -- | -- | Comm Rm: <input type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | -- | \$694 | 900 | \$0.77 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | -- | -- | -- | -- | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

| Features | |
|---------------------------------------------------------------|---------------|
| Standard: Dishwasher; In Unit Laundry (Hook-ups); Central A/C | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | Fee: -- |
| Property Manager: Jamco | |
| Owner: -- | |

Comments

FKA Hidden Pines at Tara. Breakdown by floorplan not available.

| Floorplans (Published Rents as of 5/11/2017) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--------------------------------------------------|---------|-----|------|--------|-------|------|---------|---------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 2 | 1 | -- | \$649 | 850 | \$.76 | Market | 5/11/17 | 1.7% | -- | \$694 | -- |
| Townhouse | -- | 2 | 1.5 | -- | \$679 | 950 | \$.71 | Market | 5/19/16 | 4.3% | -- | \$705 | -- |

Adjustments to Rent

Incentives:

\$299 for May 2017 rent.

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Cambridge Pointe

Multifamily Community Profile

3384 Mt. Zion Rd.
Stockbridge, GA 30281

CommunityType: LIHTC - General

Structure Type: Garden

180 Units 0.6% Vacant (1 units vacant) as of 5/11/2017

Opened in 2001



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|-------------------------------------|-------------------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | -- | \$796 | 809 | \$0.98 | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Two | -- | \$942 | 1,074 | \$0.88 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Three | -- | \$1,094 | 1,197 | \$0.91 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Four+ | -- | \$1,217 | 1,448 | \$0.84 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | | | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| Features | |
|--------------------------------------------------------------------------------------------------------------------|---------------|
| Standard: Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Carpet | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | Fee: -- |
| Property Manager: | -- |
| Owner: | -- |

Comments

48- 1BR, 60- 2BR, 56- 3BR, 16- 4BR. No further breakdown available.

Vacancy is a 1BR Tax Credit unit. Wait list.

Dog park, free coffee, BBQ/grilling/picnic area. White apps.

| Floorplans (Published Rents as of 5/11/2017) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--------------------------------------------------|---------|-----|------|--------|---------|-------|---------|------------|----------------------------------|------|--------|--------|---------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | -- | \$689 | 809 | \$0.85 | LIHTC/ 50% | 5/11/17 | 0.6% | \$796 | \$942 | \$1,094 |
| Garden | -- | 1 | 1 | -- | \$828 | 809 | \$1.02 | LIHTC/ 60% | | | | | |
| Garden | -- | 1 | 1 | -- | \$870 | 809 | \$1.08 | Market | | | | | |
| Garden | -- | 2 | 2 | -- | \$822 | 1,074 | \$0.77 | LIHTC/ 50% | | | | | |
| Garden | -- | 2 | 2 | -- | \$989 | 1,074 | \$0.92 | LIHTC/ 60% | | | | | |
| Garden | -- | 2 | 2 | -- | \$1,015 | 1,074 | \$0.95 | Market | | | | | |
| Garden | -- | 3 | 2 | -- | \$947 | 1,197 | \$0.79 | LIHTC/ 50% | | | | | |
| Garden | -- | 3 | 2 | -- | \$1,139 | 1,197 | \$0.95 | LIHTC/ 60% | | | | | |
| Garden | -- | 3 | 2 | -- | \$1,195 | 1,197 | \$1.00 | Market | | | | | |
| Garden | -- | 4 | 3 | -- | \$1,053 | 1,448 | \$0.73 | LIHTC/ 50% | | | | | |
| Garden | -- | 4 | 3 | -- | \$1,268 | 1,448 | \$0.88 | LIHTC/ 60% | | | | | |
| Garden | -- | 4 | 3 | -- | \$1,330 | 1,448 | \$0.92 | Market | | | | | |

Adjustments to Rent

Incentives: None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Cambridge Pointe

