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MARKET VALUATION OF:

QUEST COMMONS WEST

A MARKET VALUATION OF:

QUEST COMMONS WEST

Northeast quadrant of Joseph E Lowery Boulevard and Rock Street
Atlanta, Fulton County, Georgia 30314

Effective Date: May 15, 2017
Report Date: May 22, 2017

Prepared For:
Mr. Jim Grauley
Columbia Residential
1718 Peachtree Street NW
Atlanta, Georgia 30309

Prepared By
Novogradac & Company LLP
2325 Lakeview Parkway, Suite 450
Alpharetta, Georgia 30009
678-867-2333

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May 22, 2017

Mr. Jim Grauley
Columbia Residential
1718 Peachtree Street NW
Atlanta, Georgia 30309

Re: Appraisal of Quest Commons West
Located within the northeast quadrant of Joseph E Lowery Boulevard and Rock Street
Atlanta, Fulton Couty, Georgia 30314

Dear Mr. Grauley:

We are pleased to present our findings with respect to the value of the above-referenced property, Quest Commons West ("Subject"). The Subject is the proposed new construction of a 53-unit mixed-tenancy, mixed-income project. It will be a newly constructed project, with 47 revenue generating units, restricted to households earning 50 and 60 percent of the Area Median Income (AMI) or less. Six of the 53 total units will be unrestricted market-rate units. As requested we provided several value estimates of both tangible and intangible assets, described and defined below. This letter serves as an introduction to the attached appraisal. Thus, the value opinions expressed in this introduction letter must be taken in context with the full appraisal report.

- Market value "As Is" of the fee simple interest of the site.
- Prospective leased fee market value "As If Complete and Stabilized" assuming restricted rents.
- Hypothetical prospective leased fee market value "As If Complete and Stabilized" assuming unrestricted rents.
- Prospective Market Value at 20 years (loan maturity).
- Valuation of the Low Income Housing Tax Credits "As If Completed."
- Favorable financing

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

Our valuation report is for use by the client their successors and assigns for rendering a decision on financing. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without the express written consent of Novogradac and Company LLP ("Novogradac").

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

For the purposes of this assignment, market value is defined as:

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

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

This report complies with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and FIRREA Title XI, 12 CFR Part 323(FDIC), and 12 CFR Part 34 (RTC), and the Code of Ethics & of Professional Practice of the Appraisal Institute. It also complies with Appraisal Institute guidelines.

As a result of our investigation and analysis, it is our opinion that, Subject to the limiting conditions and assumptions contained herein, the estimated land value, as is, as of May 15, 2017 is:

SIX HUNDRED SEVENTY THOUSAND DOLLARS
($670,000)

As a result of our analysis of the Subject's restricted scenario, the prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017 is:

THREE MILLION THREE HUNDRED THOUSNAD DOLLARS
($3,300,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017, is:

SIX MILLION FOUR HUNDRED THOUSAND DOLLARS
($6,400,000)

As a result of our analysis of the Subject's restricted scenario, the future prospective leased fee value at 30 years (loan maturity), in the year 2049, with conditions prevailing as of May 15, 2017, is:

THREE MILLION NINE HUNDRED THOUSAND DOLLARS
($3,900,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical future prospective leased fee value at 30 years (loan maturity), in the year 2049, with conditions prevailing as of May 15, 2017, is:

EIGHT MILLION SEVEN HUNDRED THOUSAND DOLLARS
($8,700,000)

[1] 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.

As a result of our analysis, the value of the Tax Credits “as complete” in May 2019, the prospective date of completion, with conditions prevailing as of May 15, 2017 is:

NINE MILLION FORTY THOUSAND DOLLARS
($9,040,000)

The estimated present value of the favorable financing, as of May 15, 2017, is

SEVEN HUNDRED FIFTY THOUSAND DOLLARS
($750,000)

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

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

We also used certain forecasted data in our valuation and applied generally accepted valuation procedures based upon economic and market factors to such data and assumptions. We did not examine the forecasted data or the assumptions underlying such data in accordance with the standards prescribed by the AICPA and, accordingly, do not express an opinion or any other form of assurance on the forecasted data and related assumptions. The financial analyses contained in this report are used in the sense contemplated by the USPAP. Furthermore, there will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material.

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

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

Respectfully submitted,

H. Blair Kincer, MAI, CRE
LEED Green Associate
Partner
Blair.Kincer@novoco.com

Brian Neukam
Manager
GA Certified General Appraiser #329471
Expiration Date: March 31, 2018
Brian.Neukam@novoco.com

Meg Southern
Junior Analyst
Meg.Southern@novoco,com

Table of Contents

ADDENDA

A. Assumptions and Limiting Conditions
B. Qualifications
C. Subject Photographs
D. Engagement Letter

I. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Property Appraised: The Subject (Quest Commons West) is a proposed LIHTC development that will offer 53 one, two and three-bedroom units. The Subject will consist of one three-story residential building. The Subject site is currently improved with a 24-unit multifamily complex and vacant dilapidated commercial space slated for demolition.

Tax Map ID: The Subject property is comprised of parcels 14 011000010767, 14 011000011526, and portions of parcels 14 011000011799 and 14 011000010833.

Land Area: The size of the Subject site is approximately 1.1 acres according to the client.

Legal Interest Appraised: For the as is scenario, the property interest appraised is fee simple estate subject to any and all encumbrances. For the remaining values, the property interest appraised is leased fee estate, subject to any and all encumbrances.

Current Rents and Unit Mix: The following tables detail the current rents and unit mix at the Subject. The rents are contract rents and are project-based through the Shelter Care Plus program.

AS IS RENTS

Unit Type	Number of Units	Contract Rents	Utility Allowance (1)	Gross Rents	2016 LIHTC Maximum Allowable Rent	HUD Fair Market Rents
			50% AMI (SCP)			
1BR	8	$750	$0	$750	$633	$820
2BR	16	$750	$0	$750	$760	$949
Total	**24**					

Proposed Rents and Unit Mix: The following tables detail the proposed rents and unit mix at the Subject.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2016 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
				50% AMI			
1BR	700	3	$516	$117	$633	$633	$820
2BR	950	6	$592	$168	$760	$760	$949
3BR	1,100	2	$655	$222	$877	$877	$1,253
				60% AMI			
1BR	700	8	$642	$117	$759	$759	$820
2BR	950	21	$744	$168	$912	$912	$949
3BR	1,100	7	$831	$222	$1,053	$1,053	$1,253
				Market Rate			
1BR	700	2	$800	$0	$800	N/A	$820
2BR	950	2	$950	$0	$950	N/A	$949
3BR	1,100	2	$1,100	$0	$1,100	N/A	$1,253
Total		**53**					

Notes (1) Source of Utility Allowance provided by the Developer.

UNIT MIX AND SQUARE FOOTAGE

Unit Type	Number of	Unit Size (SF)	Gross Area
1BR	13	700	9,100
2BR	29	950	27,550
3BR	11	1100	12,100
Total	**53**		**48,750**

Ownership History of the Subject:

According to the Fulton County Assessors Office, the Subject site is comprised of parcel owned by Quest 35, Inc., Quest Community Development Organization, Inc., and Quest Community Complex I, LLC. All of these entities are reportedly the same ownership group.

According to the developer, the Subject property is currently under contract for a purchase price $500,000, though a contract was not provided. As subsequently presented, the as is value is greater than the purchase price. We give little weight to the purchase price as this is reportedly not an arm's length transaction as there are related parties in this transaction. We are aware of no other transactions of the Subject property in the past three years.

Highest and Best Use "As If Vacant":

The Subject's highest and best use "as if vacant" is to develop with a 55-unit multifamily rental property with gap financing such as tax exempt bonds and tax credits.

Highest and Best Use "As Is":

As subsequently presented, the current land value less demolition costs is concluded at $670,000. The value of the Subject property as improved with the current contract rents less vacancy and collection loss and less market based expenses is $600,000 utilizing a market-based concluded capitalization rate of 5.5%. As the current land value minus demolition exceeds the value of the improvements, the highest and best use for the property, as is, would be to demolish the existing improvements and construct a multifamily development consistent with the zoning and approved zoning variance with gap financing such as tax exempt bonds and tax credits.

Effective Date: The Subject was inspected on May 15, 2017, which will serve as the effective date for this report.

Indications of Value:

AS IS LAND VALUE

Scenario	Units	Price Per Unit	Indicated Value (Rounded) Less Demolition
Land Value	55	$13,000	$670,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Proposed Restricted	5.5%	$182,433	$3,300,000
As Proposed Unrestricted	5.5%	$354,743	$6,400,000

EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Proposed Restricted	7.0	$469,732	$3,300,000
As Proposed Unrestricted	9.0	$705,312	$6,300,000

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Proposed Restricted	53	$61,000	$3,200,000
As Proposed Unrestricted	53	$120,000	$6,400,000

VALUE AT LOAN MATURITY - RESTRICTED

	Year	Indicated Value (Rounded)
Restricted	15 years	$3,400,000
Restricted	20 years	$3,600,000
Restricted	25 years	$3,700,000
Restricted	30 years	$3,900,000

VALUE AT LOAN MATURITY - UNRESTRICTED

	Year	Indicated Value (Rounded)
Unrestricted	15 years	$7,000,000
Unrestricted	20 years	$7,500,000
Unrestricted	25 years	$8,100,000
Unrestricted	30 years	$8,700,000

TAX CREDIT VALUATION

	Credit Amount	Price Per Credit	Indicated Value (Rounded)
Federal LIHTC	$6,499,350	$0.89	$5,790,000
State LIHTC	$6,500,000	$0.50	$3,250,000
Total			$9,040,000

FAVORABLE FINANCING VALUATION

	Indicated Value (Rounded)
Restricted & Unrestricted	$750,000

Exposure Period: 9-12 months

II. FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

Appraisal Assignment and Valuation Approach

As requested, the appraisers provided several value estimates, described and defined below:

- Market value "As Is" of the fee simple interest of the site.
- Prospective leased fee market value "As If Complete and Stabilized" assuming restricted rents.
- Hypothetical prospective leased fee market value "As If Complete and Stabilized" assuming unrestricted rents.
- Prospective Market Value at 20 years (loan maturity).
- Valuation of the Low Income Housing Tax Credits "As If Completed."
- Favorable financing

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

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available.

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

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

Property Identification

The Subject property is located within the northeast quadrant of Joseph E Lowery Boulevard and Rock Street, Atlanta, Fulton County, Georgia 30314. The Subject property is comprised of parcels 14 011000010767, 14 011000011526, and portions of parcels 14 011000011799 and 14 011000010833.

Intended Use and Intended User

Columbia Residential is the client in this engagement. We understand that they will use this document to assist in funding and loan/investment underwriting. As our client, Columbia Residential owns this report and permission must be granted from them before another third party can use this document. Columbia Residential and Georgia Department of Community Affairs are the intended users. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

Property Interest Appraised

For the as is scenario, the property interest appraised is fee simple estate subject to any and all encumbrances. For the remaining values, the property interest appraised is leased fee estate, subject to any and all encumbrances.

Date of Inspection and Effective Date of Appraisal
The Subject was inspected by Novogradac on May 15, 2017, which will serve as the effective date for this report.

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

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

Extraordinary Assumptions (EA) and Hypothetical Conditions (HC)
For the purposes of our unrestricted analysis, we have used a hypothetical condition for the Subject assuming unrestricted, conventional operations. We have made an extraordinary assumption that assumes the Subject is complete and stabilized as proposed as of the date of value. This report assumes stable market conditions between the date of value and the prospective date of value. Further, we have made an extraordinary assumption that the developer of the site will take all necessary measures to remove/mitigate all potential hazardous material and issues from the site prior to construction and there are no environmental impairments. No other hypothetical conditions or extraordinary assumptions were necessary to complete the valuation for the Subject. We have included a more in depth summary of any limiting conditions in the addenda of this report. The use of extraordinary assumptions may affect the assignment results.

Market Value Definition
For the purposes of this assignment market value is defined as:

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

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

Compliance and Competency Provision
The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of

2 - 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990.

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

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

Furniture, Fixtures, and Equipment
Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included, and may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

Ownership and History of Subject
According to the Fulton County Assessors Office, the Subject site is comprised of parcel owned by Quest 35, Inc., Quest Community Development Organization, Inc., and Quest Community Complex I, LLC. All of these entities are reportedly the same ownership group.

According to the developer, the Subject property is currently under contract for a purchase price $500,000, though a contract was not provided. As subsequently presented, the as is value is greater than the purchase price. We give little weight to the purchase price as this is reportedly not an arm's length transaction as there are related parties in this transaction. We are aware of no other transactions of the Subject property in the past three years.

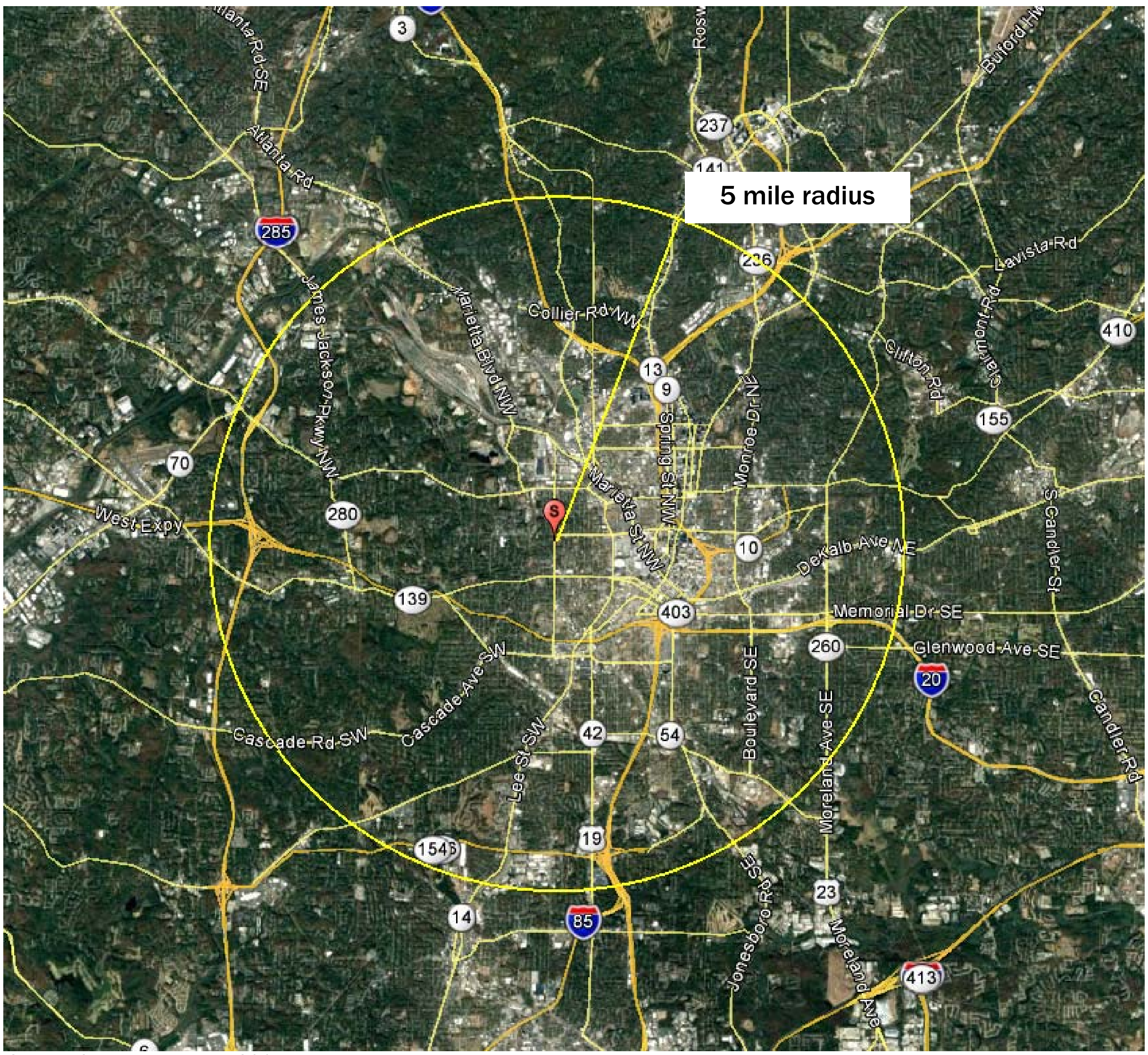
III. REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL AND LOCAL AREA ANALYSIS

Regional Map

The Subject is located in Atlanta, Fulton County, Georgia. Fulton County is part of Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area (MSA). The MSA includes Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton Counties. Based on the Subject's tenancy, we would expect most of the tenants to originate from the Atlanta area with some tenants originating from the MSA and other areas.

The population of Fulton County was 920,547 in 2010, according to U.S. Census data. As of 2016, the MSA had 5,665,958 people. According to the Bureau of Labor Statistics, the MSA's unemployment rate in February 2017 was 4.9 percent. Overall, the health of the MSA's economy has improved and recent trends in employment growth and unemployment rates indicate that the MSA has recovered from the recent national recession and housing crisis.



Source: Google Earth, May 2017.

ECONOMIC ANALYSIS

Major Employers

The table below shows the largest employers in the Atlanta metropolitan area.

MAJOR EMPLOYERS-Atlanta Metropolitan Area

Company	Industry	Number of Employees
Delta Airlines	Transportation	31,237
Emory University/ Emory Healthcare	Educational/Healthcare	29,937
Wal-Mart Stores, Inc.	Retail Trade	20,532
The Home Depot, Inc.	Retail Trade	20000
AT&T Inc.	Communications	17,882
The Kroger Co.	Retail Trade	14,753
WellStar Health System	Healthcare	13,500
Publix Super Markets, Inc.	Retail Trade	9,494
United States Postal Service	Government	9,385
Northside Hospital	Healthcare	9,016
The Coca-Cola Company	Retail Trade	8,761
United Parcel Service, Inc	Postal Service	8,727
Piedmont Healthcare	Healthcare	8,707
Centers for Disease Control	Healthcare	8,539
Children's Healthcare of Atlanta	Healthcare	7,452

Source: The Metro Atlanta Chamber of Commerce, Novogradac & Company LLP, April 2017

The Atlanta Metropolitan Area's largest employers are concentrated in the transportation, education and health services, and retail trade sectors. Delta Airlines is headquartered in Atlanta and has its international hub at Hartsfield-Jackson International Airport on the southwest side of the city, approximately seven miles south of the Subject site. Other major employers include Emory University and Emory Healthcare which together provide education and healthcare services. Emory University is located approximately seven miles east of the Subject, while Emory Healthcare operates several healthcare facilities throughout the Atlanta area. Emory's closest location to the Subject is Emory University Hospital Midtown, approximately two miles east of the Subject. Healthcare and education are historically stable industries.

Employment Expansion/Contractions

The following table illustrates the layoffs and closures of significance that have occurred or been announced since January 1, 2014 in Fulton County according to the Georgia Department of Economic Development.

WARN NOTICES- FULTON COUNTY, GA 2014-2017

Company Name	Industry	Number of Employees Affected
DAL Global Services	Aviation Services	52
West Rock	Manufacturing	66
Kenco	Logistics	71
Whole Foods Market	Retail Trade	149
Burris Logistics	Logistics	167
Newell Brands	Wholesale Trade	258
Windstream Communications	Information	55
Walmart	Retail Trade	68
Masterack, Division of Leggett & Platt	Manufacturing	121
Delta Global Services, LLC.	Aviation Services	275
Corizon Health	Healthcare/ Social Assistance	208
Athena Healthcare	Healthcare Technology	49
Generation Mortgage Company	Finance/Insurance	64
Sony	Information	100
AIG	Finance/Insurance	420
Infosys McCamish Systems, LLC.	Finance/Insurance	61
Generation Mortgage Company	Finance/Insurance	25
Affinity Specialty Apparel, Inc.	Retail Trade	60
New Breed Leasing of New Jersey, Inc.	Real Estate	89
The Intown Academy	Educational services	60
Hancock-Able Services LLC	Construction	135
Generation Mortgage Company	Finance/Insurance	76
Kaplan	Educational services	77
Aramark	Retail Trade	1,078
Gannett Publishing Service	Manufacturing	34
STS Engineers & Contractors	Construction	328
YP	Professional Services	54
Verizon Wireless	Information	231
WIPRO	Wholesale Trade	93
Hanjin Shipping America, LLC	Transportation/Warehousing	131
New Continent Ventures	Retail Trade	167
Sanmina Corporation	Wholesale Trade	113
Sodexo	Retail Trade	86
Macy's	Retail Trade	600
Anthem Education	Educational services	47
Cox Digital Exchange, LLC	Information	143
Fulton County Housing and Human Services	Public Administration	27
Bank of America	Finance/Insurance	51
ISTA North America	Construction	78
Total		**6,616**

As illustrated in the above table, there have been more than 6,000 employees in the area impacted by layoffs or closures since 2014. Despite these job losses that have been reported, there has been some growth occurring in the area.

Employment and Unemployment Trends

The table below illustrates the employment and unemployment rate for the MSA from 2002 to December 2016.

EMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Atlanta-Sandy Springs-Roswell, GA MSA			USA		
	Total Employment	% Change	Differential from peak	Total Employment	% Change	Differential from peak
2001	2,329,891	-	-13.0%	136,933,000	-	-8.0%
2002	2,324,880	-0.2%	-13.2%	136,485,000	-0.3%	-8.3%
2003	2,347,173	1.0%	-12.3%	137,736,000	0.9%	-7.5%
2004	2,382,163	1.5%	-11.0%	139,252,000	1.1%	-6.4%
2005	2,445,674	2.7%	-8.7%	141,730,000	1.8%	-4.8%
2006	2,538,141	3.8%	-5.2%	144,427,000	1.9%	-3.0%
2007	2,618,825	3.2%	-2.2%	146,047,000	1.1%	-1.9%
2008	2,606,822	-0.5%	-2.7%	145,363,000	-0.5%	-2.3%
2009	2,452,057	-5.9%	-8.4%	139,878,000	-3.8%	-6.0%
2010	2,440,037	-0.5%	-8.9%	139,064,000	-0.6%	-6.6%
2011	2,486,895	1.9%	-7.1%	139,869,000	0.6%	-6.0%
2012	2,546,478	2.4%	-4.9%	142,469,000	1.9%	-4.3%
2013	2,574,339	1.1%	-3.9%	143,929,000	1.0%	-3.3%
2014	2,619,867	1.8%	-2.2%	146,305,000	1.7%	-1.7%
2015	2,677,863	2.2%	0.0%	148,833,000	1.7%	0.0%
2016 YTD Average*	2,770,683	3.5%	-	151,435,833	1.7%	-
Dec-2015	2,716,023	-	-	149,703,000	-	-
Dec-2016	2,834,631	4.4%	-	151,798,000	1.4%	-

Source: U.S. Bureau of Labor Statistics April 2017

UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Atlanta-Sandy Springs-Roswell, GA MSA			USA		
	Unemployment Rate	Change	Differential from peak	Unemployment Rate	Change	Differential from peak
2001	3.7%	-	0.0%	4.7%	-	0.1%
2002	5.0%	1.4%	1.4%	5.8%	1.0%	1.2%
2003	4.9%	-0.2%	1.2%	6.0%	0.2%	1.4%
2004	4.8%	-0.1%	1.1%	5.5%	-0.5%	0.9%
2005	5.4%	0.6%	1.7%	5.1%	-0.5%	0.5%
2006	4.7%	-0.7%	1.0%	4.6%	-0.5%	0.0%
2007	4.4%	-0.2%	0.7%	4.6%	0.0%	0.0%
2008	6.2%	1.7%	2.5%	5.8%	1.2%	1.2%
2009	9.9%	3.8%	6.2%	9.3%	3.5%	4.7%
2010	10.3%	0.4%	6.6%	9.6%	0.3%	5.0%
2011	9.9%	-0.4%	6.2%	9.0%	-0.7%	4.3%
2012	8.8%	-1.1%	5.1%	8.1%	-0.9%	3.5%
2013	7.8%	-1.0%	4.1%	7.4%	-0.7%	2.8%
2014	6.7%	-1.1%	3.1%	6.2%	-1.2%	1.6%
2015	5.6%	-1.2%	1.9%	5.3%	-0.9%	0.7%
2016 YTD Average*	5.0%	-0.6%	-	4.9%	-0.4%	-
Dec-2015	4.8%	-	-	4.8%	-	-
Dec-2016	5.0%	0.2%	-	4.5%	-0.3%	-