GA151-025099

Harmony Crossroads

Multifamily Community Profile

8050 Tara Boulevard
Jonesboro, GA 30236

Community Type: Market Rate - General

Structure Type: 2-Story Garden

134 Units 8.2% Vacant (11 units vacant) as of 5/11/2017

Opened in 1969



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---------------------------------------------------|---------------------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 28.4% | \$581 | 800 | \$0.73 | Comm Rm: <input type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 71.6% | \$668 | 900 | \$0.74 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | -- | -- | -- | -- | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

| Features | |
|------------------------------------------------------------------------------------------------------------------------------|---------------|
| Standard: Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Carpet / Vinyl/Linoleum | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | -- |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | Fee: -- |
| Property Manager: | -- |
| Owner: | -- |

Comments

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

| Floorplans (Published Rents as of 5/11/2017) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | |
|--------------------------------------------------|--|--|--|--|--|--|--|--|----------------------------------|--|--|--|
|--------------------------------------------------|--|--|--|--|--|--|--|--|----------------------------------|--|--|--|

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|-------------|---------|-----|------|--------|-------|------|---------|---------|---------|------|--------|--------|--------|
| Garden | -- | 1 | 1 | 38 | \$579 | 800 | \$.72 | Market | 5/11/17 | 8.2% | \$581 | \$668 | -- |
| Garden | -- | 2 | 1 | 96 | \$669 | 900 | \$.74 | Market | | | | | |

Adjustments to Rent

Incentives:
\$299 for 1st month rent.

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Lakeside Villas

Multifamily Community Profile

1992 Lovejoy Rd.
Hampton, GA 30228

Community Type: Market Rate - General

Structure Type: Garden

250 Units 5.2% Vacant (13 units vacant) as of 5/9/2017

Opened in 2002



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|---------|----------|----------|-------------|---------------------------------------------------|--------------------------------------------------|
| Bedroom | % Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 22.0% | \$835 | 827 | \$1.01 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 48.0% | \$955 | 1,277 | \$0.75 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input checked="" type="checkbox"/> |
| Three | 19.2% | \$1,099 | 1,474 | \$0.75 | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input checked="" type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

| Features | |
|----------------------------------------------------------------------------------------|-----------------------------------------|
| Standard: Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony | |
| Select Units: Ceiling Fan | |
| Optional(\$): -- | |
| Security: -- | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: Detached Garage Fee: \$75 |
| Property Manager: -- Owner: -- | |

Comments

Dog park, BBQ/grilling area.

Floorplans (Published Rents as of 5/9/2017) (2)

Historic Vacancy & Eff. Rent (1)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|-------------|---------|-----|------|--------|---------|-------|---------|---------|---------|------|--------|--------|---------|
| Garden | -- | 1 | 1 | 31 | \$770 | 786 | \$.98 | Market | 5/9/17 | 5.2% | \$835 | \$955 | \$1,099 |
| Garden | Garage | 1 | 1 | 24 | \$863 | 880 | \$.98 | Market | 5/19/16 | 4.0% | \$761 | \$935 | \$1,028 |
| Garden | -- | 2 | 2 | 108 | \$914 | 1,274 | \$.72 | Market | | | | | |
| Garden | Garage | 2 | 2 | 12 | \$1,024 | 1,305 | \$.78 | Market | | | | | |
| Garden | Garage | 3 | 2 | 12 | \$1,124 | 1,460 | \$.77 | Market | | | | | |
| Garden | -- | 3 | 2 | 36 | \$1,044 | 1,479 | \$.71 | Market | | | | | |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Park at Tara Lake

Multifamily Community Profile

7545 Tara Rd
Jonesboro, GA 30236

Community Type: Market Rate - General

Structure Type: Garden

230 Units 23.9% Vacant (55 units vacant) as of 5/11/2017

Last Major Rehab in 2017 Opened in 1998



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|---------|----------|----------|-------------|-------------------------------------|-------------------------------------|
| Bedroom | % Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 21.7% | \$745 | 804 | \$0.93 | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Two | 43.5% | \$893 | 1,057 | \$0.84 | <input type="checkbox"/> | <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Three | 34.8% | \$920 | 1,260 | \$0.73 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Four+ | -- | -- | -- | -- | <input type="checkbox"/> | <input type="checkbox"/> |
| | | | | | Playground: | <input checked="" type="checkbox"/> |

| Features | |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Standard: Dishwasher; Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Storage (In Unit); Carpet | |
| Select Units: Fireplace | |
| Optional(\$): -- | |
| Security: Fence; Gated Entry | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: -- Fee: -- |
| Property Manager: -- Owner: -- | |

Comments

Under renovation. Mgt did not know how many units were down units.

BBQ/picnic area.

Former LIHTC Community. FKA Pointe Clear.

Amenity Fee: \$ 0

Floorplans (Published Rents as of 5/11/2017) (2)

Historic Vacancy & Eff. Rent (1)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|-------------|---------|-----|------|--------|-------|-------|---------|---------|---------|-------|--------|--------|--------|
| Garden | -- | 1 | 1 | 50 | \$720 | 804 | \$.90 | Market | 5/11/17 | 23.9% | \$745 | \$893 | \$920 |
| Garden | -- | 2 | 2 | 50 | \$850 | 1,044 | \$.81 | Market | 5/20/16 | 0.4% | \$640 | \$745 | \$850 |
| Garden | -- | 2 | 2 | 50 | \$875 | 1,070 | \$.82 | Market | | | | | |
| Garden | -- | 3 | 2 | 80 | \$915 | 1,260 | \$.73 | Market | | | | | |

Adjustments to Rent

Incentives:

3BR \$885/mo. Including water, sewer, & trash.

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Pine Knoll

Multifamily Community Profile

7393 Tara Rd
Jonesboro, GA 30236

Community Type: Market Rate - General

Structure Type: Garden

46 Units 4.3% Vacant (2 units vacant) as of 5/11/2017

Opened in 1985



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|--------|----------|----------|-------------|---------------------------------------------------|---------------------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input type="checkbox"/> | <input type="checkbox"/> |
| One | 78.3% | \$600 | 600 | \$1.00 | Comm Rm: <input type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 21.7% | \$815 | 1,000 | \$0.82 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | -- | -- | -- | -- | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input type="checkbox"/> | |

| Features | |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Standard: Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Storage (In Unit); Carpet | |
| Select Units: Dishwasher | |
| Optional(\$): -- | |
| Security: -- | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: -- Fee: -- |
| Property Manager: -- Owner: -- | |

Comments

Vacancies are both 2BR units.

| Floorplans (Published Rents as of 5/11/2017) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--------------------------------------------------|---------|-----|------|--------|-------|-------|---------|---------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | 36 | \$600 | 600 | \$1.00 | Market | 5/11/17 | 4.3% | \$600 | \$815 | -- |
| Garden | -- | 2 | 1 | 7 | \$800 | 1,000 | \$.80 | Market | | | | | |
| Garden | -- | 2 | 2 | 3 | \$850 | 1,000 | \$.85 | Market | | | | | |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Pinebrooke

Multifamily Community Profile

9170 Dorsey Road
Riverdale, GA 30274

Community Type: LIHTC - General

Structure Type: Garden/TH

130 Units 0.0% Vacant (0 units vacant) as of 5/11/2017

Opened in 1997



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | | | |
|-------------------------------|--------|----------|----------|-------------|---------------------|-------------------------------------|--------------|-------------------------------------|
| Bedroom | %Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | <input checked="" type="checkbox"/> | Pool-Outdr: | <input checked="" type="checkbox"/> |
| Eff | -- | -- | -- | -- | Comm Rm: | <input checked="" type="checkbox"/> | Basketball: | <input checked="" type="checkbox"/> |
| One | -- | -- | -- | -- | Centrl Lndry: | <input checked="" type="checkbox"/> | Tennis: | <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Elevator: | <input type="checkbox"/> | Volleyball: | <input checked="" type="checkbox"/> |
| Two | -- | \$732 | 976 | \$0.75 | Fitness: | <input type="checkbox"/> | CarWash: | <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Hot Tub: | <input type="checkbox"/> | BusinessCtr: | <input type="checkbox"/> |
| Three | -- | \$750 | 1,179 | \$0.64 | Sauna: | <input type="checkbox"/> | ComputerCtr: | <input type="checkbox"/> |
| Four+ | -- | \$850 | 1,358 | \$0.63 | Playground: | <input checked="" type="checkbox"/> | | |

| Features | |
|----------------------------------------------------------------------------------------|--------------------------|
| Standard: Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony | |
| Select Units: Ceiling Fan | |
| Optional(\$): -- | |
| Security: Fence; Gated Entry | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: -- Fee: -- |
| Property Manager: Brisben Owner: -- | |

Comments

24- 2BR, 76- 3BR, 23- 4BR. No further breakdown available.