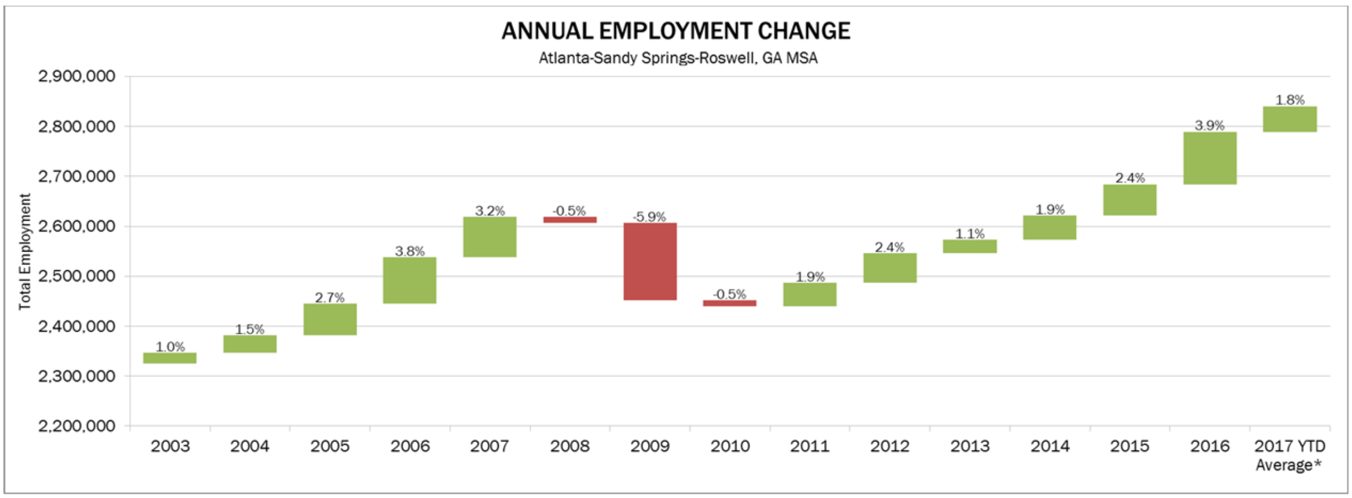
Source: U.S. Bureau of Labor Statistics April 2017

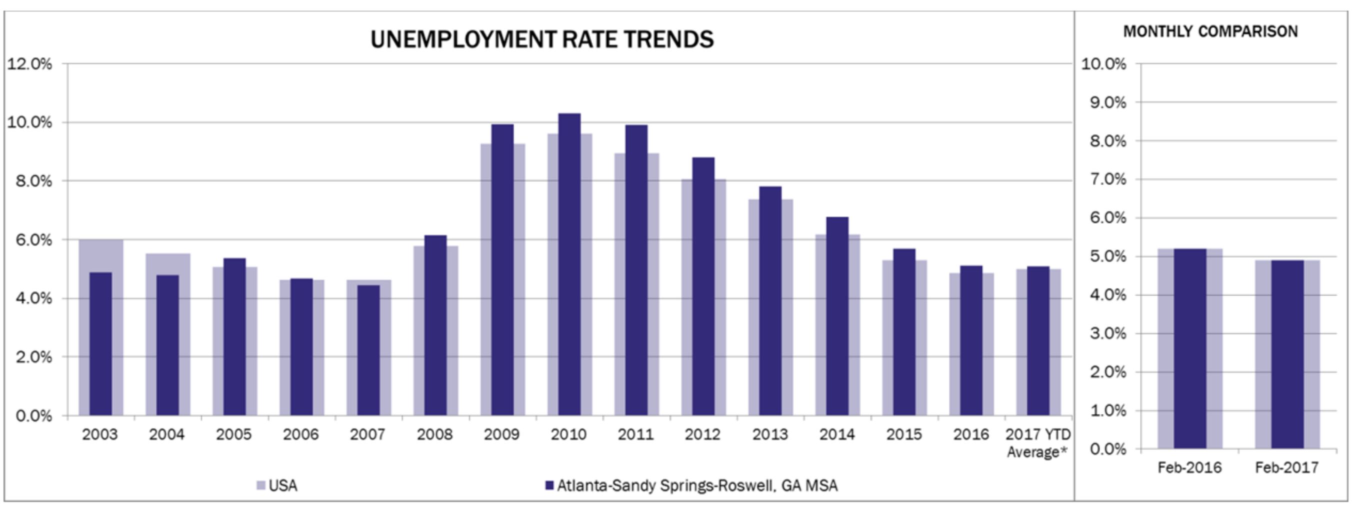
Between 2003 and 2007, total employment in the MSA exhibited positive growth, with a pre-recession peak occurring in 2007. These increases were significant but were followed by employment decreases from 2008 to 2010 as a result of the most recent economic recession. The MSA appears relatively healthy as total employment increased each year from 2011 through December 2016. As of 2014, total employment in the

MSA exceeded pre-recessionary levels. Furthermore, the total employment growth in the MSA from December 2015 to December 2016 increased by 4.4 percent in the MSA compared to an increase of 1.4 percent nationally during the same time period.

Prior to the most recent economic recession, the unemployment rate in the MSA was generally similar to or below that of the nation. However, the unemployment rate in the MSA experienced a slightly more significant increase during the most recent national recession and has been generally higher than the nation since 2008. From December 2015 to December 2016, the unemployment rate in the MSA increased 0.2 percentage points, compared to a decrease of 0.3 percentage points nationally. The unemployment rate in the MSA as of December 2016 was 5.0 percent, which was 0.5 percentage points above the national rate of 4.5 percent. The current unemployment rate in the MSA represents a significant decrease from recessionary levels but has yet to reach pre-recessionary levels. Overall, the increasing total employment and decreasing unemployment rate are positive signs for the local economy, which bodes well for affordable housing demand in the area.

The tables below provide more illustration of the changes in employment and unemployment rate trends in the MSA.





Employment by Industry

The following table illustrates employment by industry for the PMA and the nation as of 2017.

2017 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Educational Services	8,433	15.5%	14,359,370	9.5%
Retail Trade	7,088	13.0%	17,169,304	11.3%
Accommodation/Food Services	6,385	11.7%	11,574,403	7.6%
Healthcare/Social Assistance	4,926	9.0%	21,304,508	14.1%
Prof/Scientific/Tech Services	3,982	7.3%	10,269,978	6.8%
Transportation/Warehousing	3,959	7.3%	6,128,217	4.0%
Other Services (excl Publ Adm)	3,333	6.1%	7,463,834	4.9%
Admin/Support/Waste Mgmt Srvcs	3,143	5.8%	6,511,707	4.3%
Manufacturing	2,282	4.2%	15,499,826	10.2%
Public Administration	2,265	4.2%	7,093,689	4.7%
Construction	1,888	3.5%	9,342,539	6.2%
Finance/Insurance	1,474	2.7%	6,942,986	4.6%
Information	1,456	2.7%	2,862,063	1.9%
Arts/Entertainment/Recreation	1,383	2.5%	3,416,474	2.3%
Wholesale Trade	1,134	2.1%	4,066,471	2.7%
Real Estate/Rental/Leasing	1,074	2.0%	2,946,196	1.9%
Utilities	224	0.4%	1,344,219	0.9%
Agric/Forestry/Fishing/Hunting	98	0.2%	2,253,044	1.5%
Mgmt of Companies/Enterprises	31	0.1%	89,612	0.1%
Mining	11	0.0%	749,242	0.5%
Total Employment	**54,569**	**100.0%**	**151,387,682**	**100.0%**

Source: Esri Demographics 2017, Novogradac & Company LLP, May 2017

The largest industries in the PMA are educational services, retail trade, and accommodation/food services. These industries employ approximately 40.2 percent of the workforce within the PMA. The PMA employs a greater percentage of workers in the educational services, accommodation/food services, and transportation/warehousing when compared to the nation as a whole. However, the nation employs a greater percentage of workers in the healthcare/social assistance, manufacturing, and construction industries. The PMA provides access to many diverse employment opportunities that are generally stable industries.

Conclusion

The major employers in the Atlanta metropolitan area are largely concentrated in the logistics/transportation, healthcare, and communication industries. These industries tend to be less volatile than others, and indicate that the economy in Atlanta is stable and diverse. Between 2015 and 2017 year-to-date, there were a total of 6,268 additional jobs created, which helps to offset the 6,774 layoffs in the county during the same period.

Total employment within the MSA increased each year from 2002 to 2007, similar to the nation as a whole. Both the MSA and the nation experienced declines in total employment from 2008 to 2010 due to the national recession. However, total employment within the MSA increased each year from 2011 to 2017 year-to-date, while the nation as a whole reported an increase in total employment each year from 2011 to 2016. From February 2016 to February 2017, the unemployment rate in the MSA decreased 0.3 percent, similar to the national trend. As of February 2017, neither the MSA nor the nation have reached pre-recession unemployment rates of 4.4 and 4.6 percent, respectively. Overall, the increasing total employment and decreasing unemployment rate are positive signs for the local economy.

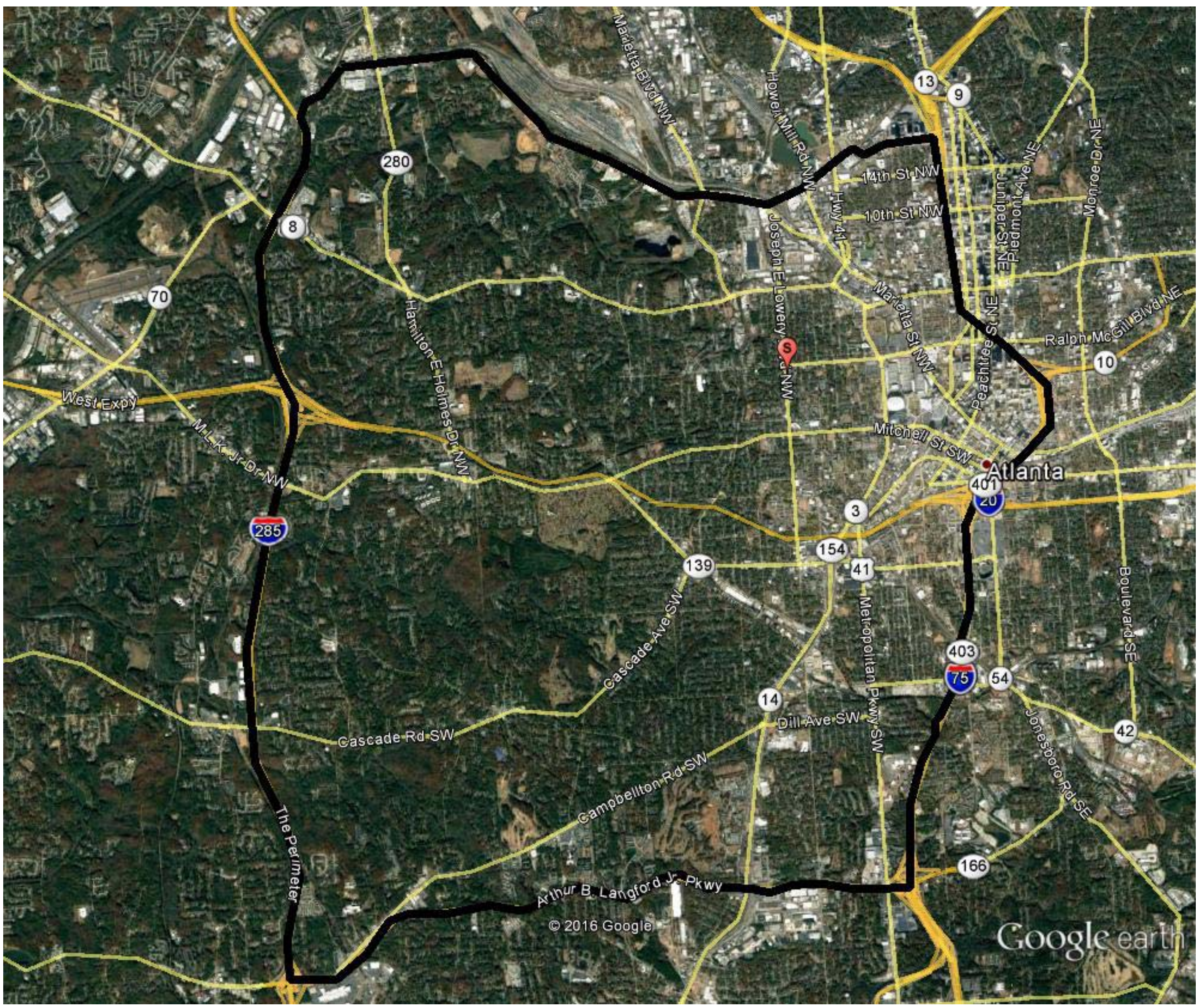
DEMOGRAPHIC ANALYSIS

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

Primary Market Area (PMA)

The PMA boundaries consist of Perry Boulevard, West Marietta Street, and 17th Street to the north, Interstate 285 to the west, Arthur B. Langford Jr. Parkway to the south, and Interstate 75/85 to the east. This area includes the southwestern portion of the city of Atlanta. The total square mileage of the PMA is 41 miles. Many of the local property managers indicated that most residents originated from the local area but stated that a small percentage of tenants also come from surrounding communities. Therefore, we have estimated that 10 percent of the tenants come from outside the PMA boundaries. The Atlanta-Sandy Springs-Roswell, CA (MSA) will serve as the Secondary Market Area (SMA).

Primary Market Area Map



Population and Households

The tables below illustrate the population and household trends in the PMA, MSA, and nation from 2000 through 2021.

POPULATION

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
2000	154,066	-	4,263,438	-	281,421,906	-
2010	139,726	-0.9%	5,286,728	2.4%	308,745,538	1.0%
2017	148,890	0.4%	5,665,958	0.4%	323,580,626	0.3%
Projected Mkt Entry September 2019	153,205	1.1%	5,881,189	1.4%	331,026,101	0.8%
2021	156,856	1.1%	6,063,308	1.4%	337,326,118	0.8%

Source: Esri Demographics 2017, Novogradac & Company LLP, April 2017

HOUSEHOLDS

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Number	*Annual Change*	*Number*	*Annual Change*	*Number*	*Annual Change*
2000	51,860	-	1,559,712	-	105,480,101	-
2010	49,841	-0.4%	1,943,885	2.5%	116,716,292	1.1%
2017	52,921	0.4%	2,065,785	0.4%	121,786,233	0.3%
Projected Mkt Entry September 2019	54,703	1.2%	2,139,295	1.3%	124,444,752	0.8%
2021	56,211	1.2%	2,201,496	1.3%	126,694,268	0.8%

Source: Esri Demographics 2017, Novogradac & Company LLP, April 2017

As illustrated above, the population and household growth in the PMA is anticipated to continue through 2021 at a slightly slower annual rate relative to the MSA and a faster rate relative to the nation. The increasing number of households in the PMA is a positive indication of future demand for all types of housing.

Household Income

The table below illustrates Median Household Income in the PMA, MSA, and nation from 2000 through 2021.

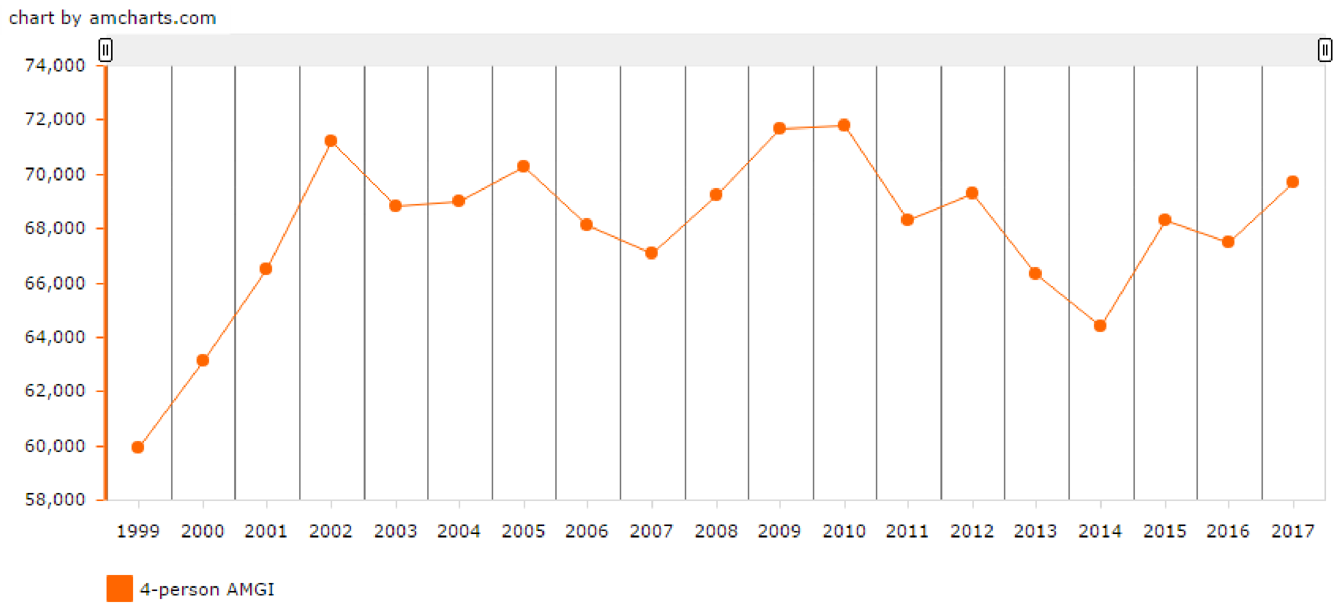
MEDIAN HOUSEHOLD INCOME

Year	PMA		Atlanta-Sandy Springs-Roswell, GA MSA		USA	
	Amount	*Annual Change*	*Amount*	*Annual Change*	*Amount*	*Annual Change*
2000	$22,541	-	$51,619	-	$42,164	-
2017	$27,527	1.3%	$57,792	0.7%	$54,149	1.6%
Projected Mkt Entry	$27,554	0.0%	$61,509	2.8%	$56,591	2.0%
2021	$27,585	0.0%	$65,901	2.8%	$59,476	2.0%

Source: Esri Demographics 2017, Novogradac & Company LLP, May 2017

The median household income of the PMA is significantly below that of the MSA and nation. The growth rate of median household income in the PMA is anticipated to be slower than the MSA and the nation through 2021. This bodes well for affordable housing such as the Subject development as very few low income families and will be priced out of affordable developments, maintaining demand for affordable housing of all types.

The following chart illustrates the AMI level for a four-person household in Fulton County.



Display: 4-person AMGI

Average Increase (AMGI): 0.8%/year

Source: Novogradac & Company, LLP, 5/2017

Overall, the AMGI has increased at an average annual rate of 0.8 percent between 1999 and 2017, but AMGI levels are still below pre-recessionary levels. Nationally, 84 percent of counties experienced a decrease in the 2013 AMGI level due to decreased income limits in approximately 50 percent of counties nationwide. The Subject's area appears to have been affected by this change. The AMGI has declined in four of the last seven years, and is still 2.9 percent below the 2010 AMGI peak. However, the AMGI increased 3.3 percent from 2016 to 2017 and has increased 8.2 percent from 2014 to 2017.

Conclusion

The Subject property is located in an area where the population and households are expected to increase in the PMA and MSA through 2021. Additionally, the median household income in the PMA is expected to remain well below that of the MSA and the nation through 2021. The relatively low median household income in the PMA compared to the MSA and nation, combined with the anticipated population and household growth, suggest ongoing demand for affordable housing in the PMA.

NEIGHBORHOOD ANALYSIS

The neighborhood surrounding an apartment property often impacts the property's status, image, class, and style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section investigates the property's neighborhood and evaluates any pertinent location factors that could affect its rent, its occupancy, and overall profitability.

Surrounding Land Uses

The Subject site is located along Rock Street in Atlanta, Fulton County, Georgia. The Subject has good access and visibility and views include surrounding residential uses. The Subject site is currently comprised of an existing small multifamily use, a portion of a multi-tenant retail center in fair condition, and vacant land. The neighborhood surrounding the Subject consists mostly of single-family and multi-family residential use. While the single family homes are in generally fair to average condition, there are several new properties located on Rock Street. The Subject has a *Walk Score* rating of 68 out of 100, which is considered "Somewhat Walkable." The Subject has convenient access to public transportation as MARTA runs along Joseph E. Lowery Boulevard and Martin Luther King Jr. Drive. There is also a light rail station (Ashby Street Station) located at 65 Joseph E. Lowery Boulevard, which is approximately 0.4 miles south of the Subject. The total crime indices in the PMA are elevated and well above that of the MSA and the nation. The Subject will offer limited access and video surveillance as security features. The comparable properties, which are located within the PMA and have the same crime risk indices, offer similar security features. The comparable properties have not reported a problem with marketability. The uses surrounding the site are in fair to average condition, and it has good proximity to locational amenities, which are within 2.3 miles of the Subject site.

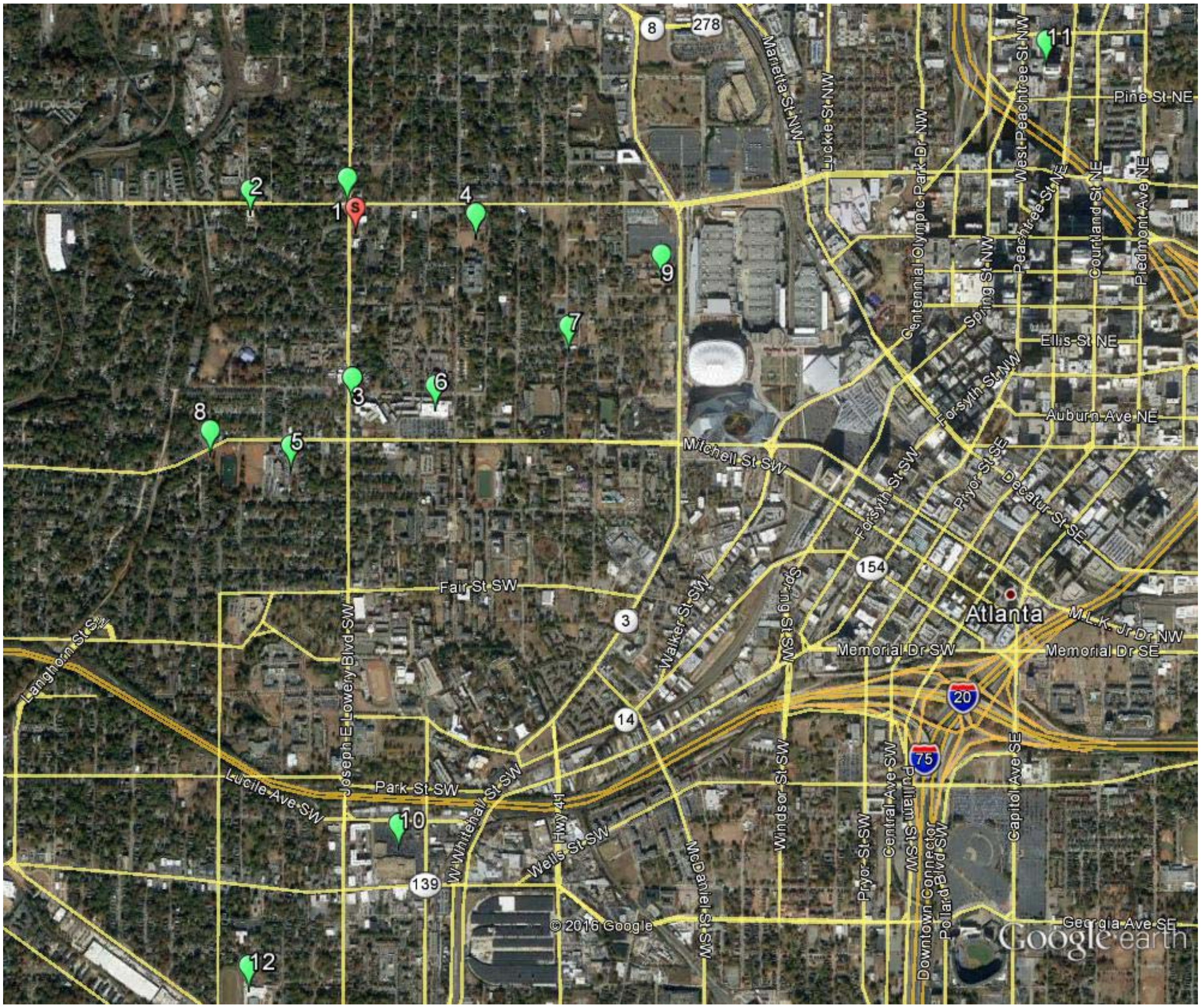
Proximity to Local Services

The Subject is close to many important local services as shown in the table below.

LOCATIONAL AMENITIES

Number	Service or Amenity	Distance from Subject
1	Joseph E Lowery MARTA Bus Stop	0.1 miles
2	Atlanta Fire Station 16	0.4 miles
3	Ashby MARTA Rail Station	0.4 miles
4	J F Kennedy Park	0.5 miles
5	Booker T. Washington High School	0.7 miles
6	Walmart Supercenter/ Pharmacy	0.8 miles
7	Atlanta Police Department Magnolia Street Precinct	0.9 miles
8	Washington Park Branch Library	1.0 miles
9	Bethune Elementary School	1.1 miles
10	The Mall West End	1.8 miles
11	Emory University Hospital Midtown	2.1 miles
12	Brown Middle School	2.3 miles

Most desirable locational amenities are located less than two miles of the Subject property. A map with the location of these services follows.