Free after school program.

FKA Fairway Pointe.

Floorplans (Published Rents as of 5/11/2017) (2)

Historic Vacancy & Eff. Rent (1)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|-------------|---------|-----|------|--------|-------|-------|---------|------------|---------|------|--------|--------|--------|
| Townhouse | -- | 2 | 2 | -- | \$732 | 1,093 | \$.67 | LIHTC/ 50% | 5/11/17 | 0.0% | -- | \$732 | \$750 |
| Garden | -- | 2 | 2 | -- | \$732 | 858 | \$.85 | LIHTC/ 50% | 5/19/16 | 2.3% | -- | \$650 | \$750 |
| Garden | -- | 3 | 2 | -- | \$750 | 1,048 | \$.72 | LIHTC/ 50% | | | | | |
| Townhouse | -- | 3 | 2 | -- | \$750 | 1,309 | \$.57 | LIHTC/ 50% | | | | | |
| Townhouse | -- | 4 | 2 | -- | \$850 | 1,358 | \$.63 | LIHTC/ 50% | | | | | |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Southlake Cove

Multifamily Community Profile

7509 Jonesboro Road
Jonesboro, GA 30236

Community Type: Market Rate - General

Structure Type: Garden

346 Units 9.0% Vacant (31 units vacant) as of 5/11/2017

Opened in 1986



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|---------|----------|----------|-------------|---------------------------------------------------|----------------------------------------------|
| Bedroom | % Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 96.0% | \$653 | 576 | \$1.13 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 3.5% | \$793 | 864 | \$0.92 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input checked="" type="checkbox"/> |
| Three | 0.6% | \$853 | 1,296 | \$0.66 | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

Features
Standard: Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Carpet

Select Units: Storage
Optional(\$): --
Security: --
Parking 1: Free Surface Parking Parking 2: --
Fee: -- Fee: --
Property Manager: Efficient Prop. Mgt.
Owner: --

Comments

White apps.
On going renovations.

Floorplans (Published Rents as of 5/11/2017) (2)

Historic Vacancy & Eff. Rent (1)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|--------------|---------|-----|------|--------|-------|-------|---------|---------|---------|------|--------|--------|--------|
| Single story | -- | 1 | 1 | 332 | \$645 | 576 | \$1.12 | Market | 5/11/17 | 9.0% | \$653 | \$793 | \$853 |
| Single story | -- | 2 | 1 | 6 | \$775 | 864 | \$0.90 | Market | 5/24/16 | 6.1% | \$652 | \$790 | \$797 |
| Single story | -- | 2 | 2 | 6 | \$785 | 864 | \$0.91 | Market | | | | | |
| Single story | -- | 3 | 2 | 2 | \$835 | 1,296 | \$.64 | Market | | | | | |

Adjustments to Rent

Incentives:

\$200 off lease.