Public Transportation

Public bus transportation in the area is provided by the Metropolitan Atlanta Rapid Transit Authority (MARTA). One-way fares are $2.50, while the one-way senior fare is $0.95. Weekly and monthly passes are available. There is a bus stop located 0.1 miles from the Subject site at the intersection of Joseph E Lowery Boulevard NW and Joseph E Boone Boulevard NW.

Crime Statistics

The following table shows personal and property crimes for the PMA and MSA as an index, meaning an index of 100 is average. Any number above 100 is above average compared to the national crime index, while any number below 100 indicates lower than average crime.

2017 CRIME INDICES

	PMA	Atlanta-Sandy Springs-Roswell, GA MSA
Total Crime*	**339**	**139**
Personal Crime*	**522**	**130**
Murder	697	155
Rape	193	88
Robbery	687	163
Assault	474	118
Property Crime*	**314**	**140**
Burglary	338	147
Larceny	279	134
Motor Vehicle Theft	536	178

Source: Esri Demographics 2017, Novogradac & Company LLP, April 2017

*Unweighted aggregations

The total crime indices in the PMA are significantly above that of the MSA and the nation. The Subject will offer limited access and video surveillance as security features.

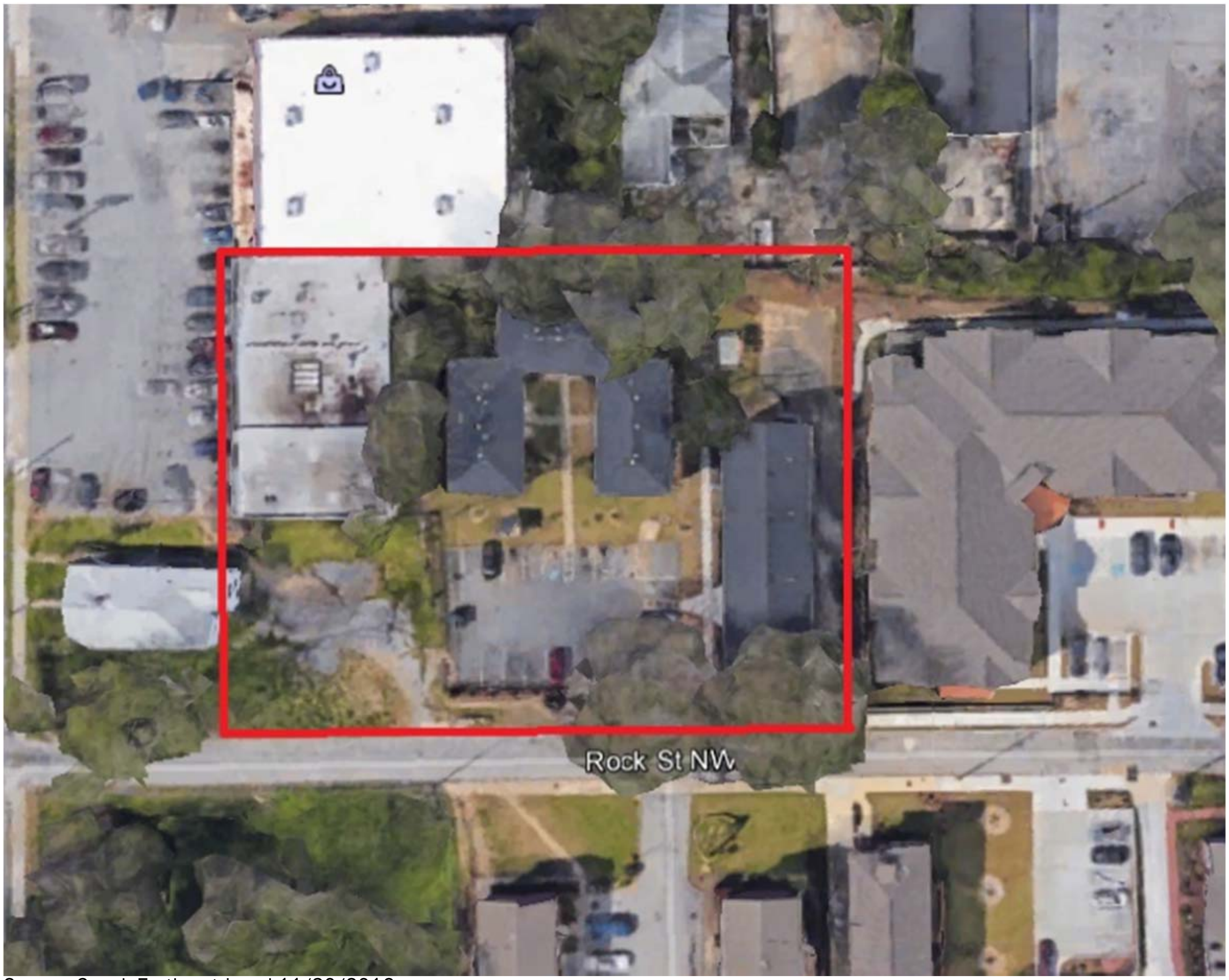
Conclusion

The Subject's neighborhood appears to be a good location for a new multifamily development. Most desirable locational amenities are located less than 2.3 miles of the Subject site including a grocery store, retail, public transportation, and a public library. The Subject site is in a mixed-use neighborhood with surrounding land uses consisting of single-family homes in fair to average condition and commercial and retail uses in fair to average condition.

IV. ANALYSIS OF THE SUBJECT

DESCRIPTION OF THE SITE

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow. An aerial map of the Subject is provided below.



Source: GoogleEarth, retrieved 11/30/2016

Size:	According to the site plan provided by the developer, the Subject is several adjacent parcels that total 1.1 acres, or 47,916 square feet.
Shape:	The Subject site is rectangular in shape.
Frontage:	The Subject site has frontage along the north side of Rock Street NW.
Topography	The site is generally level.
Utilities:	All utilities are available to the site.
Surrounding Visibility/Views:	The Subject will be located on the northern side of Rock Street.

Visibility and views from the site will be good and initially will include several phases of the Quest Village development, and additional multifamily developments. Overall, visibility and views are considered average.

Access and Traffic Flow: The Subject site can be accessed from Rock Street SW, which is a two-lane neighborhood street. Overall, access and visibility are considered good.

Environmental, Soil and Subsoil Conditions and Drainage: We were not provided with a Phase I environmental report for the Subject. During our site inspection, we walked the Subject's grounds and did not observe any obvious indicators of environmental contamination or adverse property condition issues. However, Novogradac & Company LLP does not offer expertise in this field and cannot opine as to the adequacy of the soil conditions, drainage, or existence of adverse environmental conditions. Further analysis is beyond the scope of this report.

Flood Plain: According to www.floodinsights.com Community Panel number 13121C0243F dated September 18, 2013, the Subject site is located in Zone X, which is defined as an area outside of the 100- and 500-year floodplains. Novogradac and Company LLP does not have expertise in this field and cannot opine on this matter.

LURA: The Subject property is currently restricted to development with affordable housing through 2024.

Detrimental Influences: At the time of the site inspection, there were no detrimental influences observed by the appraiser that would adversely impact the marketability of the Subject. While crime is elevated in the immediate area, the Subject will offer numerous security features to help mitigate any potential issues. The Subject will offer limited access and video surveillance as security features. Comparable properties offer similar security features as well. The comparable properties have not reported a problem with marketability

Conclusion: The Subject site is considered to be in a good location for multifamily use and is physically capable of supporting a variety of legally permissible uses.

DESCRIPTION OF THE IMPROVEMENTS

Details of the Subject's improvements are summarized on the following page. This information, which was provided by the property manager, is presumed to be accurate.

Property Improvements: The Subject will be located in the northeast quadrant of Joseph E Lowery Boulevard and Rock Street in Atlanta, Fulton County, Georgia 30314. The property is a proposed new construction LIHTC development that will offer 53 one, two and three-bedroom units restricted to senior households age 62 and older at the 50 and 60 percent AMI level.. The Subject will offer 13 one-bedroom units, 29 two-bedroom units, and 11 two-bedroom units.

Year Built or Date of Completion: Construction on the Subject is expected to begin in September 2018 and be completed in September 2019.

Property Layout and Curb Appeal: Based on our review of the Subject's site and floor plans, the property will offer a functional property layout and will have excellent curb appeal.

Proposed Rents and Unit Mix: The following table details the Subject's proposed unit mix and rents.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent (1)	Utility Allowance (2)	Gross Rent	2016 LIHTC Maximum Allowable Gross	HUD Fair Market Rents
				50% AMI			
1BR	700	3	$516	$117	$633	$633	$820
2BR	950	6	$592	$168	$760	$760	$949
3BR	1,100	2	$655	$222	$877	$877	$1,253
				60% AMI			
1BR	700	8	$642	$117	$759	$759	$820
2BR	950	21	$744	$168	$912	$912	$949
3BR	1,100	7	$831	$222	$1,053	$1,053	$1,253
				Market Rate			
1BR	700	2	$800	$0	$800	N/A	$820
2BR	950	2	$950	$0	$950	N/A	$949
3BR	1,100	2	$1,100	$0	$1,100	N/A	$1,253
Total		**53**					

Notes (1) The proposed rents for units with SCP and PBRA are contract rents; (2) Source of Utility Allowance provided by the Developer.

Parking: The Subject will offer 105 off-street parking spaces, which equates to approximately 1.98 spaces per unit. This is adequate, per the Subject's zoning district. Further, based on the Subject's target tenancy, we believe the number of parking space offered will be adequate.

Unit Layout: Based on our review of floor plans, the floor plans appear adequate relative to their intended use and they will offer good functional utility. Floor plans are included in the Addenda.

Utility Structure: The tenants will be responsible for electric utilities including cooking, heating and cooling, and water heating, as well as general electric expenses. Tenants will also be responsible for cold water, and sewer expenses. The landlord will be responsible for trash expenses. Most of the comparable properties have differing utility structures when compared to the Subject and have received appropriate adjustments. These adjustments are based on the utility allowance schedule provided by the Atlanta Housing Authority dated July 1, 2016, which is the most recent available.

UTILITY ALLOWANCE

Utility and Source	Paid By	1BR	2BR	3BR
Heat - Heat Pump	Tenant	$13	$17	$20
Cooking - Electric	Tenant	$9	$11	$8
Air Conditioning	Tenant	$9	$16	$22
Water Heating - Electirc	Tenant	$18	$25	$32
Other Electric	Tenant	$39	$48	$57
Water	Tenant	$22	$34	$47
Sewer	Tenant	$53	$83	$117
Trash	Landlord	$0	$0	$0
Total Paid by Tenant		**$163**	**$234**	**$303**
Total Paid by Landlord		**$0**	**$0**	**$0**

Source: Atlanta Housing Authority, effective 7/1/2016.

Americans With Disabilities Act of 1990: As new construction, we assume the property will not have any violations of the Americans With Disabilities Act of 1990.

Remaining Economic Life: Based on a typical economic life of 60 years and the Subject's anticipated excellent condition, we believe the economic life for the Subject would equal or surpass 60 years upon completion.

Quality of Construction: We assume the Subject will be completed in a manner consistent with the information provided, using average-quality materials in a professional manner. As new construction, the Subject will not suffer from deferred maintenance.

Functional Utility: As new construction, we assume the Subject will not suffer from functional obsolescence. We have reviewed the Subject's site and floor plans and determined them to be market-oriented and functional.

Current Improvements: The Subject site is currently improved with a two-story garden-style multifamily housing development known as Quest Village.

Conclusion: The Subject is a proposed new construction LIHTC development. Upon completion, the Subject will exhibit excellent condition.

Quest Commons

Location	Joseph E Lowery And Rock Street Atlanta, GA 30314 Fulton County
Units	53
Type	Garden
Year Built / Renovated	Proposed

Market

Program	@50%, @60%, Market	**Leasing Pace**	n/a
Annual Turnover Rate	N/A	**Change in Rent (Past Year)**	n/a
Units/Month Absorbed	n/a	**Concession**	n/a
Section 8 Tenants	N/A		

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Garden (3 stories)	3	700	$516	$0	@50%	n/a	N/A	N/A	yes
1	1	Garden (3 stories)	8	700	$642	$0	@60%	n/a	N/A	N/A	yes
1	1	Garden (3 stories)	2	700	$800	$0	Market	n/a	N/A	N/A	N/A
2	1	Garden (3 stories)	6	950	$592	$0	@50%	n/a	N/A	N/A	yes
2	1	Garden (3 stories)	21	950	$744	$0	@60%	n/a	N/A	N/A	yes
2	1	Garden (3 stories)	2	950	$950	$0	Market	n/a	N/A	N/A	N/A
3	2	Garden (3 stories)	2	1,100	$655	$0	@50%	n/a	N/A	N/A	yes
3	2	Garden (3 stories)	7	1,100	$831	$0	@60%	n/a	N/A	N/A	yes
3	2	Garden (3 stories)	2	1,100	$1,100	$0	Market	n/a	N/A	N/A	N/A

Amenities

In-Unit	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Microwave Oven Refrigerator Walk-In Closet Washer/Dryer hookup	**Property**	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Recreation Areas Community Garden
Premium	none	**Security**	Limited Access Video Surveillance
Services	none		
Other	none		

Comments

The Subject property will consist of one, three-story residential building. The property will offer limited access and video surveillance as security features. Utility allowance for one-bedroom units is $117, two-bedroom units is $168, and three-bedroom units is $222.

ASSESSMENT VALUE AND TAXES

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

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

The current millage rate for the Subject is $43.3 per $1,000 of assessed value. The following comparables have been utilized to estimate the appropriate assessed value for the Subject. All of these properties have been used as rent comparables later in this report.

COMPARABLE ASSESSMENTS

Property	Property Type	Year Built	Number of Units	Total Value	Value/Unit	Assessed Value	Assessed Value/Unit
Avalon Family	LIHTC/Market	2008	175	$9,911,000	$56,634	$3,964,400	$22,654
Columbia Crest	LIHTC/PBRA/Market	2005	152	$5,125,200	$33,718	$2,050,080	$13,487
Columbia Park Citi	LIHTC/PBRA/Market	2005	154	$1,555,200	$10,099	$622,080	$4,039
Average LIHTC			**160**	**$5,530,467**	**$33,484**	**$2,212,187**	**$13,394**
Intown Lofts	Market	2001	87	$3,373,800	$38,779	$1,349,520	$15,512
Stonewall Lofts	Market	2004	38	$3,171,000	$83,447	$1,268,400	$33,379
1016 Lofts	Market	2003	265	$42,153,300	$159,069	$16,861,320	$63,628
M Street Apartments*	Affordable/Market	2004	308	$44,970,700	$146,009	$17,988,280	$58,404
Average Market			**175**	**$23,417,200**	**$106,826**	**$9,366,880**	**$42,730**

The above data indicates a total per unit value range from $10,099 to $56,634 per unit with an average of $33,484 per unit for the affordable comparables and a range of $38,779 to $159,069 per unit with an average of $106,826 per unit for the market rate comparables. Per the assessor, unrestricted and restricted properties are all assessed via the income approach. As the previous table demonstrates, the market rate properties have significantly higher assessed values per unit when compared to the LIHTC properties, which is reasonable considering the rent restrictions imposed on the affordable comparables. The Subject is currently assessed at $17,654 in the as is state. The Subject will be a newly constructed property and will likely receive an assessment at the high end of the range of affordable properties for the restricted scenario. For the market rate scenario, the Subject is most similar to Stonewall Lofts; as the Subject with be in excellent condition upon completion, we have concluded an assessment higher than that of Stonewall Lofts for the unrestricted scenario. Therefore, we have estimated a total value per unit of $50,000 for the restricted scenario as proposed. We believe a total value of $120,000 per unit is reasonable for unrestricted scenario given the higher achievable market rents. The tables following summarize our conclusions.

TAXES RESTRICTED SCENARIO

Total Value Per Unit	Total Value	Assessed Value (40% of Total Value)	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
$50,000	$2,650,000	$1,060,000	43.3	$45,898	$866

TAXES UNRESTRICTED SCENARIO

Total Value Per Unit	Total Value	Assessed Value (40% of Total Value)	Millage Rate	Estimated Tax Burden	Estimated Tax Burden Per Unit
$120,000	$6,360,000	$2,544,000	43.3	$110,155	$2,078

The concluded values for tax purposes are generally inline with the Subject's estimated market value.

ZONING

Current Zoning

The Subject is located inside the Atlanta city limits; thus, it must comply with the City of Atlanta's zoning regulations. According to the City of Atlanta's Official Zoning Map, the Subject is zoned SPI-11, SA-8, which permits multifamily dwellings. This zoning district permits developments with a maximum floor to area ration (FAR) of 1.49. According to the zoning ordinance, the Subject is required to offer 1.0 parking space per unit. The Subject will offer 105 off-street parking spaces, which equates to approximately 1.98 spaces per unit. This is adequate, per the Subject's zoning district. Further, based on the Subject's target tenancy, we believe the number of parking space offered will be adequate. Thus, the Subject appears to be a legal, conforming use as proposed.

Potential Zoning Changes

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

V. COMPETITIVE RENTAL ANALYSIS

COMPETITIVE RENTAL ANALYSIS

General Market Information

We consulted a REIS Submarket Trend Futures report for the Atlanta metro area to gather information on the local apartment rental market. According to the report, asking rents in the Midtown area increased 3.6 percent from the fourth quarter of 2016 to the first quarter of 2017. Vacancy in the metro area increased 0.9 percentage points to 11.1 percent from the fourth quarter of 2016 to the first quarter of 2017. Market data in Atlanta metro area is somewhat positive, with increasing asking rents, despite the increasing vacancy rate.

Tenure

The following table is a summary of the senior population tenure patterns of the housing stock in the PMA.

TENURE PATTERNS PMA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	20,009	38.6%	31,851	61.4%
2017	16,297	30.8%	36,624	69.2%
Projected Mkt Entry September 2019	16,691	30.5%	38,012	69.5%
2021	17,024	30.3%	39,187	69.7%

Source: Esri Demographics 2017, Novogradac & Company LLP, April 2017

As the table illustrates, households within the PMA reside in predominately renter-occupied residences. Nationally, approximately two-thirds of the population resides in owner-occupied housing units, and one-third resides in renter-occupied housing units. Therefore, there is a larger percentage of renters in the PMA than the nation. This percentage is projected to increase moderately over the next five years.

New Supply

We contacted both the Office of Buildings and the Office of Zoning and Development for the City of Atlanta to determine any multifamily developments that are currently planned, proposed, or under construction in the greater Atlanta area. Neither the Office of Zoning and Development nor the Office of Buildings were able to provide information regarding planned, under construction, or recently completed multifamily developments in the area. As such, we have consulted REIS reports for the area. Our findings are summarized below.

Fulton Supply Lofts is currently under construction at 324 Nelson Street NW in Atlanta. This property is the rehabilitation of an existing historic building and will offer 74 one and two-bedroom market-rate units upon completion. Some units will have a multi-level townhome style. Post Centennial Park Apartment is currently under construction at the corner of Centennial Olympic Park and Baker Street NW and will offer 285 units upon completion. All studio, one, two, and three-bedroom units will be offered at market rates. Castleberry Park is currently under construction on the corner of Magnum Street and Mitchell Street, and will offer 125 units upon completion. Though the unit configuration is currently unknown, the project will offer all units at market rates. This is a mixed-use development that will include a 200-room Hard Rock brand hotel and ground level commercial space for restaurants and other retail.

LIHTC Competition / Recent and Proposed Construction

Two properties were allocated in 2014 and 2015 and both have been completed. Centennial Place II and III are located on Pine Street and Merritts Avenue and offer 170 and 185 units, respectively. These properties are the second and third phase of the property known as Centennial Place Apartments, which is used as a comparable in our analysis. Therefore, because they have been completed and reached lease-up, the units at Centennial Place II and III have not been deducted from our demand analysis. Given the current full occupancy and waiting lists at the LIHTC properties, it appears there is demand for additional LIHTC housing in the market. We do not believe that the addition of the Subject to the market will impact the existing LIHTC properties that are in overall good condition and currently performing well.

Local Housing Authority Discussion

We made several attempts to contact the Atlanta Housing Authority, but were unable to speak to a representative. Currently, the city's Housing Choice Voucher Waiting list is closed. According to the authority's website, the list was most recently open from March 15 to March 21, 2017. As of 2016, the housing authority issued 10,013 tenant-based vouchers and 5,051 project-based vouchers. The payment standards for the Atlanta Metro area are listed below.

PAYMENT STANDARDS

Unit Type	Standard
One-bedroom	$1,550
Two-bedroom	$1,800
Three-bedroom	$2,350

Source: Atlanta Housing Authority, effective July 2016

The Subject's proposed unsubsidized LIHTC rents are set below the current payment standards. Therefore, tenants with Housing Choice Vouchers will not pay out of pocket for rent.

SURVEY OF COMPARABLE PROJECTS

Comparable properties are examined on the basis of physical characteristics, e.g., building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. We attempted to compare the Subject to properties from the competing market, in order to provide a picture of the general economic health and available supply in the market.

Description of Property Types Surveyed/Determination of Number of Units

Our competitive survey includes 10 "true" comparable properties containing 2,223 units. A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided on the following pages. A map illustrating the location of the Subject in relation to comparable properties is also provided on the following pages. The properties are further profiled in the following write-ups. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

The availability of LIHTC data is considered good. We have included seven LIHTC comparables in our analysis. All of the LIHTC comparables are located within the PMA within 3.7 miles of the Subject site. All of the LIHTC properties target families. These comparables were built or renovated between 1993 and 2014.

The availability of market-rate data is considered good. The Subject is located in Atlanta and there are several market-rate properties in the area. We have included three conventional properties in our analysis of the competitive market. All of the market-rate properties are located in the PMA, between 1.2 and 1.5 miles from the Subject site. These comparables were built or renovated between 2001 and 2004. There are a limited number of new construction market-rate properties in the area. Overall, we believe the market-rate properties we have used in our analysis are the most comparable.

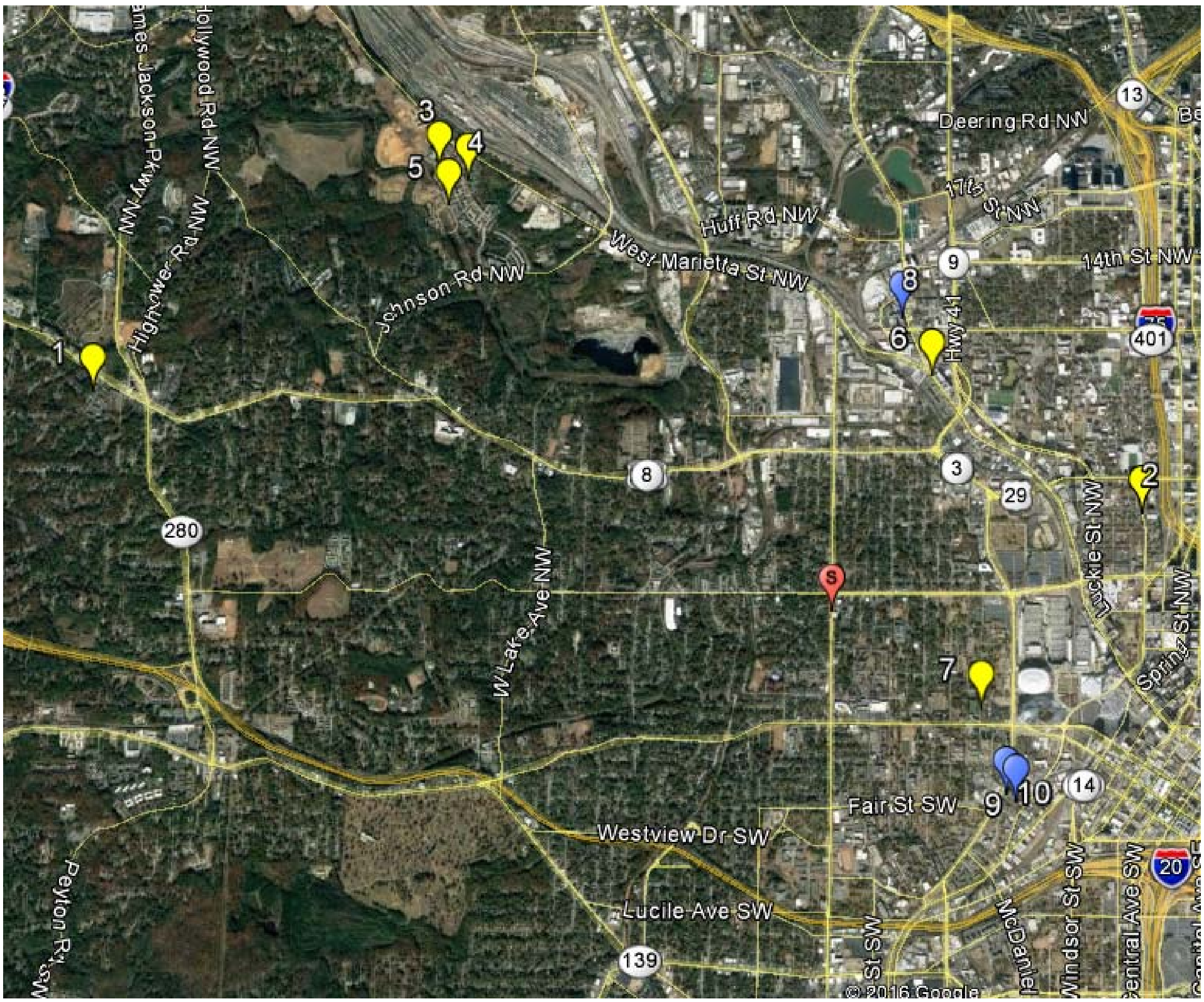
EXCLUDED PROPERTIES

Property Name	Program	Location	Tenancy	# of Units	Occupancy	Reason for Exclusion
Ashley College Town	LIHTC	Atlanta	Family	118	93.8%	Closer comparables
Ashley College Town II	LIHTC	Atlanta	Family	118		Closer comparables
Ashley West End	LIHTC	Atlanta	Family	112	91.0%	Closer comparables
Columbia Plaza Apts	LIHTC	Atlanta	Family	96	89.6%	Dissimilar unit mix
Columbia Heritage Senior Residences	LIHTC	Atlanta	Senior	132	100.0%	Dissimilar tenancy
Flipper Temple	Section 8	Atlanta	Family	163	98.8%	Subsidized
Hollywood West Ii	LIHTC/Market/Section 8	Atlanta	Family	112	100.0%	Closer comparables
Ogelthorpe Place Apts	LIHTC	Atlanta	Family	144	92.7%	Closer comparables
Peaks At Martin Luther King	LIHTC	Atlanta	Family	183	100.0%	Closer comparables
Veranda At Collegetown	LIHTC/PBRA	Atlanta	Family	100	100.0%	Subsidized
Villages At Castleberry Hill	LIHTC	Atlanta	Family	450	99.1%	Closer comparables
Indigo Blue	LIHTC	Atlanta	Family	220	N/Av	Closer comparables
John O Chiles	LIHTC	Atlanta	Family	190	95.0%	Dissimilar unit mix
Overlook Atlanta	LIHTC	Atlanta	Family	506	88.1%	Inferior age/condition
Peaks At West Atlanta	LIHTC	Atlanta	Family	214	95.0%	Closer comparables
Phoenix House	LIHTC	Atlanta	Other	69	100.0%	Special tenancy
Ashley Scholars Lodge I	LIHTC	Atlanta	Family	135	N/Av	Closer comparables
Adair Court	LIHTC	Atlanta	Senior	91	N/Av	Closer comparables
Mechanicsville Family	LIHTC/PHA/Market	Atlanta	Family	164	96.0%	Closer comparables
Columbia Commons	LIHTC/PHA	Atlanta	Family	200	94.0%	Dissimilar unit mix
Community Friendship Apartments	Section 8	Atlanta	Senior	19	100.0%	Subsidized
Rolling Bends I	Section 8	Atlanta	Family	164	100.0%	Subsidized
Rolling Bends Ii	Section 8	Atlanta	Family	191	100.0%	Subsidized
West Lake Village Townhomes	Section 8	Atlanta	Family	80	100.0%	Subsidized
Quest Village I & II	PSHP/HOME	Atlanta	Family	28	100.0%	Subsidized
Quest Village III	HOME	Atlanta	Family	28	100.0%	Subsidized
Quest Veterans Village	HOME	Atlanta	Veterans	12	100.0%	Special tenancy
Magnolia Park Apts	LIHTC/Section 8/PHA	Atlanta	Family	400	100.0%	Closer comparables
Artist Square Apartments	Market	Atlanta	Family	76	96.1%	Closer comparables
Ashby Park Apartments	Market	Atlanta	Family	66	N/Av	Inferior age/condition
Aspen Courts (FKA Spanish Villa)	Market	Atlanta	Family	157	94.3%	Closer comparables
Chappell Forest	Market	Atlanta	Family	219	95.4%	Closer comparables
Chateau Chennault	Market	Atlanta	Family	71	99.9%	Inferior age/condition
City Plaza	Market	Atlanta	Family	167	100.0%	Closer comparables
Collier Heights	Market	Atlanta	Family	336	76.2%	Inferior age/condition
Dogwood Apartments	Market	Atlanta	Family	80	96.2%	Inferior age/condition
Donnelly Gardens	Market	Atlanta	Family	250	96.0%	Inferior age/condition
Dwell At The View	Market	Atlanta	Family	216	98.1%	Closer comparables
Freeman Ford/ Fairlie Poplar Lofts	Market	Atlanta	Family	42	100.0%	Inferior age/condition
Hotel Roxy Lofts	Market	Atlanta	Family	18	100.0%	Dissimilar unit mix
Marquis Townhomes	Market	Atlanta	Family	34	85.3%	Inferior age/condition
Muse Lofts	Market	Atlanta	Family	65	100.0%	Closer comparables
Point At Westside	Market	Atlanta	Family	263	89.4%	Closer comparables
Rachel's Court	Market	Atlanta	Family	64	84.4%	Dissimilar unit mix

The following table and map are of the comparable properties used in the supply analysis.

COMPARABLE PROPERTIES

#	Property Name	Type	Distance from Subject (miles)
S	Quest Commons	LIHTC, SCP, PBRA, Market	-
1	Avalon Park - Family	LIHTC, Market	3.7
2	Centennial Place Apartments	LIHTC, Market	1.5
3	Columbia Crest	LIHTC, PHA, Market	2.6
4	Columbia Estates	LIHTC, PHA, Market	3.0
5	Columbia Park Citi	LIHTC, PHA, Market, Non-Rental	2.7
6	M Street Apartments	LIHTC, Market	1.2
7	The Residences At Citycenter	LIHTC, Market	0.7
8	1016 Lofts	Market	1.5
9	Intown Lofts	Market	1.2
10	Stonewall Lofts	Market	1.2



SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate
Subject	Quest Commons	n/a	Garden	LIHTC,	1BR / 1BA	3	5.7%	@50%	$516	700	yes		N/A	N/A
	291 Joseph E Lowery		(3 stories)	Market	1BR / 1BA	8	15.1%	@60%	$642	700	yes		N/A	N/A
	Atlanta, GA 30314		Proposed		1BR / 1BA	2	3.8%	Market	$800	700	n/a		N/A	N/A
	Fulton County				2BR / 2BA	6	11.3%	@50%	$592	950	yes		N/A	N/A
					2BR / 2BA	21	39.6%	@60%	$744	950	yes		N/A	N/A
					2BR / 2BA	2	3.8%	Market	$950	950	n/a		N/A	N/A
					3BR / 2BA	2	3.8%	@50%	$655	1,100	yes		N/A	N/A
					3BR / 2BA	7	13.2%	@60%	$831	1,100	yes		N/A	N/A
					3BR / 2BA	2	3.8%	Market	$1,100	1,100	n/a		N/A	N/A
						53	100.0%						N/A	N/A
1	Avalon Park - Family	3.7 miles	Garden	LIHTC,	1BR / 1BA	7	4.0%	@30%	$259	700	yes	Yes	0	0.0%
	2798 Peek Rd		(3 stories)	Market	1BR / 1BA	11	6.3%	@50%	$536	700	yes	Yes	0	0.0%
	Atlanta, GA 30318		2008		1BR / 1BA	11	6.3%	@60%	$675	700	yes	Yes	0	0.0%
	Fulton County				1BR / 1BA	11	6.3%	Market	$839	700	n/a	No	0	0.0%
					2BR / 1BA	15	8.6%	@30%	$273	1,044	yes	Yes	0	0.0%
					2BR / 1BA	25	14.3%	@50%	$606	1,044	yes	Yes	0	0.0%
					2BR / 1BA	31	17.7%	@60%	$773	1,044	yes	Yes	0	0.0%
					2BR / 1BA	29	16.6%	Market	$999	1,044	n/a	No	2	6.9%
					3BR / 2BA	5	2.9%	@30%	$276	1,218	yes	Yes	0	0.0%
					3BR / 2BA	8	4.6%	@50%	$661	1,218	yes	Yes	0	0.0%
					3BR / 2BA	11	6.3%	@60%	$853	1,218	yes	Yes	0	0.0%
					3BR / 2BA	11	6.3%	Market	$1,179	1,218	n/a	No	2	18.2%
						175	100.0%						4	2.3%
2	Centennial Place Apartments	1.5 miles	Various	LIHTC,	1BR / 1BA (Garden)	N/A	N/A	@60%	$611	688	yes	No	N/A	N/A
	526 Centennial Olympic Park Drive		(3 stories)	Market	1BR / 1BA (Garden)	N/A	N/A	Market	$975	688	n/a	No	N/A	N/A
	Atlanta, GA 30313		1996/2001/2014		2BR / 1BA (Garden)	N/A	N/A	@60%	$695	875	yes	No	N/A	N/A
	Fulton County				2BR / 1BA (Garden)	N/A	N/A	Market	$1,083	875	n/a	No	N/A	N/A
					R / 1.5BA (Townhou	N/A	N/A	@60%	$695	1,075	yes	No	N/A	N/A
					R / 1.5BA (Townhou	N/A	N/A	Market	$1,483	1,075	n/a	No	N/A	N/A
					2BR / 2BA (Garden)	N/A	N/A	@60%	$755	1,050	yes	No	N/A	N/A
					2BR / 2BA (Garden)	N/A	N/A	@60%	$755	1,231	yes	No	N/A	N/A
					2BR / 2BA (Garden)	N/A	N/A	Market	$1,153	1,050	n/a	No	N/A	N/A
					2BR / 2BA (Garden)	N/A	N/A	Market	$1,211	1,231	n/a	No	N/A	N/A
					R / 2.5BA (Townhou	N/A	N/A	@60%	$764	1,441	yes	No	N/A	N/A
					R / 2.5BA (Townhou	N/A	N/A	@60%	$764	1,340	yes	No	N/A	N/A
					R / 2.5BA (Townhou	N/A	N/A	Market	$1,536	1,441	n/a	No	N/A	N/A
					R / 2.5BA (Townhou	N/A	N/A	Market	$1,711	1,340	n/a	No	N/A	N/A
						738	100.0%						15	2.0%
3	Columbia Crest	2.6 miles	Midrise	LIHTC,	1BR / 1BA	10	6.6%	@50% (PHA)	N/A	770	n/a	Yes	0	0.0%
	1903 Drew Dr NW		(4 stories)	Market	1BR / 1BA	8	5.3%	@60%	$596	770	yes	No	0	0.0%
	Atlanta, GA 30318		2005		1BR / 1BA	18	11.8%	Market	$899	770	n/a	No	0	0.0%
	Fulton County				2BR / 2BA	24	15.8%	@50% (PHA)	N/A	1,066	n/a	Yes	0	0.0%
					2BR / 2BA	16	10.5%	@60%	$678	1,066	yes	No	0	0.0%
					2BR / 2BA	32	21.1%	Market	$1,049	1,066	n/a	No	0	0.0%
					3BR / 2BA	16	10.5%	@50% (PHA)	N/A	1,318	n/a	Yes	0	0.0%
					3BR / 2BA	12	7.9%	@60%	$744	1,318	yes	No	0	0.0%
					3BR / 2BA	16	10.5%	Market	$1,099	1,318	n/a	No	0	0.0%
						152	100.0%						0	0.0%
4	Columbia Estates	3 miles	Various	LIHTC,	R / 2.5BA (Townhou	36	29.0%	@50% (PHA)	N/A	1,274	n/a	Yes	0	0.0%
	1710 Noel Street NW		2004	Market	R / 2.5BA (Townhou	7	5.6%	@60%	$678	1,274	yes	No	0	0.0%
	Atlanta, GA 30318				R / 2.5BA (Townhou	43	34.7%	Market	$1,049	1,274	n/a	No	0	0.0%
	Fulton County				3BR / 2BA (Garden)	14	11.3%	@50% (PHA)	N/A	1,444	n/a	Yes	0	0.0%
					3BR / 2BA (Garden)	5	4.0%	@60%	$744	1,444	yes	No	0	0.0%
					3BR / 2BA (Garden)	19	15.3%	Market	$1,099	1,444	n/a	No	0	0.0%
						124	100.0%						0	0.0%
5	Columbia Park Citi	2.7 miles	Midrise	LIHTC,	2BR / 2BA	46	29.9%	@50% (PHA)	N/A	1,069	n/a	Yes	0	0.0%
	921 Westmoreland Circle		(4 stories)	Market,	2BR / 2BA	14	9.1%	@60%	$643	1,069	yes	Yes	0	0.0%
	Atlanta, GA 30318		2005	Non-Rental	2BR / 2BA	54	35.1%	Market	$1,183	1,069	n/a	No	2	3.7%
	Fulton County				2BR / 2BA	1	0.6%	Non-Rental	N/A	1,069	n/a	No	0	0.0%
					3BR / 2BA	15	9.7%	@50% (PHA)	N/A	1,308	n/a	Yes	0	0.0%
					3BR / 2BA	5	3.2%	@60%	$709	1,308	yes	Yes	0	0.0%
					3BR / 2BA	18	11.7%	Market	$1,441	1,308	n/a	No	1	5.6%
					3BR / 2BA	1	0.6%	Non-Rental	N/A	1,308	n/a	No	0	0.0%
						154	100.0%						3	1.9%

SUMMARY MATRIX

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Subject	Quest Commons	n/a	Garden	LIHTC,	1BR / 1BA	3	5.7%	@50%	$516	700	yes		N/A	N/A
	291 Joseph E Lowery		(3 stories)	Market	1BR / 1BA	8	15.1%	@60%	$642	700	yes		N/A	N/A
	Atlanta, GA 30314		Proposed		1BR / 1BA	2	3.8%	Market	$800	700	n/a		N/A	N/A
	Fulton County				2BR / 2BA	6	11.3%	@50%	$592	950	yes		N/A	N/A
					2BR / 2BA	21	39.6%	@60%	$744	950	yes		N/A	N/A
					2BR / 2BA	2	3.8%	Market	$950	950	n/a		N/A	N/A
					3BR / 2BA	2	3.8%	@50%	$655	1,100	yes		N/A	N/A
					3BR / 2BA	7	13.2%	@60%	$831	1,100	yes		N/A	N/A
					3BR / 2BA	2	3.8%	Market	$1,100	1,100	n/a		N/A	N/A
						53	100.0%						N/A	N/A
6	M Street Apartments	1.2 miles	Garden	LIHTC,	Studio / 1BA	N/A	N/A	@50%	$790	561	yes	Yes	0	N/A
	950 Marietta Street		(3 stories)	Market	Studio / 1BA	N/A	N/A	Market	$1,058	561	n/a	No	0	N/A
	Atlanta, GA 30318		2004		1BR / 1BA	N/A	N/A	@50%	$825	886	yes	Yes	0	N/A
	Fulton County				1BR / 1BA	N/A	N/A	Market	$1,322	886	n/a	No	8	N/A
					2BR / 2BA	N/A	N/A	@50%	$920	955	yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	Market	$1,503	955	n/a	No	4	N/A
					3BR / 3BA	N/A	N/A	@50%	$1,112	1,275	yes	Yes	0	N/A
					3BR / 3BA	N/A	N/A	Market	$2,215	1,275	n/a	No	5	N/A
						308	100.0%						17	5.5%
7	The Residences At Citycenter	0.7 miles	Garden	LIHTC,	1BR / 1BA	24	13.2%	Market	$727	575	n/a	None	0	0.0%
	55 Maple Street Nw		(3 stories)	Market	1BR / 1BA	24	13.2%	Market	$827	722	n/a	None	1	4.2%
	Atlanta, GA 30314		1993		2BR / 1BA	24	13.2%	@60%	$721	848	no	Yes	0	0.0%
	Fulton County				2BR / 1BA	12	6.6%	Market	$718	848	n/a	None	0	0.0%
					2BR / 2BA	24	13.2%	@60%	$721	950	no	Yes	0	0.0%
					2BR / 2BA	24	13.2%	@60%	$721	968	no	Yes	0	0.0%
					2BR / 2BA	12	6.6%	Market	$726	950	n/a	None	0	0.0%
					2BR / 2BA	14	7.7%	Market	$783	968	n/a	None	0	0.0%
					3BR / 2BA	24	13.2%	Market	$937	1,150	n/a	None	0	0.0%
						182	100.0%						1	0.5%
8	1016 Lofts	1.5 miles	Midrise	Market	Studio / 1BA	N/A	N/A	Market	$1,114	630	n/a	No	2	N/A
	1016 Howell Mill Rd		(6 stories)		Studio / 1BA	N/A	N/A	Market	$1,440	630	n/a	No	1	N/A
	Atlanta, GA 30318		2003		Studio / 1BA	N/A	N/A	Market	$1,295	649	n/a	No	1	N/A
	Fulton County				1BR / 1BA	N/A	N/A	Market	$1,162	720	n/a	No	0	N/A
					1BR / 1BA	N/A	N/A	Market	$1,536	972	n/a	No	2	N/A
					1BR / 1BA	N/A	N/A	Market	$1,736	1,278	n/a	No	0	N/A
					2BR / 1BA	N/A	N/A	Market	$1,505	972	n/a	No	0	N/A
					2BR / 2BA	N/A	N/A	Market	$1,794	1,218	n/a	No	2	N/A
					2BR / 2BA	N/A	N/A	Market	$1,877	1,367	n/a	No	4	N/A
						265	100.0%						12	4.5%
9	Intown Lofts	1.2 miles	Midrise	Market	1BR / 1BA	5	5.7%	Market	$913	730	n/a	No	1	20.0%
	170 Northside Drive SW		(5 stories)		1BR / 1BA	12	13.8%	Market	$1,041	828	n/a	No	0	0.0%
	Atlanta, GA 30313		2001		1BR / 1BA	8	9.2%	Market	$1,191	976	n/a	No	0	0.0%
	Fulton County				1BR / 1BA	6	6.9%	Market	$1,402	1,000	n/a	No	0	0.0%
					2BR / 2BA	6	6.9%	Market	$1,169	985	n/a	No	0	0.0%
					2BR / 2BA	11	12.6%	Market	$1,306	1,110	n/a	No	2	18.2%
					2BR / 2BA	6	6.9%	Market	$1,266	1,120	n/a	No	0	0.0%
					2BR / 2BA	7	8.0%	Market	$1,401	1,170	n/a	No	0	0.0%
					2BR / 2BA	6	6.9%	Market	$1,413	1,180	n/a	No	0	0.0%
					2BR / 2BA	7	8.0%	Market	$1,445	1,230	n/a	No	0	0.0%
					2BR / 2BA	6	6.9%	Market	$1,513	1,260	n/a	No	0	0.0%
					2BR / 2BA	7	8.0%	Market	$1,687	1,440	n/a	No	0	0.0%
						87	100.0%						3	3.4%
10	Stonewall Lofts	1.2 miles	Midrise	Market	Studio / 1BA	2	5.3%	Market	$838	631	n/a	No	0	0.0%
	450 Stonewall Street SW		(5 stories)		Studio / 1BA	3	7.9%	Market	$1,006	729	n/a	No	0	0.0%
	Atlanta, GA 30313		2004		1BR / 1BA	7	18.4%	Market	$990	792	n/a	No	0	0.0%
	Fulton County				1BR / 1BA	7	18.4%	Market	$1,182	1,008	n/a	No	0	0.0%
					1BR / 1BA	5	13.2%	Market	$1,220	1,095	n/a	No	0	0.0%
					1BR / 1BA	1	2.6%	Market	$1,537	1,435	n/a	No	0	0.0%
					2BR / 2BA	5	13.2%	Market	$1,228	1,030	n/a	No	0	0.0%
					2BR / 2BA	3	7.9%	Market	$964	1,092	n/a	No	1	33.3%
					2BR / 2BA	3	7.9%	Market	$1,162	1,132	n/a	No	1	33.3%
					2BR / 2BA	2	5.3%	Market	$1,627	1,296	n/a	No	0	0.0%
						38	100.0%						2	5.3%

PROPERTY PROFILE REPORT

Avalon Park - Family

Effective Rent Date **4/11/2017**

Location	2798 Peek Rd Atlanta, GA 30318 Fulton County
Distance	3.7 miles
Units	175
Vacant Units	4
Vacancy Rate	2.3%
Type	Garden (3 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	10/01/2007
Last Unit Leased	N/A
Major Competitors	Peaks at MLK, Columbia Commons
Tenant Characteristics	Mixed tenancy, mostly young families.
Contact Name	Corey
Phone	404-799-3131

Market Information

Program	@30%, @50%, @60%, Market
Annual Turnover Rate	31%
Units/Month Absorbed	17
HCV Tenants	0%
Leasing Pace	Pre-leased to two weeks.
Annual Chg. in Rent	Market rate increased 6 to 9 percent
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	7	700	$259	$0	@30%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	11	700	$536	$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	11	700	$675	$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	11	700	$839	$0	Market	No	0	0.0%	N/A	None
2	1	Garden (3 stories)	15	1,044	$273	$0	@30%	Yes	0	0.0%	yes	None
2	1	Garden (3 stories)	25	1,044	$606	$0	@50%	Yes	0	0.0%	yes	None
2	1	Garden (3 stories)	31	1,044	$773	$0	@60%	Yes	0	0.0%	yes	None
2	1	Garden (3 stories)	29	1,044	$999	$0	Market	No	2	6.9%	N/A	None
3	2	Garden (3 stories)	5	1,218	$276	$0	@30%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	8	1,218	$661	$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	11	1,218	$853	$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	11	1,218	$1,179	$0	Market	No	2	18.2%	N/A	None

Avalon Park - Family, continued

Unit Mix

@30%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$259	$0	$259	$0	$259
2BR / 1BA	$273	$0	$273	$0	$273
3BR / 2BA	$276	$0	$276	$0	$276

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$536	$0	$536	$0	$536
2BR / 1BA	$606	$0	$606	$0	$606
3BR / 2BA	$661	$0	$661	$0	$661

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$675	$0	$675	$0	$675
2BR / 1BA	$773	$0	$773	$0	$773
3BR / 2BA	$853	$0	$853	$0	$853

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$839	$0	$839	$0	$839
2BR / 1BA	$999	$0	$999	$0	$999
3BR / 2BA	$1,179	$0	$1,179	$0	$1,179

Amenities

In-Unit

Balcony/Patio
Cable/Satellite/Internet
Central A/C
Dishwasher
Ceiling Fan
Oven
Walk-In Closet
Blinds
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Security

Limited Access
Perimeter Fencing

Services

None

Property

Business Center/Computer Lab
Exercise Facility
Non-shelter Services
On-Site Management
Playground
Clubhouse/Meeting
Central Laundry
Off-Street Parking
Picnic Area
Swimming Pool

Premium

None

Other

After School Support

Comments

The property manager stated that the waiting list is a few month in length for LIHTC units. The contact stated that demand for affordable housing in the Atlanta area is very high. The property manager indicated that higher rents would be achievable if the LIHTC maximum allowable levels were to increase slightly. The property does not accept vouchers for any units.

PROPERTY PROFILE REPORT

Centennial Place Apartments

Effective Rent Date	**4/10/2017**
Location	526 Centennial Olympic Park Drive Atlanta, GA 30313 Fulton County
Distance	1.5 miles
Units	738
Vacant Units	15
Vacancy Rate	2.0%
Type	Various (3 stories)
Year Built/Renovated	1996/2001 / 2014/Ongoing
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	M Street, 710 Peachtree
Tenant Characteristics	None identified
Contact Name	Tasha
Phone	404-892-0772

Market Information

Program	@60%, Market
Annual Turnover Rate	20%
Units/Month Absorbed	n/a
HCV Tenants	0%
Leasing Pace	7 to 10 days
Annual Chg. in Rent	Increased up to 2 percent
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden	N/A	688	$686	$0	@60%	No	N/A	N/A	yes	None
1	1	Garden	N/A	688	$1,050	$0	Market	No	N/A	N/A	N/A	None
2	1	Garden	N/A	875	$812	$0	@60%	No	N/A	N/A	yes	None
2	1	Garden	N/A	875	$1,200	$0	Market	No	N/A	N/A	N/A	None
2	1.5	Townhouse	N/A	1,075	$812	$0	@60%	No	N/A	N/A	yes	None
2	1.5	Townhouse	N/A	1,075	$1,600	$0	Market	No	N/A	N/A	N/A	None
2	2	Garden	N/A	1,050	$872	$0	@60%	No	N/A	N/A	yes	None
2	2	Garden	N/A	1,231	$872	$0	@60%	No	N/A	N/A	yes	None
2	2	Garden	N/A	1,050	$1,270	$0	Market	No	N/A	N/A	N/A	None
2	2	Garden	N/A	1,231	$1,328	$0	Market	No	N/A	N/A	N/A	None
3	2.5	Townhouse	N/A	1,441	$928	$0	@60%	No	N/A	N/A	yes	None
3	2.5	Townhouse	N/A	1,340	$928	$0	@60%	No	N/A	N/A	yes	None
3	2.5	Townhouse	N/A	1,441	$1,700	$0	Market	No	N/A	N/A	N/A	None
3	2.5	Townhouse	N/A	1,340	$1,875	$0	Market	No	N/A	N/A	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$686	$0	$686	-$75	$611
2BR / 1BA	$812	$0	$812	-$117	$695
2BR / 1.5BA	$812	$0	$812	-$117	$695
2BR / 2BA	$872	$0	$872	-$117	$755
3BR / 2.5BA	$928	$0	$928	-$164	$764

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$1,050	$0	$1,050	-$75	$975
2BR / 1BA	$1,200	$0	$1,200	-$117	$1,083
2BR / 1.5BA	$1,600	$0	$1,600	-$117	$1,483
2BR / 2BA	$1,270 - $1,328	$0	$1,270 - $1,328	-$117	$1,153 - $1,211
3BR / 2.5BA	$1,700 - $1,875	$0	$1,700 - $1,875	-$164	$1,536 - $1,711

Centennial Place Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C	Perimeter Fencing	
Dishwasher	Exterior Storage		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer		
Washer/Dryer hookup			

Property		Premium	Other
Clubhouse/Meeting	Exercise Facility	None	None
Garage	Central Laundry		
Off-Street Parking	On-Site Management		
Swimming Pool			

Comments

The contact stated the property is currently undergoing renovations with LIHTC equity, which accounts for vacant units. Details regarding the scope of renovation were unavailable. The market rate units operate on the LRO system and change based on demand.

PROPERTY PROFILE REPORT

Columbia Crest

Effective Rent Date	**4/26/2017**
Location	1903 Drew Dr NW Atlanta, GA 30318 Fulton County
Distance	2.6 miles
Units	152
Vacant Units	0
Vacancy Rate	0.0%
Type	Midrise (4 stories)
Year Built/Renovated	2005 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Columbia Estates, Columbia Park Citi
Tenant Characteristics	Mixed tenancy mostly from Atlanta
Contact Name	Jasmine
Phone	404-792-3321

Market Information

Program	@50% (PHA), @60%, Market
Annual Turnover Rate	21%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased to two weeks.
Annual Chg. in Rent	None
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	10	770	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
1	1	Midrise (4 stories)	8	770	$596	$0	@60%	No	0	0.0%	yes	None
1	1	Midrise (4 stories)	18	770	$899	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (4 stories)	24	1,066	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
2	2	Midrise (4 stories)	16	1,066	$678	$0	@60%	No	0	0.0%	yes	None
2	2	Midrise (4 stories)	32	1,066	$1,049	$0	Market	No	0	0.0%	N/A	None
3	2	Midrise (4 stories)	16	1,318	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
3	2	Midrise (4 stories)	12	1,318	$744	$0	@60%	No	0	0.0%	yes	None
3	2	Midrise (4 stories)	16	1,318	$1,099	$0	Market	No	0	0.0%	N/A	None

Columbia Crest, continued

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	N/A	$0	N/A	$0	N/A
2BR / 2BA	N/A	$0	N/A	$0	N/A
3BR / 2BA	N/A	$0	N/A	$0	N/A

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$596	$0	$596	$0	$596
2BR / 2BA	$678	$0	$678	$0	$678
3BR / 2BA	$744	$0	$744	$0	$744

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$899	$0	$899	$0	$899
2BR / 2BA	$1,049	$0	$1,049	$0	$1,049
3BR / 2BA	$1,099	$0	$1,099	$0	$1,099

Amenities

In-Unit

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

Security

Limited Access
Video Surveillance

Services

None

Property

Business Center/Computer Lab
Elevators
Garage
Off-Street Parking
Playground
Clubhouse/Meeting
Exercise Facility
Central Laundry
On-Site Management
Swimming Pool

Premium

None

Other

Gazebo, community garden

Comments

The property maintains a long waiting list of approximately two years for public housing units. The contact indicated they do not maintain a waiting list for LIHTC units; however, there is not a problem filling the units once they become vacant. Open parking garage parking is included in rent.

PROPERTY PROFILE REPORT

Columbia Estates

Effective Rent Date	**4/26/2017**
Location	1710 Noel Street NW Atlanta, GA 30318 Fulton County
Distance	3 miles
Units	124
Vacant Units	0
Vacancy Rate	0.0%
Type	Various
Year Built/Renovated	2004 / N/A
Marketing Began	6/01/2003
Leasing Began	12/01/2003
Last Unit Leased	2/01/2004
Major Competitors	Columbia Crest, Columbia Park Citi
Tenant Characteristics	Couples and families from Atlanta
Contact Name	Sandra
Phone	404.799.7942

Market Information

Program	@50% (PHA), @60%, Market
Annual Turnover Rate	14%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased to one week.
Annual Chg. in Rent	Market rents increased 10%
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2.5	Townhouse (2 stories)	36	1,274	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
2	2.5	Townhouse (2 stories)	7	1,274	$678	$0	@60%	No	0	0.0%	yes	None
2	2.5	Townhouse (2 stories)	43	1,274	$1,049	$0	Market	No	0	0.0%	N/A	None
3	2	Garden (3 stories)	14	1,444	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
3	2	Garden (3 stories)	5	1,444	$744	$0	@60%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	19	1,444	$1,099	$0	Market	No	0	0.0%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2.5BA	N/A	$0	N/A	$0	N/A
3BR / 2BA	N/A	$0	N/A	$0	N/A

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2.5BA	$678	$0	$678	$0	$678
3BR / 2BA	$744	$0	$744	$0	$744

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2.5BA	$1,049	$0	$1,049	$0	$1,049
3BR / 2BA	$1,099	$0	$1,099	$0	$1,099

Columbia Estates, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Patrol	
Coat Closet	Dishwasher	Video Surveillance	
Ceiling Fan	Garbage Disposal		
Oven	Refrigerator		
Vaulted Ceilings	Walk-In Closet		
Washer/Dryer hookup			

Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting	None	None
Elevators	Exercise Facility		
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

Comments

This property is fully occupied, which is typical for the development. Management stated the property maintains an waiting list for their project-based units. The property manager stated that demand for affordable housing in the area is extremely high. The development offers one parking space per unit, with some spaces in an uncovered parking lot and the others on the street in front of the property.

PROPERTY PROFILE REPORT

Columbia Park Citi

Effective Rent Date	**4/11/2017**
Location	921 Westmoreland Circle Atlanta, GA 30318 Fulton County
Distance	2.7 miles
Units	154
Vacant Units	3
Vacancy Rate	1.9%
Type	Midrise (4 stories)
Year Built/Renovated	2005 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mostly families
Contact Name	Ashley
Phone	404-792-7771

Market Information

Program	@50% (PHA), @60%, Market, Non-Rental
Annual Turnover Rate	12%
Units/Month Absorbed	N/A
HCV Tenants	5%
Leasing Pace	Pre-leased to a few weeks
Annual Chg. in Rent	Market rents increased 11%
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Midrise (4 stories)	46	1,069	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
2	2	Midrise (4 stories)	14	1,069	$643	$0	@60%	Yes	0	0.0%	yes	None
2	2	Midrise (4 stories)	54	1,069	$1,183	$0	Market	No	2	3.7%	N/A	None
2	2	Midrise (4 stories)	1	1,069	N/A	$0	Non-Rental	No	0	0.0%	N/A	None
3	2	Midrise (4 stories)	15	1,308	N/A	$0	@50% (PHA)	Yes	0	0.0%	N/A	None
3	2	Midrise (4 stories)	5	1,308	$709	$0	@60%	Yes	0	0.0%	yes	None
3	2	Midrise (4 stories)	18	1,308	$1,441	$0	Market	No	1	5.6%	N/A	None
3	2	Midrise (4 stories)	1	1,308	N/A	$0	Non-Rental	No	0	0.0%	N/A	None

Columbia Park Citi, continued

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	N/A	$0	N/A	$0	N/A
3BR / 2BA	N/A	$0	N/A	$0	N/A

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	$643	$0	$643	$0	$643
3BR / 2BA	$709	$0	$709	$0	$709

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	$1,183	$0	$1,183	$0	$1,183
3BR / 2BA	$1,441	$0	$1,441	$0	$1,441

Non-Rental	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 2BA	N/A	$0	N/A	$0	N/A
3BR / 2BA	N/A	$0	N/A	$0	N/A

Amenities

In-Unit

Balcony/Patio
Blinds
Carpeting
Central A/C
Coat Closet
Dishwasher
Ceiling Fan
Fireplace
Garbage Disposal
Oven
Refrigerator
Walk-In Closet
Washer/Dryer hookup

Security

Limited Access
Patrol
Video Surveillance

Services

None

Property

Business Center/Computer Lab
Clubhouse/Meeting
Elevators
Exercise Facility
Central Laundry
Off-Street Parking
On-Site Management
Picnic Area
Playground
Recreation Areas
Swimming Pool

Premium

None

Other

5,000 sf play field

Comments

The property maintains a waiting list of several months households for their public housing units, and a short waiting list for LIHTC units.

PROPERTY PROFILE REPORT

M Street Apartments

Effective Rent Date	**4/11/2017**
Location	950 Marietta Street Atlanta, GA 30318 Fulton County
Distance	1.2 miles
Units	308
Vacant Units	17
Vacancy Rate	5.5%
Type	Garden (3 stories)
Year Built/Renovated	2004 / N/A
Marketing Began	3/27/2004
Leasing Began	6/15/2004
Last Unit Leased	N/A
Major Competitors	1016 Lofts, Park District Lofts
Tenant Characteristics	Most tenants are locals from Atlanta.
Contact Name	Steve
Phone	678-904-9140

Market Information

Program	@50%, Market
Annual Turnover Rate	40%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Changes frequently
Concession	$99 off application fee

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Garden (3 stories)	N/A	561	$790	$0	@50%	Yes	0	N/A	yes	None
0	1	Garden (3 stories)	N/A	561	$1,058	$0	Market	No	0	N/A	N/A	None
1	1	Garden (3 stories)	N/A	886	$825	$0	@50%	Yes	0	N/A	yes	None
1	1	Garden (3 stories)	N/A	886	$1,322	$0	Market	No	8	N/A	N/A	None
2	2	Garden (3 stories)	N/A	955	$920	$0	@50%	Yes	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	955	$1,503	$0	Market	No	4	N/A	N/A	None
3	3	Garden (3 stories)	N/A	1,275	$1,112	$0	@50%	Yes	0	N/A	yes	None
3	3	Garden (3 stories)	N/A	1,275	$2,215	$0	Market	No	5	N/A	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$790	$0	$790	$0	$790
1BR / 1BA	$825	$0	$825	$0	$825
2BR / 2BA	$920	$0	$920	$0	$920
3BR / 3BA	$1,112	$0	$1,112	$0	$1,112

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$1,058	$0	$1,058	$0	$1,058
1BR / 1BA	$1,322	$0	$1,322	$0	$1,322
2BR / 2BA	$1,503	$0	$1,503	$0	$1,503
3BR / 3BA	$2,215	$0	$2,215	$0	$2,215

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	None
Carpeting	Central A/C	Intercom (Buzzer)	
Coat Closet	Dishwasher	Limited Access	
Exterior Storage	Ceiling Fan	Perimeter Fencing	
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			

Property		Premium	Other
Clubhouse/Meeting	Exercise Facility	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Swimming Pool		

Comments

The contact reported that there is high demand for rental housing in the area. He stated that approximately 20 percent of the phone calls he receives are inquiries about the low income housing program. The contact reported that the property utilizes LRO pricing for the market rate units, and all vacancies are in market rate units. The contact did not provide the number of households on the waiting list, wich is only for the low income units. Housing Choice Vouchers are no longer accepted at the property.

M Street Apartments, continued

Photos

PROPERTY PROFILE REPORT

The Residences At Citycenter

Effective Rent Date	**4/12/2017**
Location	55 Maple Street Nw Atlanta, GA 30314 Fulton County
Distance	0.7 miles
Units	182
Vacant Units	1
Vacancy Rate	0.5%
Type	Garden (3 stories)
Year Built/Renovated	1993 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Village at Castleberry and Northside Plaza
Tenant Characteristics	Mixed tenancy
Contact Name	BH Management
Phone	404-577-8850

Market Information

Program	@60%, Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	23%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased up to 15 percent
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	24	575	$802	$0	Market	None	0	0.0%	N/A	None
1	1	Garden (3 stories)	24	722	$902	$0	Market	None	1	4.2%	N/A	None
2	1	Garden (3 stories)	24	848	$838	$0	@60%	Yes	0	0.0%	no	None
2	1	Garden (3 stories)	12	848	$835	$0	Market	None	0	0.0%	N/A	None
2	2	Garden (3 stories)	24	950	$838	$0	@60%	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	24	968	$838	$0	@60%	Yes	0	0.0%	no	None
2	2	Garden (3 stories)	12	950	$843	$0	Market	None	0	0.0%	N/A	None
2	2	Garden (3 stories)	14	968	$900	$0	Market	None	0	0.0%	N/A	None
3	2	Garden (3 stories)	24	1,150	$1,101	$0	Market	None	0	0.0%	N/A	None

The Residences At Citycenter, continued

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1BA	$838	$0	$838	-$117	$721
2BR / 2BA	$838	$0	$838	-$117	$721

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$802 - $902	$0	$802 - $902	-$75	$727 - $827
2BR / 1BA	$835	$0	$835	-$117	$718
2BR / 2BA	$843 - $900	$0	$843 - $900	-$117	$726 - $783
3BR / 2BA	$1,101	$0	$1,101	-$164	$937

Amenities

In-Unit

Balcony/Patio
Carpeting
Dishwasher
Oven
Washer/Dryer hookup
Blinds
Central A/C
Garbage Disposal
Refrigerator

Security

In-Unit Alarm
Limited Access
Patrol
Perimeter Fencing

Services

None

Property

Clubhouse/Meeting
Central Laundry
On-Site Management
Swimming Pool
Exercise Facility
Off-Street Parking
Playground

Premium

None

Other

None

Comments

The property only accepts housing choice vouchers for two-bedroom units.The property was formerly known as The Courtyard at Maple. It was recently purchased by a new owner in November 2015. A waiting list is maintained for tax credit units. The contact could not estimate the length of the waiting list.

PROPERTY PROFILE REPORT

1016 Lofts

Effective Rent Date	**4/12/2017**
Location	1016 Howell Mill Rd Atlanta, GA 30318 Fulton County
Distance	1.5 miles
Units	265
Vacant Units	12
Vacancy Rate	4.5%
Type	Midrise (6 stories)
Year Built/Renovated	2003 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Unable to disclose
Tenant Characteristics	Majority Georgia Tech faculty and staff
Contact Name	Sara
Phone	404-815-8877

Market Information

Program	Market
Annual Turnover Rate	31%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Two to three weeks
Annual Chg. in Rent	Increased up to five percent
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (6 stories)	N/A	630	$1,114	$0	Market	No	2	N/A	N/A	None
0	1	Midrise (6 stories)	N/A	630	$1,440	$0	Market	No	1	N/A	N/A	None
0	1	Midrise (6 stories)	N/A	649	$1,295	$0	Market	No	1	N/A	N/A	None
1	1	Midrise (6 stories)	N/A	720	$1,162	$0	Market	No	0	N/A	N/A	None
1	1	Midrise (6 stories)	N/A	972	$1,536	$0	Market	No	2	N/A	N/A	None
1	1	Midrise (6 stories)	N/A	1,278	$1,736	$0	Market	No	0	N/A	N/A	None
2	1	Midrise (6 stories)	N/A	972	$1,505	$0	Market	No	0	N/A	N/A	None
2	2	Midrise (6 stories)	N/A	1,218	$1,794	$0	Market	No	2	N/A	N/A	None
2	2	Midrise (6 stories)	N/A	1,367	$1,877	$0	Market	No	4	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$1,114 - $1,440	$0	$1,114 - $1,440	$0	$1,114 - $1,440
1BR / 1BA	$1,162 - $1,736	$0	$1,162 - $1,736	$0	$1,162 - $1,736
2BR / 1BA	$1,505	$0	$1,505	$0	$1,505
2BR / 2BA	$1,794 - $1,877	$0	$1,794 - $1,877	$0	$1,794 - $1,877

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Phone)	None
Central A/C	Coat Closet	Limited Access	
Dishwasher	Ceiling Fan	Video Surveillance	
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			

Property		Premium	Other
Clubhouse/Meeting	Commercial/Retail	None	Cafe, Lounge
Courtyard	Elevators		
Exercise Facility	Garage		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		
Wi-Fi			

Comments

Housing Choice Vouchers are not accepted at this property. Units have a mix of polished concrete flooring, wood plank, and carpet. Garage parking is open to all residents. Listed vacancies are based on online availability.

PROPERTY PROFILE REPORT

Intown Lofts

Effective Rent Date	**4/12/2017**
Location	170 Northside Drive SW Atlanta, GA 30313 Fulton County
Distance	1.2 miles
Units	87
Vacant Units	3
Vacancy Rate	3.4%
Type	Midrise (5 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Young professionals, students
Contact Name	Nikki
Phone	404.522.7598

Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased up to 8 percent
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (5 stories)	5	730	$988	$0	Market	No	1	20.0%	N/A	None
1	1	Midrise (5 stories)	12	828	$1,116	$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	8	976	$1,266	$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	6	1,000	$1,477	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	6	985	$1,286	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	11	1,110	$1,423	$0	Market	No	2	18.2%	N/A	None
2	2	Midrise (5 stories)	6	1,120	$1,383	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	7	1,170	$1,518	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	6	1,180	$1,530	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	7	1,230	$1,562	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	6	1,260	$1,630	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	7	1,440	$1,804	$0	Market	No	0	0.0%	N/A	None

Intown Lofts, continued

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	$988 - $1,477	$0	$988 - $1,477	-$75	$913 - $1,402
2BR / 2BA	$1,286 - $1,804	$0	$1,286 - $1,804	-$117	$1,169 - $1,687

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Oven
Walk-In Closet
Washer/Dryer hookup
Blinds
Central A/C
Dishwasher
Garbage Disposal
Refrigerator
Washer/Dryer

Security

None

Services

None

Property

Elevators
Garage
Picnic Area
Exercise Facility
Off-Street Parking
Swimming Pool

Premium

None

Other

None

Comments

A parking garage is available to residents which is included in rent. Additional parking spaces are $100 per month. One-bedroom units receive one parking space and two-bedroom units receive two parking spaces. The property does not accept Section 8 tenants. The property also offers a roof-top terrace and coffee lounge. The unit mix was estimated by the contact. Management at the property stated that they do not maintain a waiting list.

PROPERTY PROFILE REPORT

Stonewall Lofts

Effective Rent Date	**4/12/2017**
Location	450 Stonewall Street SW Atlanta, GA 30313 Fulton County
Distance	1.2 miles
Units	38
Vacant Units	2
Vacancy Rate	5.3%
Type	Midrise (5 stories)
Year Built/Renovated	2004 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Young professionals, students
Contact Name	Nikki
Phone	404.522.7598

Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased up to 17 percent
Concession	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (5 stories)	2	631	$838	$0	Market	No	0	0.0%	N/A	None
0	1	Midrise (5 stories)	3	729	$1,006	$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	7	792	$1,065	$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	7	1,008	$1,257	$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	5	1,095	$1,295	$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (5 stories)	1	1,435	$1,612	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	5	1,030	$1,345	$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (5 stories)	3	1,092	$1,081	$0	Market	No	1	33.3%	N/A	None
2	2	Midrise (5 stories)	3	1,132	$1,279	$0	Market	No	1	33.3%	N/A	None
2	2	Midrise (5 stories)	2	1,296	$1,744	$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
Studio / 1BA	$838 - $1,006	$0	$838 - $1,006	-$75	$763 - $931
1BR / 1BA	$1,065 - $1,612	$0	$1,065 - $1,612	-$75	$990 - $1,537
2BR / 2BA	$1,081 - $1,744	$0	$1,081 - $1,744	-$117	$964 - $1,627

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Oven
Walk-In Closet
Washer/Dryer hookup
Blinds
Central A/C
Dishwasher
Garbage Disposal
Refrigerator
Washer/Dryer

Security

Limited Access
Patrol

Services

None

Property

Elevators
Garage
Picnic Area
Exercise Facility
Off-Street Parking
Swimming Pool

Premium

None

Other

None

Comments

A parking garage is available to residents which is included in rent. Additional spaces are $100 per month. All units receive only one free garage parking space. The property does not accept Section 8 tenants. The listed unit mix was estimated by the contact. The property also offers a roof-top terrace and coffee lounge. Additionally, the property has a WalkScore of 83.

PROPERTY CHARACTERISTICS

Following are relevant characteristics of the comparable properties surveyed:

Location

The Subject is located in a mixed residential neighborhood in west Atlanta. All of the comparables are located within 3.7 miles of the Subject. The following table illustrates the Subject and comparable property median gross rents and household incomes based on the properties zip codes. We also relied on the Walk Score Personal Crime Grade for each property.

LOCATION

Name	Zip Code	Median Gross Rent	Median Household Income	Walk Score Personal Crime Grade	Location
Quest Commons	30314	$821	$25,373	D	Fair
Avalon Park - Family	30318	$986	$39,523	C	Fair
Centennial Place Apartments	30313	$922	$39,427	B	Average
Columbia Crest	30318	$986	$39,523	C	Fair
Columbia Estates	30318	$986	$39,523	C	Fair
Columbia Park Citi	30318	$986	$39,523	C	Fair
M Street Apartments	30318	$986	$39,523	C	Fair
The Residences at Citycenter	30314	$821	$25,373	D	Fair
1016 Lofts	30318	$986	$39,523	C	Fair
Intown Lofts	30313	$922	$39,427	B	Average
Stonewall Lofts	30313	$922	$39,427	B	Average

Overall, the LIHTC and market-rate comparables offer a generally similar location relative to the Subject. Our location assessments relied heavily on the personal crime data for each comparable, as well as our physical inspection of neighborhoods for the Subject and the comparables.

Age and Condition

The Subject will be constructed in 2018, and will be in excellent condition upon completion. The LIHTC comparables were constructed or renovated between 1993 and 2014 and range from average to good condition. The market rate comparables were constructed between 2001 and 2003 and none reported renovations. Overall, the Subject will be similar to superior to all of the comparables upon completion.

In terms of design, the Subject will offer units in a garden-style building, which appeals to a wider variety of tenants. The majority of the market rate comparables offer garden or midrise style units, and are considered similar to the Subject in terms of design.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject's unit size and the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Advantage/Disadvantage
1BR	700	575	1,435	879	-25.6%
2BR	950	950	1,440	1,200	-26.3%
3BR	1,100	1,150	1,444	1,308	-18.9%

The Subject's proposed unit sizes are below the average of the comparables for all unit types. The Subject's unit sizes are within the range of the comparables for the one- and two-bedroom units, but below the range of the comparables for the three-bedroom units. We believe the Subject's unit sizes will be well accepted in the market as an affordable property. Further, we have considered the Subject's unit sizes in determining our achievable market rents.

Amenities

A detailed description of amenities included in both the Subject and the comparable properties can be found in the amenity matrix following. Overall, the Subject will offer generally similar to slightly superior property amenities and inferior to generally similar in-unit amenities relative to the comparables.

AMENITY MATRIX

	Quest Commons	Avalon Park - Family	Centennial Place Apartments	Columbia Crest	Columbia Estates	Columbia Park Citi	M Street Apartments	The Residences At Citycenter	1016 Lofts	Intown Lofts	Stonewall Lofts
Property Type	Garden (3 stories)	Garden (3 stories)	Various (3 stories)	Midrise (4 stories)	Various	Midrise (4 stories)	Garden (3 stories)	Garden (3 stories)	Midrise (6 stories)	Midrise (5 stories)	Midrise (5 stories)
Year Built / Renovated	Proposed	2008	1996/2001 2014/Ongoing	2005	2004	2005	2004	1993	2003	2001	2004
Market (Conv.)/Subsidy Type	LIHTC, SCP, PBRA, Market	LIHTC, Market	LIHTC, Market	PHA, LIHTC, Market	PHA, LIHTC, Market	PHA,LIHTC, Market, Non-Rental	LIHTC, Market	LIHTC, Market	Market	Market	Market
Utility Adjusments											
Cooking	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no
Water	no	no	yes	no	no	no	no	yes	no	yes	yes
Sewer	no	no	yes	no	no	no	no	yes	no	yes	yes
Trash Collection	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes
In-Unit Amenities											
Balcony/Patio	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite/Internet	no	yes	no	no	no	no	no	no	no	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	no	yes	yes	yes	yes	no	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	no	yes	yes	no	no	no	yes	no	no	no	no
Ceiling Fan	yes	yes	no	yes	yes	yes	yes	no	yes	yes	yes
Fireplace	no	no	no	no	no	yes	no	no	no	no	no
Garbage Disposal	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Microwave	yes	no	no	no	no	no	no	no	yes	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Vaulted Ceilings	no	no	no	no	yes	no	no	no	no	no	no
Walk-In Closet	yes	yes	no	yes	yes	yes	yes	no	yes	yes	yes
Washer/Dryer	no	no	yes	no	no	no	no	no	yes	yes	yes
Washer/Dryer hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Property Amenities											
Business	yes	yes	no	yes	yes	yes	no	no	no	no	no
Clubhouse/Meeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	no
Commercial/Retail	no	no	no	no	no	no	no	no	yes	no	no
Courtyard	no	no	no	no	no	no	no	no	yes	no	no
Elevators	yes	no	no	yes	yes	yes	no	no	yes	yes	yes
Exercise Facility	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Garage	no	no	yes	yes	no	no	no	no	yes	yes	yes
Central Laundry	yes	yes	yes	yes	yes	yes	yes	yes	no	no	no
Non-shelter Services	no	yes	no	no	no	no	no	no	no	no	no
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	no
Picnic Area	no	yes	no	no	yes	yes	no	no	yes	yes	yes
Playground	no	yes	no	yes	yes	yes	no	yes	no	no	no
Recreation Areas	yes	no	no	no	no	yes	no	no	no	no	no
Swimming Pool	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Wi-Fi	no	no	no	no	no	no	no	no	yes	no	no
Security											
In-Unit Alarm	no	no	no	no	no	no	yes	yes	no	no	no
Intercom (Buzzer)	no	no	no	no	yes	no	yes	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	no	no	yes	no	no
Limited Access	yes	yes	no	yes	no	yes	yes	yes	yes	no	yes
Patrol	no	no	yes	no	yes	yes	no	yes	no	no	yes
Perimeter Fencing	no	yes	yes	no	no	no	yes	yes	no	no	no
Video Surveillance	yes	no	no	yes	yes	yes	no	no	yes	no	no
Other Amenities											
Other	Community garden	After school support	n/a	Gazebo, community garden	n/a	5,000 sf play field	n/a	n/a	Cafe, lounge, ive work spaces among select units	n/a	n/a

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Absorption

We were not able to obtain absorption information from LIHTC properties in our comparable set; thus, we have expanded our search to include family LIHTC properties in the Metropolitan Atlanta area in Fulton and DeKalb County. This absorption data is illustrated in the following table.

ABSORPTION

Property Name	Type	Tenancy	Year Built	Number of Units	Units Absorbed/ Month
Station R Apartments	Market	Family	2016	285	14
The Meridian at Redwine	Market	Family	2016	258	17
Mills Creek Crossing	LIHTC	Family	2015	200	17
Columbia Mill	LIHTC	Family	2014	100	20
Parkside at Mechanicsville	LIHTC	Family	2012	196	60
Retreat at Edgewood Phase II	LIHTC	Family	2012	40	12
Retreat at Edgewood	LIHTC	Family	2011	100	20
Average					**23**

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. The Subject is proposed new construction. The absorption rate at the comparables presented range from 12 units to 60 units per month. The most recent family LIHTC properties constructed, Mills Creek Crossing and Columbia Mill, reported absorption rates of 17 and 20 units per month, respectively. As new construction, the Subject is likely to experience an absorption pace similar to this most recently constructed properties. We believe the Subject would likely experience an absorption pace of 20 units per month for an absorption period of approximately two to three months.

Turnover

The following table illustrates reported turnover for the comparable properties. It should be noted that the Intown Lofts and Stonewall Lofts were unable to report turnover and therefore, have been excluded from the average in the following analysis.

TURNOVER

Property name	Rent Structure	Turnover
Avalon Park - Family	LIHTC, Market	31%
Centennial Place Apartments	LIHTC, Market	20%
Columbia Crest	LIHTC, PHA, Market	21%
Columbia Estates	LIHTC, PHA, Market	14%
Columbia Park Citi	LIHTC, PHA, Market, Non-Rental	12%
M Street Apartments	LIHTC, Market	40%
The Residences At Citycenter	LIHTC, Market	20%
1016 Lofts	Market	31%
Intown Lofts	Market	N/A
Stonewall Lofts	Market	N/A
Average Turnover		**24%**

As illustrated in the table above, turnover rates at the comparable properties ranged from 12 to 31 percent annually, with an average of 24 percent overall. The LIHTC and mixed income properties reported an average turnover rate of 23 percent. Thus, we anticipate the Subject will maintain a turnover rate of 23 percent or less, once stabilized.

Vacancy Levels

The following table illustrates the vacancy rates in the market.

OVERALL VACANCY

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Avalon Park - Family	LIHTC, Market	175	4	2.3%
Centennial Place Apartments	LIHTC, Market	738	15	2.0%
Columbia Crest	LIHTC, PHA, Market	152	0	0.0%
Columbia Estates	LIHTC, PHA, Market	124	0	0.0%
Columbia Park Citi	LIHTC, PHA, Market, Non-Rental	154	3	1.9%
M Street Apartments	LIHTC, Market	308	17	5.5%
The Residences At Citycenter	LIHTC, Market	182	1	0.5%
1016 Lofts	Market	265	12	4.5%
Intown Lofts	Market	87	3	3.4%
Stonewall Lofts	Market	38	2	5.3%
Total LIHTC		283	0	0.0%
Total Market		727	61	8.4%
Total		**2,223**	**57**	**2.6%**

Overall vacancy in the market is moderate at 2.6 percent. Total LIHTC vacancy is lower, as all LIHTC units are fully-occupied. Vacant units at the mixed-income properties are in the market-rate units. Of note, total units presented in the table above include subsidized units at the mixed-income properties. Market-rate vacancy is higher at 8.4 percent, which is considered moderate. The market-rate only properties in the comparable set exhibit a vacancy level of 4.4 percent, which is considered moderate. Total market rate vacancy accounts for vacant units at the mixed-income properties as well. Several of the mixed-income properties report maintaining waiting lists. The contact at Centennial Place Apartments reported that ongoing renovations keep a significant number of units vacant at the property. The full occupancy in LIHTC units at the mixed-income properties, and the waiting lists maintained at the mixed-income properties indicate demand for additional for rental housing in the Subject's PMA. As a newly constructed property with a competitive amenity package, we anticipate that the Subject would perform with a vacancy and collection loss of three percent for the restricted scenario and six percent for the unrestricted scenario.

Concessions

Only one of the comparables reported offering concessions. With limited concessions present in the market, we do not believe that the Subject would need to offer concessions to be competitive both as restricted and hypothetically unrestricted.

Waiting Lists

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

WAITING LISTS

Property Name	Rent Structure	Waiting List
Avalon Park - Family	LIHTC, Market	Approximately three months
Centennial Place Apartments	LIHTC, Market	N/Av
Columbia Crest	LIHTC, PHA, Market	Two years for PHA units
Columbia Estates	LIHTC, PHA, Market	N/Av
Columbia Park Citi	LIHTC, PHA, Market, Non-Rental	Approximately five months
M Street Apartments	LIHTC, Market	N/Av
The Residences At Citycenter	LIHTC, Market	N/Av
1016 Lofts	Market	None
Intown Lofts	Market	None
Stonewall Lofts	Market	None

All of the LIHTC and mixed-income comparables maintain waiting lists, but only three were able to provide the length of those waiting lists. Avalon Park – Family and Columbia Park Citi maintain waiting lists several months in length for their LIHTC units. None of the market-rate comparables maintain waiting lists. This is a positive indication of the strength of the market in the local area. Based on the performance of the comparable properties, we expect the Subject to maintain a short waiting list, at a minimum, following stabilization.

Reasonability of Rents

The following table is a comparison of the Subject's proposed rents and the rents at the comparable properties. For the purposes of this analysis, "Base Rents" are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. "Net rents" are rents adjusted for the cost of utilities (adjusted to the Subject's convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an "apples-to-apples" comparison of rents. Additionally, it is important to note that we compared to concessed rent levels at the comparable properties, when applicable

LIHTC RENT COMPARISON - @50%

Property Name	1BR	2BR	3BR
Quest Commons (Subject)	$516	$592	$655
2016 Fulton County LIHTC Maximum (Net)	**$516**	**$592**	**$655**
2016 HERA Special Income Limits	**$588**	**$672**	**$741**
Avalon Park - Family	$536	$606	$661
Columbia Crest	-	-	-
Columbia Estates	-	-	-
Columbia Park Citi	-	-	-
M Street Apartments	$825	$920	$1,112
Average (excluding Subject)	**$681**	**$763**	**$887**

LIHTC RENT COMPARISON - @60%

Property Name	1BR	2BR	3BR
Quest Commons (Subject)	$642	$744	$831
2016 Fulton County LIHTC Maximum (Net)	**$642**	**$744**	**$831**
2016 HERA Special Income Limits	**$727**	**$839**	**$933**
Avalon Park - Family	$675	$773	$853
Centennial Place Apartments	$611	$695 - $755	$764
Columbia Crest	$596	$678	$744
Columbia Estates	-	$678	$744
Columbia Park Citi	-	$643	$709
The Residences At Citycenter	-	$721	-
Average (excluding Subject)	**$627**	**$708**	**$763**

All of the comparables report rents at the maximum allowable levels. Avalon Park – Family was constructed in 2009 and is held harmless at the 2016 HERA Special Income Limits levels, which are considerably higher than the 2016 Fulton County LIHTC maximum levels at both 50 and 60 percent of AMI. Avalon Park reports achieving the maximum allowable rents at the 2016 HERA Special Income levels. Difference between the maximum levels and the comparables rents presented in the tables above is likely due to a differing utility allowance. Per the Georgia DCA 2017 guidelines, the market study analyst must use the maximum rent and income limits effective as of January 1, 2017. Therefore, we have utilized the 2016 maximum income and rent limits.

The Subject will be considered most similar to the LIHTC comparables Avalon Park-Family and Centennial Place Apartments. Avalon Park-Family is located 3.7 miles from the Subject and offers a similar location. This property was constructed in 2008 and exhibits good condition, which is considered slightly inferior to the anticipated excellent condition of the proposed Subject. Avalon Park-Family offers similar property amenities but slightly inferior in-unit amenities in comparison to those of the proposed Subject. Avalon Park-Family offers exterior storage spaces, which the proposed Subject will not offer. Avalon Park-Family offers similar unit sizes in comparison to the Subject's proposed unit sizes. This property reports a vacancy rate of 2.3 percent, and all vacant units are market-rate units. This property also reports a waiting list of a few months in length for its LIHTC units. Avalon Park-Family is currently achieving rents at the maximum allowable levels at 50 and 60 percent of AMI. Given the proposed Subject's anticipated similarity to Avalon Park – Family upon completion, we believe it would be able to achieve rents at the maximum allowable levels.

Centennial Place Apartments is located 1.5 miles from the Subject and offers a similar location. It was constructed in 1996 and substantially renovated in 2001 and 2014. The property is currently undergoing renovations. Centennial Place Apartments exhibits good condition, which is considered slightly inferior to the anticipated condition of the Subject upon completion. Centennial Place Apartments offers similar property amenities but slightly superior in-unit amenities in comparison to those of the proposed Subject. Centennial Place Apartments offers exterior storage and washer/dryer units, which the proposed Subject will not offer. Centennial Place Apartments also offers similar unit sizes to those of the proposed Subject. The contact at this property reported a vacancy rate of 2.0 percent. Centennial Place Apartments reports achieving rents at the 2016 maximum allowable levels, though it appears to be achieving rents below the maximum allowable levels in the tables presented above. This is most likely due to difference in this property's utility structure and allowance. Given the proposed Subject's anticipated similarity to Centennial Place Apartments, we believe it would be able to achieve rents at the maximum allowable levels.

The two most similar comparable properties to the Subject report achieving the 2016 maximum allowable LIHTC net rents for their units restricted to 50 and 60 percent of the AMI. Both properties exhibit low vacancy rates of 2.3 percent of less, and one maintains a waiting list a few months in length. We believe that the strong performance of the LIHTC comparables, and the presence of waiting lists at several comparable properties, is indicative of demand for affordable housing in the marketplace. Thus, we believe the Subject can achieve the 2016 LIHTC maximum allowable rents of $516, $592, and $655 for its one, two, and three-bedroom units at 50 percent of AMI, respectively. We believe the Subject can achieve the 2016 LIHTC maximum allowable rents of $642, $744, and $831 for its one, two, and three-bedroom units at 60 percent of AMI, respectively. These conclusions are supported by the most similar LIHTC property. These achievable LIHTC rents will be utilized in our as-is restricted LIHTC valuation.

Analysis of "Market Rents"

Per DCA's market study guidelines, "average market rent is to be a reflection of rents that are achieved in the market. In other words, the rents the competitive properties are currently receiving. Average market rent is not 'Achievable unrestricted market rent.' In an urban market with many tax credit comps, the average market rent might be the weighted average of those tax credit comps. In cases where there are few tax credit comps, but many market-rate comps with similar unit designs and amenity packages, then the average market rent might be the weighted average of those market-rate comps. In a small rural market there may be neither tax credit comps nor market-rate comps with similar positioning as the subject. In a case like that the average market rent would be a weighted average of whatever rents were present in the market."

When comparing the Subject's rents to the average comparable rent, we have not included surveyed rents at lower AMI levels given that this artificially lowers the average surveyed rent. Including rents at lower AMI levels does not reflect an accurate average rent for rents at higher income levels. For example, if the Subject offers rents at the 50 and 60 percent of AMI levels, and there is a distinct difference at comparable properties between rents at the two AMI levels, we have not included the 50 percent of AMI rents in the average comparable rent for the 60 percent of AMI comparison.

The overall average and the maximum and minimum adjusted rents for the comparable properties surveyed are illustrated in the table below in comparison with net rents for the Subject.

SUBJECT COMPARISION TO MARKET RENTS

Unit Type	Subject Proposed Rents	Surveyed Min	Surveyed Max	Surveyed Average	Subject Rent Advantage
1 BR @ 50%	$516	$536	$1,736	$1,030	100%
2 BR @ 50%	$592	$606	$1,877	$1,110	88%
3 BR @ 50%	$655	$661	$2,215	$1,097	67%
1 BR @ 60%	$642	$596	$1,736	$1,030	60%
2 BR @ 60%	$744	$643	$1,877	$1,116	50%
3 BR @ 60%	$831	$709	$2,215	$1,097	32%
1 BR Unrestricted	$800	$727	$1,736	$1,205	51%
2 BR Unrestricted	$950	$718	$1,877	$1,324	39%
3 BR Unrestricted	$1,100	$937	$2,215	$1,430	30%

As illustrated the Subject's proposed 50 and 60 percent rents as well as the Subject's unrestricted rents are well below the surveyed average when compared to the comparables, both LIHTC and market-rate. The Subject's proposed 50 percent rents are below the range of comparable LIHTC and market rents, while the Subject's proposed 60 percent AMI and unrestricted rents are within the range of the surveyed comparable properties.

1016 Lofts is achieving the highest one and two-bedroom unrestricted rents in the market, while M Street Apartments is achieving the highest three-bedroom unrestricted rents in the market. The proposed Subject is considered inferior to 1016 Lofts and slightly superior to M Street Apartments as a market-rate property. The Subject will be considered most similar to Stonewall Lofts as a market-rate property.

1016 Lofts is located 1.5 miles from the Subject. This property was constructed in 2003 and exhibits good condition, which is considered slightly inferior to the anticipated excellent condition of the Subject upon completion. 1016 Lofts offers similar property amenities but superior in-unit amenities in comparison to the proposed Subject. 1016 Lofts offers washer/dryer units, which the Subject will not offer. This property offers slightly superior unit sizes in comparison to those of the proposed Subject. The lowest one and two-bedroom rents at 1016 Lofts are approximately 45 and 58 percent higher than the Subject's proposed unrestricted rents for one and two-bedroom units, respectively.

M Street Apartments is located 1.2 miles from the Subject. This property was constructed in 2004 and exhibits good condition, which is considered slightly inferior to the anticipated excellent condition of the Subject upon completion. M Street Apartments offers similar property and in-unit amenities to those of the proposed Subject. M Street Apartments also offers similar unit sizes to those of the proposed Subject. The three-bedroom unrestricted rents at M Street Apartments are approximately 101 percent higher than the Subject's proposed unrestricted rents for three-bedroom units.

Stonewall Lofts is located 1.2 miles from the Subject. This property was constructed in 2004 and exhibits average condition, which is considered inferior to the anticipated excellent condition of the Subject upon completion. Stonewall Lofts offers similar property amenities but superior in-unit amenities in comparison to the proposed Subject. Stonewall Lofts offers washer/dryer units, which the Subject will not offer. Stonewall Lofts also offers similar unit sizes to those of the proposed Subject. Stonewall Lofts' one and two-bedroom rents are approximately 92 and 71 percent higher than the Subject's proposed unrestricted one and two-bedroom rents, respectively.

Ashby Park Apartments, a market-rate family property, is located adjacent to the Subject on Rock Street. This property was not included as a comparable in our analysis because of its poor condition. This property was constructed in 1964 and offers inferior age and condition in comparison to that of the proposed Subject. Ashby Park Apartments offers one, two, and three-bedroom units for $526, $546, and $682, respectively. This property reports a vacancy rate of 4.6 percent. Given the poor condition of the property and its inferiority to the proposed Subject, it offers a poor comparison. We do not believe the current rents at Ashby Park Apartments are indicative of the market.

Achievable Market Rents

Based on the quality of the surveyed comparable properties and the anticipated quality of the Subject, we conclude that the Subject's proposed LIHTC rental rates are below the achievable market rates for the Subject's area. The table below illustrates the comparison of the market rents.

SUBJECT COMPARISION TO MARKET RENTS

Unit Type	Subject Proposed Rents	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
1 BR @ 50%	$516	$536	$1,736	$1,030	$1,000	48%
2 BR @ 50%	$592	$606	$1,877	$1,110	$1,200	51%
3 BR @ 50%	$655	$661	$2,215	$1,097	$1,400	53%
1 BR @ 60%	$642	$596	$1,736	$1,030	$1,000	36%
2 BR @ 60%	$744	$643	$1,877	$1,116	$1,200	38%
3 BR @ 60%	$831	$709	$2,215	$1,097	$1,400	41%
1 BR Unrestricted	$800	$727	$1,736	$1,205	$1,000	20%
2 BR Unrestricted	$950	$718	$1,877	$1,324	$1,200	21%
3 BR Unrestricted	$1,100	$937	$2,215	$1,430	$1,400	21%

Overall, we believe that the Subject can achieve rents most similar to those being achieved at the most similar market-rate comparables as a market-rate property. The Subject will be most similar to Stonewall Lofts as a market-rate property. Stonewall Lofts offers one and two-bedroom rents at $992 and $1,228 in its most similarly sized units to the Subject, respectively. The Subject will be considered similar to Columbia Park Citi Apartments upon completion; this property offers three-bedroom units and is the next most similar. Columbia Park Citi Apartments offers three-bedroom rents at $1,441. Given the Subject's anticipated similarity to Columbia Park Citi Apartments upon completion, we believe it could achieve three-bedroom rents similar to those at Columbia Park Citi Apartments. Thus, we have concluded to market rents of $1,000, $1,200, and $1,400 for its one, two, and three-bedroom units, respectively. Thus, the Subject's proposed rents will offer a significant rent advantage ranging from 20 to 53 percent below achievable market rents. The achievable market rents will be utilized in the unrestricted scenario.

INDICATIONS OF DEMAND

Based upon our market research, demographic calculations and analysis, we believe there is demand for the Subject property as conceived. Strengths of the Subject will include its new construction, in-unit amenities, community amenities, and proximity to local amenities. We are not aware of any weaknesses of the Subject development. The affordable comparables reported full occupancy. In addition to strong occupancy levels at all of the stabilized comparables, all of the affordable comparables maintain waiting lists. There is adequate demand for the Subject based on our calculations. We also believe the proposed rents offer value in the market.

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

1. Income Restrictions

LIHTC rents are based upon a percentage of the Area Median Gross Income ("AMI"), adjusted for household size and utilities. The Georgia Department of Community Affairs ("DCA") will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a household will pay is 40 percent of its household income at the appropriate AMI level.

According to DCA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom). For income determination purposes, the maximum income is assumed to be 1.5 persons per bedroom rounded up to the nearest whole number. For example, maximum income for a one-bedroom unit is based on an assumed household size of two persons (1.5 persons per bedroom, rounded up). However, very few senior households have more than two persons. Therefore, we have used a maximum household size of two persons in our analysis.

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

The maximum income levels are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from the DCA website.

2. Affordability

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

3. Demand

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

3A. Demand from New Households

The number of new households entering the market is the first level of demand calculated. We have utilized 2019, the anticipated date of market entry, as the base year for the analysis. Therefore, 2017 household population estimates are inflated to 2019 by interpolation of the difference between 2017 estimates and 2019 projections. This change in households is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure. This is calculated as an annual demand number. In other words, this calculates the anticipated new households in 2019. This number takes the overall growth from 2017 to 2019 and applies it to its respective income cohorts by percentage. This number does not reflect lower income households losing population, as this may be a result of simple dollar value inflation.

3B. Demand from Existing Households

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

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

3C. Demand from Elderly Homeowners likely to Convert to Rentership

An additional source of demand is also seniors likely to move from their own homes into rental housing. This source is only appropriate when evaluating senior properties and is determined by interviews with property managers in the PMA. It should be noted that per DCA guidelines, we have lowered demand from seniors who convert to homeownership to be at or below 2.0 percent of total demand.

3D. Other

Per the 2017 GA DCA Qualified Allocation Plan (QAP) and Market Study Manual, GA DCA does not consider demand from outside the Primary Market Area (PMA), including the Secondary Market Area (SMA). Therefore, we have not accounted for leakage from outside the PMA boundaries in our demand analysis.

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

We have adjusted all of our capture rates based on household size. DCA guidelines indicate that properties with over 20 percent of their proposed units in three and four-bedroom units need to be adjusted to considered larger household sizes. We have incorporated household size adjustments in our capture rates for all of the Subject's units

4. Net Demand, Capture Rates, and Stabilization Calculations

The following pages will outline the overall demand components added together (3(a), 3(b) and 3(c)) less the supply of competitive developments awarded and/or constructed or placed in service from 2014 to the present.

Additions to Supply

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

- Comparable/competitive LIHTC and bond units (vacant or occupied) that have been funded, are under construction, or placed in service in 2014 through the present.

- Vacancies in projects placed in service prior to 2014 that have not reached stabilized occupancy (i.e. at least 90 percent occupied).
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or have entered the market from 2014 to present. As the following discussion will demonstrate, competitive market rate units are those with rent levels that are comparable to the proposed rents at the Subject.

Per GA DCA guidelines, competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the Subject development. There has been one property funded, placed in service, or under construction within the PMA since 2013. The most recently awarded competitive LIHTC development in the PMA of which we are aware is Adair Court, which received an allocation in 2016 and is currently under construction.

PMA Occupancy

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

PMA OCCUPANCY

Property Name	Program	Location	Tenancy	# of Units	Occupancy
Quest Commons	LIHTC/SPC/PBRA/Market	Atlanta	Family	53	-
Ashley College Town	LIHTC	Atlanta	Family	118	93.8%
Ashley College Town II	LIHTC	Atlanta	Family	118	
Ashley West End	LIHTC	Atlanta	Family	112	91.0%
Columbia Plaza Apts	LIHTC	Atlanta	Family	96	89.6%
Columbia Heritage Senior Residences	LIHTC	Atlanta	Senior	132	100.0%
Hollywood West Ii	LIHTC/Market/Section 8	Atlanta	Family	112	100.0%
Ogelthorpe Place Apts	LIHTC	Atlanta	Family	144	92.7%
Peaks At Martin Luther King	LIHTC	Atlanta	Family	183	100.0%
Veranda At Collegetown	LIHTC/PBRA	Atlanta	Family	100	100.0%
Villages At Castleberry Hill	LIHTC	Atlanta	Family	450	99.1%
Indigo Blue	LIHTC	Atlanta	Family	220	N/Av
John O Chiles	LIHTC	Atlanta	Family	190	95.0%
Overlook Atlanta	LIHTC	Atlanta	Family	506	88.1%
Peaks At West Atlanta	LIHTC	Atlanta	Family	214	95.0%
Phoenix House	LIHTC	Atlanta	Other	69	100.0%
Ashley Scholars Lodge I	LIHTC	Atlanta	Family	135	N/Av
Adair Court	LIHTC	Atlanta	Senior	91	N/Av
Mechanicsville Family	LIHTC/PHA/Market	Atlanta	Family	164	96.0%
Columbia Commons	LIHTC/PHA	Atlanta	Family	200	94.0%
Magnolia Park Apts	LIHTC/Section 8/PHA	Atlanta	Family	400	100.0%
Artist Square Apartments	Market	Atlanta	Family	76	96.1%
Aspen Courts (FKA Spanish Villa)	Market	Atlanta	Family	157	94.3%
Chappell Forest	Market	Atlanta	Family	219	95.4%
Chateau Chennault	Market	Atlanta	Family	71	99.9%
City Plaza	Market	Atlanta	Family	167	100.0%
Collier Heights	Market	Atlanta	Family	336	76.2%
Dogwood Apartments	Market	Atlanta	Family	80	96.2%
Donnelly Gardens	Market	Atlanta	Family	250	96.0%
Dwell At The View	Market	Atlanta	Family	216	98.1%
Freeman Ford/ Fairlie Poplar Lofts	Market	Atlanta	Family	42	100.0%
Hotel Roxy Lofts	Market	Atlanta	Family	18	100.0%
Marquis Townhomes	Market	Atlanta	Family	34	85.3%
Muse Lofts	Market	Atlanta	Family	65	100.0%
Point At Westside	Market	Atlanta	Family	263	89.4%
Rachel's Court	Market	Atlanta	Family	64	84.4%
Average					**96.2%**

The average occupancy rate of competitive developments in the PMA is 96.2 percent.

Rehab Developments and PBRA

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

Units that are subsidized with PBRA or whose rents are more than 20 percent lower than the rent for other units of the same bedroom size in the same AMI band and comprise less than 10 percent of total units in the same AMI band will not be used in determining project demand. In addition, any units, if priced 30 percent lower than the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.

Capture Rates

The above calculations and derived capture rates are illustrated in the following tables. Note that the demographic data used in the following tables, including tenure patterns, household size and income distribution through the projected market entry date of 2019 were illustrated in the previous section of this report.

RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA

Income Cohort	2017		Projected Mkt Entry September 2019		2021	
	Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
$0-9,999	9,495	25.9%	9,595	25.2%	9,680	24.7%
$10,000-19,999	7,719	21.1%	7,804	20.5%	7,875	20.1%
$20,000-29,999	5,238	14.3%	5,407	14.2%	5,549	14.2%
$30,000-39,999	4,160	11.4%	4,243	11.2%	4,314	11.0%
$40,000-49,999	2,474	6.8%	2,546	6.7%	2,606	6.7%
$50,000-59,999	1,718	4.7%	1,827	4.8%	1,918	4.9%
$60,000-74,999	2,080	5.7%	2,188	5.8%	2,280	5.8%
$75,000-99,999	1,464	4.0%	1,665	4.4%	1,835	4.7%
$100,000-124,999	902	2.5%	1,056	2.8%	1,186	3.0%
$125,000-149,999	494	1.3%	604	1.6%	698	1.8%
$150,000-199,999	444	1.2%	512	1.3%	570	1.5%
$200,000+	436	1.2%	566	1.5%	676	1.7%
Total	**36,624**	**100.0%**	**38,012**	**100.0%**	**39,187**	**100.0%**

Source: HISTA Data / Ribbon Demographics 2017, Novogradac & Company LLP, April 2017

50% AMI

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 50% AMI

Minimum Income Limit		$21,703	Maximum Income Limit		$36,450
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry September 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	101	7.2%		0.0%	0
$10,000-19,999	85	6.1%		0.0%	0
$20,000-29,999	168	12.1%	8,296	83.0%	139
$30,000-39,999	83	6.0%	6,450	64.5%	54
$40,000-49,999	71	5.1%		0.0%	0
$50,000-59,999	109	7.8%		0.0%	0
$60,000-74,999	108	7.8%		0.0%	0
$75,000-99,999	200	14.4%		0.0%	0
$100,000-124,999	154	11.1%		0.0%	0
$125,000-149,999	111	8.0%		0.0%	0
$150,000-199,999	68	4.9%		0.0%	0
$200,000+	130	9.4%		0.0%	0
Total	**1,388**	**100.0%**		**13.9%**	**193**

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - 50% AMI

Minimum Income Limit		$21,703	Maximum Income Limit		$36,450
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	9,495	25.9%		0.0%	0
$10,000-19,999	7,719	21.1%		0.0%	0
$20,000-29,999	5,238	14.3%	8,296	83.0%	4,346
$30,000-39,999	4,160	11.4%	6,450	64.5%	2,684
$40,000-49,999	2,474	6.8%		0.0%	0
$50,000-59,999	1,718	4.7%		0.0%	0
$60,000-74,999	2,080	5.7%		0.0%	0
$75,000-99,999	1,464	4.0%		0.0%	0
$100,000-124,999	902	2.5%		0.0%	0
$125,000-149,999	494	1.3%		0.0%	0
$150,000-199,999	444	1.2%		0.0%	0
$200,000+	436	1.2%		0.0%	0
Total	**36,624**	**100.0%**		**19.2%**	**7,030**

ASSUMPTIONS - 50% AMI

Tenancy		Family	% of Income towards Housing		35%
Rural/Urban		Urban	Maximum # of Occupants		5
Persons in Household	**0BR**	**1BR**	**2BR**	**3BR**	**4BR+**
1	10%	80%	10%	0%	0%
2	0%	20%	80%	0%	0%
3	0%	0%	60%	40%	0%
4	0%	0%	0%	70%	30%
5+	0%	0%	0%	30%	70%

Demand from New Renter Households 2017 to September 2019		
Income Target Population		50% AMI
New Renter Households PMA		1,388
Percent Income Qualified		13.9%
New Renter Income Qualified Households		**193**

Demand from Existing Households 2017

Demand from Rent Overburdened Households		
Income Target Population		50% AMI
Total Existing Demand		36,624
Income Qualified		19.2%
Income Qualified Renter Households		7,030
Percent Rent Overburdened Prj Mrkt Entry September 2019		51.3%
Rent Overburdened Households		**3605**

Demand from Living in Substandard Housing		
Income Qualified Renter Households		7,030
Percent Living in Substandard Housing		1.3%
Households Living in Substandard Housing		**94**

Senior Households Converting from Homeownership		
Income Target Population		50% AMI
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		**0**

Total Demand		
Total Demand from Existing Households		3,699
Total New Demand		193
Total Demand (New Plus Existing Households)		**3,892**
Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No

By Bedroom Demand		
One Person	45.6%	1,773
Two Persons	24.3%	945
Three Persons	13.3%	519
Four Persons	7.6%	297
Five Persons	9.2%	358
Total	**100.0%**	**3,892**

To place Person Demand into Bedroom Type Units		
Of one-person households in studio units	10%	177
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	1,418
Of two-person households in 1BR units	20%	189
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	177
Of two-person households in 2BR units	80%	756
Of three-person households in 2BR units	60%	311
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	207
Of four-person households in 3BR units	70%	208
Of five-person households in 3BR units	30%	107
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	89
Of five-person households in 4BR units	35%	125
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	125
Total Demand		**3,892**

	Total Demand (Subject Unit Types)		Additions to Supply		Net Demand
1 BR	1,607	-	0	=	1,607
2 BR	1,244	-	0	=	1,244
3 BR	523	-	0	=	523
Total	**3,375**		**0**		**3,375**

	Developer's Unit Mix		Net Demand		Capture Rate
1 BR	3	/	1,607	=	0.2%
2 BR	6	/	1,244	=	0.5%
3 BR	2	/	523	=	0.4%
Total	**11**		**3,375**		**0.3%**

60% AMI

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - 60% AMI

Minimum Income Limit		$26,023	Maximum Income Limit		$43,740
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry September 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	101	7.2%		0.0%	0
$10,000-19,999	85	6.1%		0.0%	0
$20,000-29,999	168	12.1%	3,976	39.8%	67
$30,000-39,999	83	6.0%	9,999	100.0%	83
$40,000-49,999	71	5.1%	3,740	37.4%	27
$50,000-59,999	109	7.8%		0.0%	0
$60,000-74,999	108	7.8%		0.0%	0
$75,000-99,999	200	14.4%		0.0%	0
$100,000-124,999	154	11.1%		0.0%	0
$125,000-149,999	111	8.0%		0.0%	0
$150,000-199,999	68	4.9%		0.0%	0
$200,000+	130	9.4%		0.0%	0
Total	**1,388**	**100.0%**		**12.7%**	**177**

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - 60% AMI

Minimum Income Limit		$26,023	Maximum Income Limit		$43,740
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	9,495	25.9%		0.0%	0
$10,000-19,999	7,719	21.1%		0.0%	0
$20,000-29,999	5,238	14.3%	3,976	39.8%	2,083
$30,000-39,999	4,160	11.4%	9,999	100.0%	4,160
$40,000-49,999	2,474	6.8%	3,740	37.4%	925
$50,000-59,999	1,718	4.7%		0.0%	0
$60,000-74,999	2,080	5.7%		0.0%	0
$75,000-99,999	1,464	4.0%		0.0%	0
$100,000-124,999	902	2.5%		0.0%	0
$125,000-149,999	494	1.3%		0.0%	0
$150,000-199,999	444	1.2%		0.0%	0
$200,000+	436	1.2%		0.0%	0
Total	**36,624**	**100.0%**		**19.6%**	**7,169**

ASSUMPTIONS - 60% AMI

Tenancy		Family	% of Income towards Housing		35%
Rural/Urban		Urban	Maximum # of Occupants		5
Persons in Household	0BR	1BR	2BR	3BR	4BR+
1	10%	80%	10%	0%	0%
2	0%	20%	80%	0%	0%
3	0%	0%	60%	40%	0%
4	0%	0%	0%	70%	30%
5+	0%	0%	0%	30%	70%

Demand from New Renter Households 2017 to September 2019		
Income Target Population		60% AMI
New Renter Households PMA		1,388
Percent Income Qualified		12.7%
New Renter Income Qualified Households		**177**

Demand from Existing Households 2017		

Demand from Rent Overburdened Households		
Income Target Population		60% AMI
Total Existing Demand		36,624
Income Qualified		19.6%
Income Qualified Renter Households		7,169
Percent Rent Overburdened Prj Mrkt Entry September 2019		51.3%
Rent Overburdened Households		**3676**

Demand from Living in Substandard Housing		
Income Qualified Renter Households		7,169
Percent Living in Substandard Housing		1.3%
Households Living in Substandard Housing		**96**

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

Total Demand		
Total Demand from Existing Households		3,772
Total New Demand		177
Total Demand (New Plus Existing Households)		**3,948**

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

By Bedroom Demand		
One Person	45.6%	1,799
Two Persons	24.3%	959
Three Persons	13.3%	526
Four Persons	7.6%	301
Five Persons	9.2%	363
Total	**100.0%**	**3,948**

To place Person Demand into Bedroom Type Units		
Of one-person households in studio units	10%	180
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	1,439
Of two-person households in 1BR units	20%	192
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	180
Of two-person households in 2BR units	80%	767
Of three-person households in 2BR units	60%	316
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	210
Of four-person households in 3BR units	70%	211
Of five-person households in 3BR units	30%	109
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	90
Of five-person households in 4BR units	35%	127
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	127
Total Demand		**3,948**

	Total Demand (Subject Unit Types)		Additions to Supply		Net Demand
1 BR	1,631	-	0	=	1,631
2 BR	1,263	-	0	=	1,263
3 BR	530	-	0	=	530
Total	**3,424**		**0**		**3,424**

	Developer's Unit Mix		Net Demand		Capture Rate
1 BR	8	/	1,631	=	0.5%
2 BR	21	/	1,263	=	1.7%
3 BR	7	/	530	=	1.3%
Total	**36**		**3,424**		**1.1%**

Market

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - Market

Minimum Income Limit		$27,429	Maximum Income Limit		$72,900
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry September 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	101	7.2%		0.0%	0
$10,000-19,999	85	6.1%		0.0%	0
$20,000-29,999	168	12.1%	2,570	25.7%	43
$30,000-39,999	83	6.0%	9,999	100.0%	83
$40,000-49,999	71	5.1%	9,999	100.0%	71
$50,000-59,999	109	7.8%	9,999	100.0%	109
$60,000-74,999	108	7.8%	12,900	86.0%	93
$75,000-99,999	200	14.4%		0.0%	0
$100,000-124,999	154	11.1%		0.0%	0
$125,000-149,999	111	8.0%		0.0%	0
$150,000-199,999	68	4.9%		0.0%	0
$200,000+	130	9.4%		0.0%	0
Total	**1,388**	**100.0%**		**28.8%**	**400**

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - Market

Minimum Income Limit		$27,429	Maximum Income Limit		$72,900
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	9,495	25.9%		0.0%	0
$10,000-19,999	7,719	21.1%		0.0%	0
$20,000-29,999	5,238	14.3%	2,570	25.7%	1,346
$30,000-39,999	4,160	11.4%	9,999	100.0%	4,160
$40,000-49,999	2,474	6.8%	9,999	100.0%	2,474
$50,000-59,999	1,718	4.7%	9,999	100.0%	1,718
$60,000-74,999	2,080	5.7%	12,900	86.0%	1,789
$75,000-99,999	1,464	4.0%		0.0%	0
$100,000-124,999	902	2.5%		0.0%	0
$125,000-149,999	494	1.3%		0.0%	0
$150,000-199,999	444	1.2%		0.0%	0
$200,000+	436	1.2%		0.0%	0
Total	**36,624**	**100.0%**		**31.4%**	**11,487**

ASSUMPTIONS - Market

Tenancy		Family	% of Income towards Housing		35%
Rural/Urban		Urban	Maximum # of Occupants		0
Persons in Household	**0BR**	**1BR**	**2BR**	**3BR**	**4BR+**
1	10%	80%	10%	0%	0%
2	0%	20%	80%	0%	0%
3	0%	0%	60%	40%	0%
4	0%	0%	0%	70%	30%
5+	0%	0%	0%	30%	70%

Demand from New Renter Households 2017 to September 2019		
Income Target Population		Market
New Renter Households PMA		1,388
Percent Income Qualified		28.8%
New Renter Income Qualified Households		**400**
Demand from Existing Households 2017		
Demand from Rent Overburdened Households		
Income Target Population		Market
Total Existing Demand		36,624
Income Qualified		31.4%
Income Qualified Renter Households		11,487
Percent Rent Overburdened Prj Mrkt Entry September 2019		51.3%
Rent Overburdened Households		**5890**
Demand from Living in Substandard Housing		
Income Qualified Renter Households		11,487
Percent Living in Substandard Housing		1.3%
Households Living in Substandard Housing		**153**
Senior Households Converting from Homeownership		
Income Target Population		Market
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		**0**
Total Demand		
Total Demand from Existing Households		6,044
Total New Demand		400
Total Demand (New Plus Existing Households)		**6,443**
Demand from Seniors Who Convert from Homeownership		0
Percent of Total Demand From Homeownership Conversion		0.0%
Is this Demand Over 2 percent of Total Demand?		No
By Bedroom Demand		
One Person	45.6%	2,935
Two Persons	24.3%	1,564
Three Persons	13.3%	859
Four Persons	7.6%	492
Five Persons	9.2%	593
Total	**100.0%**	**6,443**

To place Person Demand into Bedroom Type Units		
Of one-person households in studio units	10%	294
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	2348
Of two-person households in 1BR units	20%	313
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	294
Of two-person households in 2BR units	80%	1252
Of three-person households in 2BR units	60%	515
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	344
Of four-person households in 3BR units	70%	344
Of five-person households in 3BR units	30%	178
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	148
Of five-person households in 4BR units	35%	208
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	208
Total Demand		**6,443**

	Total Demand (Subject Unit Types)		Additions to Supply		Net Demand
1 BR	2,661	-	0	=	2,661
2 BR	2,060	-	0	=	2,060
3 BR	866	-	0	=	866
Total	**5,587**		**0**		**5,587**

	Developer's Unit Mix		Net Demand		Capture Rate
1 BR	2	/	2,661	=	0.1%
2 BR	2	/	2,060	=	0.1%
3 BR	2	/	866	=	0.2%
Total	**6**		**5,587**		**0.1%**

Overall Affordable

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - Overall

Minimum Income Limit		$21,703	Maximum Income Limit		$43,740
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry September 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	101	7.2%		0.0%	0
$10,000-19,999	85	6.1%		0.0%	0
$20,000-29,999	168	12.1%	8,296	83.0%	139
$30,000-39,999	83	6.0%	9,999	100.0%	83
$40,000-49,999	71	5.1%	3,740	37.4%	27
$50,000-59,999	109	7.8%		0.0%	0
$60,000-74,999	108	7.8%		0.0%	0
$75,000-99,999	200	14.4%		0.0%	0
$100,000-124,999	154	11.1%		0.0%	0
$125,000-149,999	111	8.0%		0.0%	0
$150,000-199,999	68	4.9%		0.0%	0
$200,000+	130	9.4%		0.0%	0
Total	**1,388**	**100.0%**		**18.0%**	**249**

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - Overall

Minimum Income Limit		$21,703	Maximum Income Limit		$43,740
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	9,495	25.9%		0.0%	0
$10,000-19,999	7,719	21.1%		0.0%	0
$20,000-29,999	5,238	14.3%	8,296	83.0%	4,346
$30,000-39,999	4,160	11.4%	9,999	100.0%	4,160
$40,000-49,999	2,474	6.8%	3,740	37.4%	925
$50,000-59,999	1,718	4.7%		0.0%	0
$60,000-74,999	2,080	5.7%		0.0%	0
$75,000-99,999	1,464	4.0%		0.0%	0
$100,000-124,999	902	2.5%		0.0%	0
$125,000-149,999	494	1.3%		0.0%	0
$150,000-199,999	444	1.2%		0.0%	0
$200,000+	436	1.2%		0.0%	0
Total	**36,624**	**100.0%**		**25.8%**	**9,432**

ASSUMPTIONS - Overall

Tenancy		Family	% of Income towards Housing		35%
Rural/Urban		Urban	Maximum # of Occupants		5
Persons in Household	0BR	1BR	2BR	3BR	4BR+
1	10%	80%	10%	0%	0%
2	0%	20%	80%	0%	0%
3	0%	0%	60%	40%	0%
4	0%	0%	0%	70%	30%
5+	0%	0%	0%	30%	70%

Demand from New Renter Households 2017 to September 2019		
Income Target Population		Overall
New Renter Households PMA		1,388
Percent Income Qualified		18.0%
New Renter Income Qualified Households		**249**

Demand from Existing Households 2017		

Demand from Rent Overburdened Households		
Income Target Population		Overall
Total Existing Demand		36,624
Income Qualified		25.8%
Income Qualified Renter Households		9,432
Percent Rent Overburdened Prj Mrkt Entry September 2019		51.3%
Rent Overburdened Households		**4,836**

Demand from Living in Substandard Housing		
Income Qualified Renter Households		9,432
Percent Living in Substandard Housing		1.3%
Households Living in Substandard Housing		**126**

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

Total Demand		
Total Demand from Existing Households		4,962
Total New Demand		249
Total Demand (New Plus Existing Households)		**5,212**

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

By Bedroom Demand		
One Person	45.6%	2,374
Two Persons	24.3%	1,265
Three Persons	13.3%	695
Four Persons	7.6%	398
Five Persons	9.2%	480
Total	**100.0%**	**5,212**

To place Person Demand into Bedroom Type Units		
Of one-person households in studio units	10%	237
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	1,899
Of two-person households in 1BR units	20%	253
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	237
Of two-person households in 2BR units	80%	1,012
Of three-person households in 2BR units	60%	417
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	278
Of four-person households in 3BR units	70%	278
Of five-person households in 3BR units	30%	144
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	119
Of five-person households in 4BR units	35%	168
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	168
Total Demand		**5,212**

	Total Demand (Subject Unit Types)		Additions to Supply		Net Demand
1 BR	2,153	-	0	=	2,153
2 BR	1,666	-	0	=	1,666
3 BR	700	-	0	=	700
Total	**4,519**		**0**		**4,519**

	Developer's Unit Mix		Net Demand		Capture Rate
1 BR	11	/	2,153	=	0.5%
2 BR	27	/	1,666	=	1.6%
3 BR	9	/	700	=	1.3%
Total	**47**		**4,519**		**1.0%**

Overall Project

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - Overall Project

Minimum Income Limit		$21,703	Maximum Income Limit		$72,900
Income Category	New Renter Households - Total Change in Households PMA 2017 to Prj Mrkt Entry September 2019		Income Brackets	Percent within Cohort	Renter Households within Bracket
$0-9,999	101	7.2%		0.0%	0
$10,000-19,999	85	6.1%		0.0%	0
$20,000-29,999	168	12.1%	8,296	83.0%	139
$30,000-39,999	83	6.0%	9,999	100.0%	83
$40,000-49,999	71	5.1%	9,999	100.0%	71
$50,000-59,999	109	7.8%	9,999	100.0%	109
$60,000-74,999	108	7.8%	12,900	86.0%	93
$75,000-99,999	200	14.4%		0.0%	0
$100,000-124,999	154	11.1%		0.0%	0
$125,000-149,999	111	8.0%		0.0%	0
$150,000-199,999	68	4.9%		0.0%	0
$200,000+	130	9.4%		0.0%	0
Total	**1,388**	**100.0%**		**35.7%**	**496**

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - Overall Project

Minimum Income Limit		$21,703	Maximum Income Limit		$72,900
Income Category	Total Renter Households PMA 2017		Income Brackets	Percent within Cohort	Households within Bracket
$0-9,999	9,495	25.9%		0.0%	0
$10,000-19,999	7,719	21.1%		0.0%	0
$20,000-29,999	5,238	14.3%	8,296	83.0%	4,346
$30,000-39,999	4,160	11.4%	9,999	100.0%	4,160
$40,000-49,999	2,474	6.8%	9,999	100.0%	2,474
$50,000-59,999	1,718	4.7%	9,999	100.0%	1,718
$60,000-74,999	2,080	5.7%	12,900	86.0%	1,789
$75,000-99,999	1,464	4.0%		0.0%	0
$100,000-124,999	902	2.5%		0.0%	0
$125,000-149,999	494	1.3%		0.0%	0
$150,000-199,999	444	1.2%		0.0%	0
$200,000+	436	1.2%		0.0%	0
Total	**36,624**	**100.0%**		**39.6%**	**14,487**

ASSUMPTIONS - Overall Project

Tenancy		Family	% of Income towards Housing		35%
Rural/Urban		Urban	Maximum # of Occupants		0
Persons in Household	0BR	1BR	2BR	3BR	4BR+
1	10%	80%	10%	0%	0%
2	0%	20%	80%	0%	0%
3	0%	0%	60%	40%	0%
4	0%	0%	0%	70%	30%
5+	0%	0%	0%	30%	70%

Demand from New Renter Households 2017 to September 2019	
Income Target Population	Overall Project
New Renter Households PMA	1,388
Percent Income Qualified	35.7%
New Renter Income Qualified Households	**496**

Demand from Existing Households 2017

Demand from Rent Overburdened Households	
Income Target Population	Overall Project
Total Existing Demand	36,624
Income Qualified	39.6%
Income Qualified Renter Households	14,487
Percent Rent Overburdened Prj Mrkt Entry September 2019	51.3%
Rent Overburdened Households	**7429**

Demand from Living in Substandard Housing	
Income Qualified Renter Households	14,487
Percent Living in Substandard Housing	1.3%
Households Living in Substandard Housing	**193**

Senior Households Converting from Homeownership		
Income Target Population		Overall Project
Total Senior Homeowners		0
Rural Versus Urban	2.0%	
Senior Demand Converting from Homeownership		**0**

Total Demand	
Total Demand from Existing Households	7,622
Total New Demand	496
Total Demand (New Plus Existing Households)	**8,118**

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

By Bedroom Demand		
One Person	45.6%	3,698
Two Persons	24.3%	1,971
Three Persons	13.3%	1,082
Four Persons	7.6%	620
Five Persons	9.2%	747
Total	**100.0%**	**8,118**

To place Person Demand into Bedroom Type Units		
Of one-person households in studio units	10%	370
Of two-person households in studio units	0%	0
Of three-person households in studio units	0%	0
Of four-person households in studio units	0%	0
Of five-person households in studio units	0%	0
Of one-person households in 1BR units	80%	2959
Of two-person households in 1BR units	20%	394
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	10%	370
Of two-person households in 2BR units	80%	1577
Of three-person households in 2BR units	60%	649
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	433
Of four-person households in 3BR units	70%	434
Of five-person households in 3BR units	30%	224
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	30%	186
Of five-person households in 4BR units	35%	262
Of one-person households in 5BR units	0%	0
Of two-person households in 5BR units	0%	0
Of three-person households in 5BR units	0%	0
Of four-person households in 5BR units	0%	0
Of five-person households in 5BR units	35%	262
Total Demand		**8,118**

	Total Demand (Subject Unit Types)		Additions to Supply		Net Demand
1 BR	3,353	-	0	=	3,353
2 BR	2,596	-	0	=	2,596
3 BR	1,091	-	0	=	1,091
Total	**7,039**		**0**		**7,039**

	Developer's Unit Mix		Net Demand		Capture Rate
1 BR	13	/	3,353	=	0.4%
2 BR	29	/	2,596	=	1.1%
3 BR	11	/	1,091	=	1.0%
Total	**53**		**7,039**		**0.8%**

Conclusions

We have conducted such an analysis to determine a base of demand for the Subject as a tax credit property. Several factors affect the indicated capture rates and are discussed following.

- The number of households in the PMA is expected to increase 1.1 percent between 2017 and market entry 2019.
- This demand analysis does not measure the PMA's or Subject's ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

VI. HIGHEST AND BEST USE

HIGHEST AND BEST USE

Highest and Best Use is defined as: "The reasonably probable and legal use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.[3]"

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

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

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. Four tests are typically used to determine the highest and best use of a particular property. Thus, the following areas are addressed.

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

[3] Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

HIGHEST AND BEST USE AS IF VACANT

Physically Possible

According to the site plan provided by the developer, the Subject is a portion of a larger parcel and totals 1.1 acres, or 47,916 square feet. The site is generally level and is rectangular in shape. Further, it has good accessibility and visibility and is not located within a flood plain. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible

The Subject is located inside the Atlanta city limits; thus, it must comply with the City of Atlanta's zoning regulations. According to the City of Atlanta's Official Zoning Map, the Subject is zoned SPI-11, SA-8, which permits multifamily dwellings. This zoning district permits developments with a maximum floor to area ration (FAR) of 1.49. According to the zoning ordinance, the Subject is required to offer 1.0 parking space per unit. The Subject will offer 105 off-street parking spaces, which equates to approximately 1.98 spaces per unit. This is adequate, per the Subject's zoning district. The land sales are being or have been developed to densities ranging from 22 to 75 units per acre. Thus, we have concluded that the site can support approximately 55 multifamily units if vacant, which equates to a density of 50 units per acre.

Financially Feasible

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

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the site would permit multifamily. Given the Subject's surrounding land uses, the site's physical attributes, and the recent development patterns in the area, multifamily construction is most likely.

In order to determine financial feasibility for a multifamily rental property scenario, we performed a simple development analysis, based upon the rental and cost data secured during our market investigation. We used a residual technique to determine the cost feasibility of multifamily development.

COST ANALYSIS

As Proposed Restricted		
Stabilized Overall Capitalization Rate		5.50%
Typical Economic Life		60.0
Inferred Annual Building Recapture Rate		1.25%
Inferred Land to Total Value Ratio (M)		13.6%
Land Capitalization Rate	Rl	
Building Capitalization Rate (Rl + Recapture Rate)	Rb	
Ro = (Rl*M) + ((1-M)*Rb)		
Rl=		4.4%
Rb=		5.7%
Land Value		$1,400,000
Land Capitalization Rate		4.4%
Required Return to Land		61600
Replacement Cost of Improvements		$10,281,600
Building Capitalization Rate (Rb)		5.7%
Required Return On and Recapture of Improvement Costs		$586,051
Total Required Net Operating Income		$647,651
Net Rentable Square Footage		48,750
Required NOI per SF of Improvements		$13.29
Operating Expenses per SF		$6.81
Required Effective Gross Revenue		$20.10
Stabilized Vacancy Adjustment Factor		$1.00
Cost Feasible Market Rent		**$21.10**
Market Rent (based on market rental rates)		**$15.56**

Maximally Productive

Anecdotal evidence indicates market rate development is not feasible in the current market. Therefore, the maximally productive use of this site as is vacant would be to construct a multifamily residential complex using tax credit equity, favorable financing, or other gap subsidies.

Conclusion

Highest and Best Use "As If Vacant"

The Subject's highest and best use "as if vacant" is to develop with a 55-unit multifamily rental property with gap financing such as tax exempt bonds and tax credits.

Highest and Best Use "As Is"

As subsequently presented, the current land value less demolition costs is concluded at $670,000. The value of the Subject property as improved with the current contract rents less vacancy and collection loss and less market based expenses is $600,000 utilizing a market-based concluded capitalization rate of 5.5%. As the current land value minus demolition exceeds the value of the improvements, the highest and best use for the property, as is, would be to demolish the existing improvements and construct a multifamily development consistent with the zoning and approved zoning variance with gap financing such as tax exempt bonds and tax credits.

VII. APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

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

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

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

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

Applicability to the Subject Property

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available. Given the Subject is proposed new construction, we have developed the cost approach. However, the Subject is an income-producing property. As such, market participants indicated that prudent investors would give only limited weight to the estimate of replacement cost when determining market value for investment purposes.

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

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

VIII. COST APPROACH

COST APPROACH

The employment of the Cost Approach in the valuation process is based on the principle of substitution. Investors in the marketplace do not typically rely upon the cost approach. As a result, the cost approach is considered to have only limited use in the valuation of the Subject property. The cost approach is considered to be a useful tool and provides the reader with a measure of the economic status within the marketplace.

The principle may be stated as follows:

"No one is justified in paying more for a property than that amount by which he can obtain, by purchase of a site and construction of a building, without undue delay, a property of equal desirability and utility. In the case of a building that is new, the disadvantages of deficiencies of the existing building are compared with a new building that must be evaluated."

The Cost Approach normally consists of four steps:

1. The estimate of the land's value.
2. The estimate of the current cost of replacing the existing improvements.
3. The estimate and deduction of depreciation from all causes if applicable.
4. The addition to the value of the land and the depreciated value of the improvements.

Replacement cost is defined as the cost of creating a similar building or improvement on the basis of current price using modern materials. It should be noted that the budget exhibited is for development of a rent restricted LIHTC property. Many of the costs for obtaining the tax credits are included. The value of the tax credits is best illustrated through a discounted cash flow analysis which is beyond the scope of this assignment. The budgeted costs will be adjusted to reflect a market value not inclusive of the tax credit value. It will be primarily used as support for our highest and best use determination.

LAND VALUATION

To arrive at an estimated land value for the Subject site, the appraisers have analyzed actual sales of comparable properties in the competitive area. We have been asked to provide the fee simple value of the underlying land.

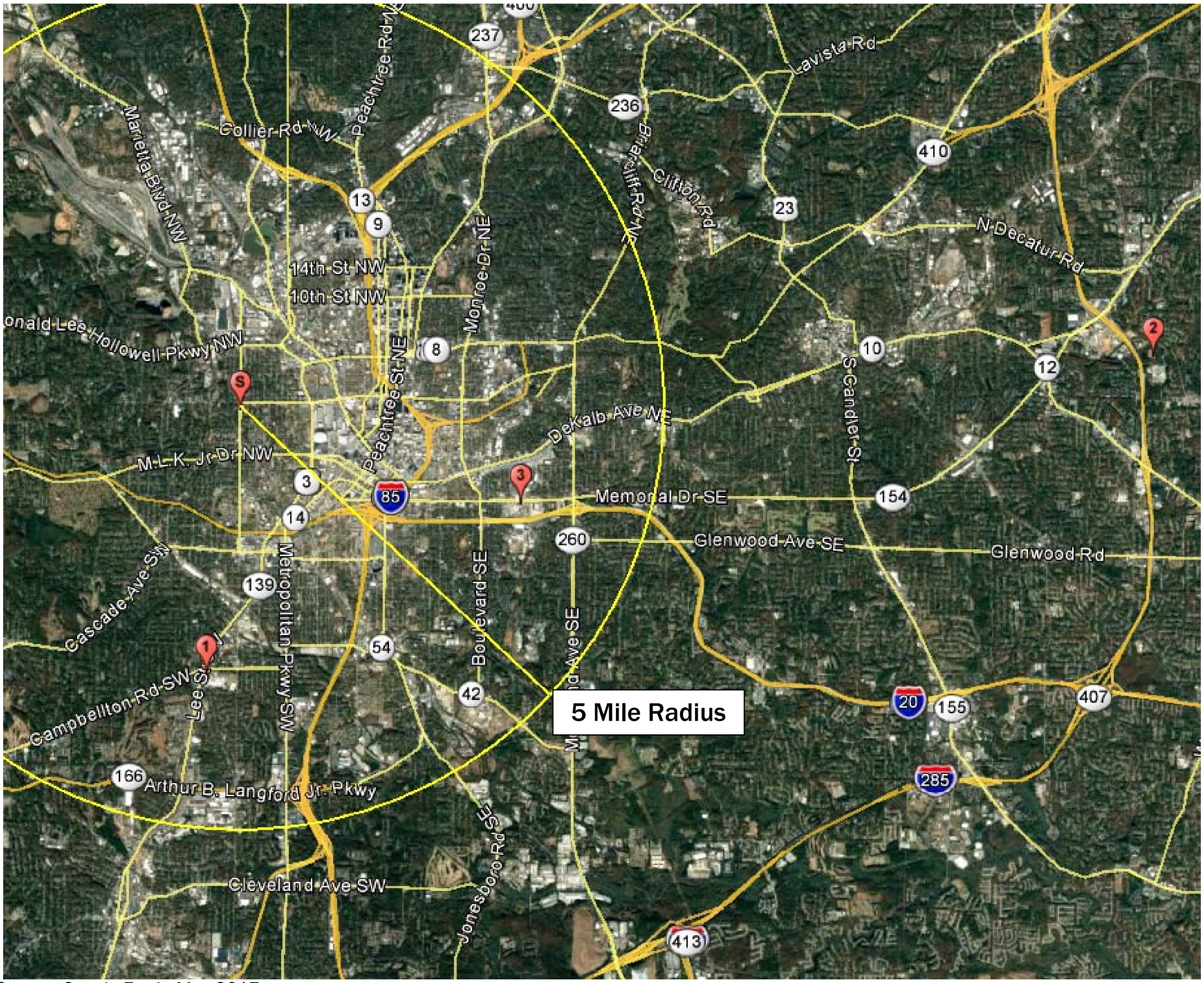
The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the Subject property. We researched the subject's market area for recent sales of comparable vacant land. From our research, we selected transactions that represent the most recent competitive alternative sales in the marketplace. The previous highest and best use analysis concluded multifamily was the most likely type of development. Therefore, the sales utilized in our analysis are based upon land that will be developed with multifamily improvements. We have identified three recent land sales within the Atlanta metropolitan area, one of which is located within the Subject's PMA. The table below provides a summary of the sales used:

COMPARABLE LAND SALES

Map #	Address	City, State	Sale Date	Sale Price	Site Size (Acres)	Number of Units	Price Per Unit
1	1374 Murphy Avenue SW	Atlanta, GA	Sep-16	$1,300,000	3.09	94	$13,830
2	3904 Durham Park Road	Stone Mountain, GA	May-16	$1,359,000	4.21	94	$14,457
3	841 Memorial Drive	Atlanta, GA	Nov-14	$925,000	1.07	80	$11,563
Average				**$1,194,667**	**2.79**	**89**	**$13,283**

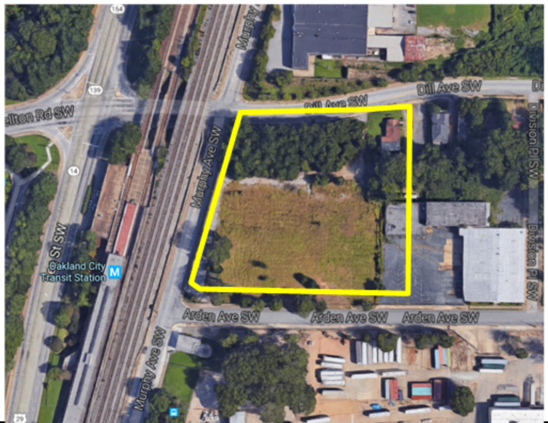
Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price for multifamily developments is typically based upon a price per unit. Thus, we have utilized price per unit as the unit of comparison for the Subject. The table above indicates a range in price from approximately $11,563 to $14,457 per unit. A location map and individual land sale profiles are provided below.

Land Sales Map



Source: Google Earth, May 2017.

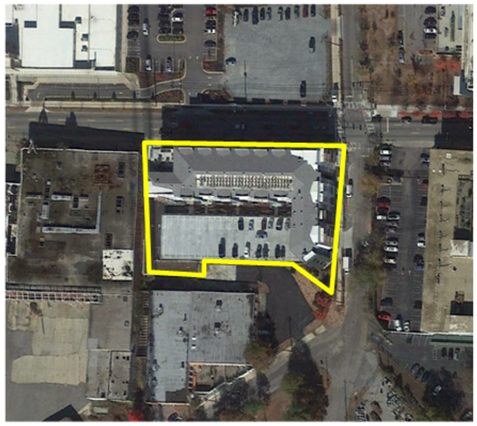
Land Sale 1	
Location:	1374 Murphy Avenue SW
	Atlanta, GA



Buyer:	Cliftwood Properties LLC
Seller:	Capitol View Senior Residences I LP
Legal/Lot	14 012000040176
Sale Date:	Sep-16
Sale Price:	$1,300,000
Financing:	Cash
Number of Units:	94
Site Acre(s):	3.09
Site Square Footage	134,600
Zoning	Multifamily
Density	30.4
Corner	Yes
Topography	Level
Shape	Rectangular
Sale Price:	
Per Unit	$13,830
Per Acre	$420,712
Per SF	$9.66
Comments:	
This site was purchased to development a 94-unit LIHTC development to be known as Gateway Capitol View. The project is currently under construction.	
Verification:	Fulton County Assessor, Developer, DCA

Land Sale 2	
Location:	3904 Durham Park Road
	Stone Mountain, GA

Buyer:	Manor Indian Creek
Seller:	N/Av
Legal/Lot	15 253 01 001
Sale Date:	May-16
Sale Price:	$1,359,000
Financing:	Cash
Number of Units:	94
Site Acre(s):	4.21
Site Square Footage	183,388
Zoning	Multifamily
Density	22.3
Corner	Yes
Topography	Level
Shape	Irregular
Sale Price:	
Per Unit	$14,457
Per Acre	$322,803
Per SF	$7.41
Comments:	
This site was purchased to development a 94-unit senior LIHTC/PBRA/market rate development to be known as Manor at Indian Creek Phase I. The project is currently under construction and is expected to be completed in 2017.	
Verification:	DeKalb County Assessor, Developer, DCA

Land Sale 3	
Location:	841 Memorial Drive
	Atlanta, GA
	
Buyer:	841 Memorial Drive Holdings LLC
Seller:	RES-GA Memorial Drive, LLC
Legal/Lot	14 002100030169
Sale Date:	Nov-14
Sale Price:	$925,000
Financing:	Cash
Number of Units:	80
Site Acre(s):	1.07
Site Square Footage	46,609
Zoning	Multifamily
Density	74.8
Corner	Yes
Topography	Level
Shape	Irregular
Sale Price:	
Per Unit	$11,563
Per Acre	$864,486
Per SF	$19.85
Comments:	
This site was purchased to development an 80-unit market rate development known as 841 Memorial, which was completed in 2016.	
Verification:	Fulton County Assessor, Property Manager

EXPLANATION OF ADJUSTMENTS

We have analyzed the sales on a per unit basis. In determining which adjustments are appropriate to make to the comparable sales, property rights conveyed, financing terms, conditions of sale, and market conditions are considered first. After these adjustments are made, other criteria, such as location, zoning, topography, shape, and size are taken into consideration.

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

- **Property Rights**
- **Financing**
- **Conditions of Sale**
- **Market Conditions**
- **Location**
- **Zoning/Density**
- **Topography**
- **Site Characteristics**
- **Size**

Property Rights

We are valuing the fee simple interest in the Subject site. All sales were of fee simple interest like the Subject; therefore, no adjustments are necessary.

Financing

The sales were cash (or equivalent) transactions; therefore, no adjustments are necessary.

Conditions of Sale

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

Market Conditions

Real estate values vary over time due to changes in market conditions. The rate of this change fluctuates due to investor's perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of the comparables, when values have appreciated or depreciated. The comparable sales took place between November 2014 and September 2016. According to the PwC Real Estate Investment Survey, capitalization rates have compressed slightly from the fourth quarter 2014 through 2017. The table below illustrates multifamily capitalization rates from 2014 to present.

PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments		
Quarter	**Cap Rate**	**Change (bps)**
4Q14	5.36	-0.15
1Q15	5.36	0.00
2Q15	5.30	-0.06
3Q15	5.39	0.09
4Q15	5.35	-0.04
1Q16	5.35	0.00
2Q16	5.29	-0.06
3Q16	5.25	-0.04
4Q16	5.26	0.01
1Q17	5.33	0.07

Source: PwC Real Estate Investor Survey, Q1 2017

As indicated above, capitalization rates have decreased slightly since the fourth quarter of 2014 but have remained fairly stable over the last year. As such, an upward adjustment of 10 percent is applied to Sale 3 and no adjustments are applied to Sales 1 and 2 as they occurred during similar market conditions.

Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. The following tables illustrate the median household incomes and median rents for the Subject and the comparable sales by zip code area.

MEDIAN HOUSEHOLD INCOME

Property	Zip Code	Median HH Income	Subject Location's Differential
Subject	30314	$25,373	-
Sale 1	30310	$25,886	-2%
Sale 2	30083	$38,007	-33%
Sale 3	30316	$49,516	-49%

Source: City-data.com, 5/2017

MEDIAN GROSS RENT

Property	Zip Code	Median Home Value	Subject Location's Differential
Subject	30314	$821	-
Sale 1	30310	$871	-6%
Sale 2	30083	$869	-6%
Sale 3	30316	$989	-17%

Source: City-data.com, 5/2017

As illustrated above, Sale 1 is located in a neighborhood with a similar median household income and a slightly higher median gross rent; thus, the location is considered generally similar. No adjustment is warranted. Sale 2 is located in a neighborhood with a higher median household income and a slightly higher median gross rent. All things considered, this comparable is deemed to offer a superior location relative to the Subject, and a downward adjustment of five percent is applied. Sale 3 is located in a neighborhood with a higher median household income and median gross rent Based on this data and our physical inspection of this site, this sale also offers a superior location, and a downward adjustment of ten percent is applied.

Zoning/Use

All of the comparables permit multifamily, similar to the Subject. No adjustments are warranted.

Topography

The land sales vary in topography, but are generally functional for multifamily development. Therefore, no adjustments are necessary.

Site Characteristics

Site characteristics such as access, frontage, visibility, and shape can affect the marketability of sites, making them more or less attractive to investors. The Subject site offers good access and visibility, with functional site characteristics, similar to all four sales. Therefore, no adjustments were necessary.

Size (Number of Units)

With respect to size, the general convention is that larger properties tend to sell for less on a per-unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. As indicated in the highest and best use analysis, the Subject site could likely support 55 multifamily units. All of the sales are generally similar to the Subject and no adjustments are warranted.

Land Value Estimate

The land sales grid is presented below:

Comparable Land Data Adjustment Grid					
		Subject	1	2	3
Location		NE Quadrant of Joseph E Lowery and Rock Street	1374 Murphy Avenue SW	3904 Durham Park Road	841 Memorial Drive
City, State		Atlanta, GA	Atlanta, GA	Stone Mountain, GA	Atlanta, GA
Parcel Data					
	Zoning	SPA-11, SA-8	Multifamily	Multifamily	Multifamily
	Topography	Level	Similar	Similar	Similar
	Shape	Rectangular	Rectangular	Irregular	Irregular
	Corner	No	Yes	Yes	Yes
	Size (SF)	47,916	134,600	183,388	46,609
	Size (Acres)	1.10	3.09	4.21	1.07
	Units	55	94	94	80
	Units Per Acre	50.0	30.4	22.3	74.8
Sales Data					
	Date		Sep-16	May-16	Nov-14
	Interest		Fee Simple	Fee Simple	Fee Simple
	Price		$1,300,000	$1,359,000	$925,000
	Price per Unit		$13,830	$14,457	$11,563
Adjustments					
	Property Rights		0	0	0
			1,300,000	1,359,000	925,000
	Financing		0	0	0
			1,300,000	1,359,000	925,000
	Conditions of Sale		0	0	0
			1,300,000	1,359,000	925,000
	Market Conditions		1.000	1.000	1.100
Adjusted Sale Price			$1,300,000	$1,359,000	$1,017,500
Adjusted Price Per Unit			$13,830	$14,457	$12,719
Adjustments					
	Location		0.0%	-5.0%	-10.0%
	Zoning / Density		0.0%	0.0%	0.0%
	Topography		0.0%	0.0%	0.0%
	Site Characteristics		0.0%	0.0%	0.0%
	Size		0.0%	0.0%	0.0%
Overall Adjustment			0.0%	-5.0%	-10.0%
Adjusted Price Per Unit			$13,830	$13,735	$11,447
Low		$11,447			
High		$13,830			
Mean		$13,004			
Median		$13,735			
Conclusion (Rounded)		**$13,000**	x	**55**	**$720,000**
Less Demolition					**($50,000)**
As Is Land Value					**$670,000**

The sales indicate an adjusted price per unit range of $11,447 to $13,830 per unit, with a mean of $13,004 per unit. Overall, we have placed equal weight on all sales concluded to a sale price per unit of $13,000 per unit for the value of the land “as if vacant.” The Subject site is currently improved with a multifamily development that does not contribute above the value of the underlying land. Thus, we have deducted a demolition cost of $50,000 from the land value "as if vacant" to arrive at a land value for the Subject site.

As a result of our analysis, the indicated unencumbered fee simple interest of the "Land Value", via the sales comparison approach, as of May 15, 2017 is:

SIX HUNDRED SEVENTY THOUSAND DOLLARS
($670,000)

Please refer to the complete Assumptions and Limiting Conditions in the Addenda of this report.

COST ESTIMATE

Development Costs
To insure a market based valuation we estimated the hard costs using a cost estimation service, RS Means Cost Manual. The soft costs are not as effectively compared to market estimates.

Direct Costs
We compared the direct costs associated with construction of a property to the costs of a property with similar utility as the subject. These costs include construction costs, landscaping costs, and site improvement costs. These are estimated by using the RS Means Cost Manual.

Indirect Cost
Indirect costs must be added to the direct costs to arrive at a total cost new estimate. Indirect costs include construction loan fees (including interest on the property during construction, appraisal fees, points, etc.), taxes on the land during the construction period, and developer's profit and overhead.

Developer's Profit and Overhead: Entrepreneurial profit is accounted for as an indirect cost. If the Cost Approach is to provide a reliable indication of value, the appraiser must add to the cost a figure that represents the entrepreneurial or developer's profit that is reflected in the market. It is a return to the investor based on his entrepreneurial skills and abilities.

An investor in real property, especially a developer, gives up a certain amount of liquidity in development, and his risk is based upon his past experience in the field, his forecasting ability with respect to the real estate/business cycle, his expertise in management, and timing. These items are somewhat speculative and tend to be within a fairly wide profit range, depending upon a combination of the preceding items.

Essentially, entrepreneurial profit is a market-derived figure that reflects the amount that the entrepreneur, or developer, expects to receive in addition to costs. Depending on market practice, this type of profit may be measured as a percentage of (1) direct costs, (2) direct and indirect costs, (3) direct and indirect costs plus land value, and (4) the value of the completed project.

Appraisers often derive an appropriate figure for profit expectation from market analysis. By analyzing recent sales of new properties in the same market, we calculated entrepreneurial profit as the difference between the sale price and the sum of direct costs, indirect costs and current market land value. An appraiser can also survey developers to determine entrepreneurial profit. However, the amount of entrepreneurial profit varies with factors such as economic conditions and property type, so a typical relationship between this profit and other costs is difficult to establish.

In conversations with developers of similar types of properties, an expected profit range would be 10 percent to 20 percent of the overall cost of the improvements including hard costs and land acquisition. Other soft costs typically include financing and legal fees.

Estimated Costs
There are several data providers that estimate the cost to construct and replace multifamily properties. Two that are most commonly relied upon are Marshall & Swift and RS Means.

Marshall & Swift produces *Marshall Valuation Service*, which is marketed as an appraisal guide. It is primarily used by residential and commercial appraisers to develop replacement costs, depreciated values, and insurable values. Comparative cost indices are published quarterly. The data is based on the publishers' valuation experience, appraisal review, and analysis of the costs of new buildings.

RS Means published *Square Foot Costs* is intended for use by those involved with construction cost estimating, including contractors, owners, architects, engineers, and facilities managers. The data can also be used to develop preliminary project cost estimates and to measure the impact of modifying design and materials on construction costs.

A 2005 report produced by the NAHB Research Center called *Construction Cost Indices,* examined construction costs for HUD Section 202 and 811 supportive housing programs. The goal of the report was to analyze actual project costs using major construction cost industry indices and to determine the accuracy of industry indices. The report concluded that RS Means has the highest correlation with actual construction costs; however, actual average costs were generally below the RS Means estimate, by approximately 10 percent. Actual costs ranged from 75 percent of the RS Means estimate to 145 percent of the estimate.

The following table illustrates the current RS Means and Marshall & Swift cost per square foot estimates for a variety of multifamily building types.

	M&S		RS Means	
	Cost PSF	Assumption	Cost PSF	Assumption
Garden (1-3 story)	$73.64	Class C, average quality	$146.20	Stucco on concrete, wood joist
Midrise (4-7 story)	$80.95	Class C, average quality	$165.20	Decorative concrete block, wood joists
Highrise (8+)	$112.09	