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Tara Bridge

Multifamily Community Profile

1 Magnolia Circle
Jonesboro, GA 30236

Community Type: Market Rate - General

Structure Type: 3-Story Garden

220 Units 6.8% Vacant (15 units vacant) as of 5/11/2017

Opened in 1988



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | | | |
|-------------------------------|---------|----------|----------|-------------|---------------------|-------------------------------------|--------------|-------------------------------------|
| Bedroom | % Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | <input checked="" type="checkbox"/> | Pool-Outdr: | <input checked="" type="checkbox"/> |
| Eff | -- | -- | -- | -- | Comm Rm: | <input checked="" type="checkbox"/> | Basketball: | <input type="checkbox"/> |
| One | -- | \$857 | 675 | \$1.27 | Centrl Lndry: | <input checked="" type="checkbox"/> | Tennis: | <input checked="" type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Elevator: | <input type="checkbox"/> | Volleyball: | <input type="checkbox"/> |
| Two | -- | \$940 | 913 | \$1.03 | Fitness: | <input checked="" type="checkbox"/> | CarWash: | <input checked="" type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Hot Tub: | <input type="checkbox"/> | BusinessCtr: | <input type="checkbox"/> |
| Three | -- | \$1,039 | 1,200 | \$0.87 | Sauna: | <input type="checkbox"/> | ComputerCtr: | <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Playground: | <input checked="" type="checkbox"/> | | |

| Features | |
|---------------------------------------------------------------------------------------|--------------------------|
| Standard: Dishwasher; Disposal; In Unit Laundry (Stacked); Central A/C; Patio/Balcony | |
| Select Units: Fireplace | |
| Optional(\$): -- | |
| Security: Gated Entry | |
| Parking 1: Free Surface Parking Fee: -- | Parking 2: -- Fee: -- |
| Property Manager: Ventron Owner: -- | |

Comments

Breakdown by floorplan not available.

Amenity Fee: \$ 0

| Floorplans (Published Rents as of 5/11/2017) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|--------------------------------------------------|---------|-----|------|--------|---------|-------|---------|---------|----------------------------------|------|--------|--------|---------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | -- | 1 | 1 | -- | \$879 | 675 | \$1.30 | Market | 5/11/17 | 6.8% | \$857 | \$940 | \$1,039 |
| Garden | -- | 2 | 1 | -- | \$920 | 850 | \$1.08 | Market | | | | | |
| Garden | -- | 2 | 2 | -- | \$1,001 | 975 | \$1.03 | Market | | | | | |
| Garden | -- | 3 | 2 | -- | \$1,058 | 1,200 | \$.88 | Market | | | | | |

Adjustments to Rent

Incentives:

2 weeks free.

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash:

Villas at Hampton

Multifamily Community Profile

12227 Tara Blvd.
Hampton, GA 30228

Community Type: Market Rate - General

Structure Type: Garden

224 Units 1.8% Vacant (4 units vacant) as of 5/11/2017

Opened in 2005



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|---------|----------|----------|-------------|---------------------------------------------------|--------------------------------------------------|
| Bedroom | % Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | 33.0% | \$956 | 819 | \$1.17 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input type="checkbox"/> |
| Two | 44.6% | \$1,059 | 1,216 | \$0.87 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input checked="" type="checkbox"/> |
| Three | 22.3% | \$1,301 | 1,474 | \$0.88 | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input checked="" type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input checked="" type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

| Features | |
|----------------------------------------------------------------------------------------------------------------|---------------|
| Standard: Dishwasher; Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: Unit Alarms; Gated Entry | |
| Parking 1: Free Surface Parking | Parking 2: -- |
| Fee: -- | Fee: -- |
| Property Manager: | -- |
| Owner: | -- |

Comments

White apps.

Floorplans (Published Rents as of 5/11/2017) (2)

Historic Vacancy & Eff. Rent (1)

| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
|-------------|---------|-----|------|--------|---------|-------|---------|---------|---------|------|--------|---------|---------|
| Garden | -- | 1 | 1 | 24 | \$860 | 691 | \$1.24 | Market | 5/11/17 | 1.8% | \$956 | \$1,059 | \$1,301 |
| Garden | -- | 1 | 1 | 28 | \$915 | 880 | \$1.04 | Market | 5/19/16 | 3.1% | \$906 | \$1,072 | \$1,199 |
| Garden | Garage | 1 | 1 | 22 | \$1,030 | 880 | \$1.17 | Market | | | | | |
| Garden | -- | 2 | 2 | 66 | \$995 | 1,177 | \$.85 | Market | | | | | |
| Garden | Garage | 2 | 2 | 4 | \$1,100 | 1,177 | \$.93 | Market | | | | | |
| Garden | Garage | 2 | 2 | 18 | \$1,115 | 1,305 | \$.85 | Market | | | | | |
| Garden | -- | 2 | 2 | 12 | \$1,060 | 1,309 | \$.81 | Market | | | | | |
| Garden | Garage | 3 | 2 | 12 | \$1,315 | 1,460 | \$.90 | Market | | | | | |
| Garden | -- | 3 | 2 | 38 | \$1,250 | 1,479 | \$.85 | Market | | | | | |

Adjustments to Rent

| | |
|-------------------------------------|-----------------------------------------------------------------------|
| Incentives: | |
| None | |
| Utilities in Rent: | Heat Fuel: Electric |
| Heat: <input type="checkbox"/> | Cooking: <input type="checkbox"/> Wtr/Swr: <input type="checkbox"/> |
| Hot Water: <input type="checkbox"/> | Electricity: <input type="checkbox"/> Trash: <input type="checkbox"/> |

Walden Landing

Multifamily Community Profile

11015 Tara Blvd.
Hampton, GA 30228

Community Type: Market Rate - General

Structure Type: Garden

240 Units 0.4% Vacant (1 units vacant) as of 5/9/2017

Opened in 2000



| Unit Mix & Effective Rent (1) | | | | | Community Amenities | |
|-------------------------------|---------|----------|----------|-------------|---------------------------------------------------|---------------------------------------------|
| Bedroom | % Total | Avg Rent | Avg SqFt | Avg \$/SqFt | Clubhouse: | Pool-Outdr: |
| Eff | -- | -- | -- | -- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| One | -- | \$820 | 980 | \$0.84 | Comm Rm: <input checked="" type="checkbox"/> | Basketball: <input type="checkbox"/> |
| One/Den | -- | -- | -- | -- | Centrl Lndry: <input checked="" type="checkbox"/> | Tennis: <input checked="" type="checkbox"/> |
| Two | -- | \$895 | 1,166 | \$0.77 | Elevator: <input type="checkbox"/> | Volleyball: <input type="checkbox"/> |
| Two/Den | -- | -- | -- | -- | Fitness: <input checked="" type="checkbox"/> | CarWash: <input type="checkbox"/> |
| Three | -- | \$995 | 1,403 | \$0.71 | Hot Tub: <input type="checkbox"/> | BusinessCtr: <input type="checkbox"/> |
| Four+ | -- | -- | -- | -- | Sauna: <input type="checkbox"/> | ComputerCtr: <input type="checkbox"/> |
| | | | | | Playground: <input checked="" type="checkbox"/> | |

| Features | |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|
| Standard: Dishwasher; Disposal; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony | |
| Select Units: | -- |
| Optional(\$): | -- |
| Security: | Gated Entry |
| Parking 1: | Free Surface Parking Fee: -- |
| Parking 2: | Detached Garage Fee: \$65 |
| Property Manager: | Southwood Realty |
| Owner: | -- |

Comments

Vacancy is a 2BR. Wait list.

Breakdown by floorplan not available.

| Floorplans (Published Rents as of 5/9/2017) (2) | | | | | | | | | Historic Vacancy & Eff. Rent (1) | | | | |
|-------------------------------------------------|---------|-----|------|--------|-------|-------|---------|---------|----------------------------------|------|--------|--------|--------|
| Description | Feature | BRs | Bath | #Units | Rent | SqFt | Rent/SF | Program | Date | %Vac | 1BR \$ | 2BR \$ | 3BR \$ |
| Garden | Loft | 1 | 1 | -- | \$825 | 1,094 | \$0.75 | Market | 5/9/17 | 0.4% | \$820 | \$895 | \$995 |
| Garden | -- | 1 | 1 | -- | \$765 | 867 | \$0.88 | Market | 5/19/16 | 1.3% | \$772 | \$875 | \$953 |
| Garden | -- | 2 | 2 | -- | \$865 | 1,166 | \$0.74 | Market | | | | | |
| Garden | -- | 3 | 2 | -- | \$960 | 1,403 | \$0.68 | Market | | | | | |

Adjustments to Rent

Incentives:

None

Utilities in Rent: Heat Fuel: Electric

Heat: Cooking: Wtr/Swr:

Hot Water: Electricity: Trash: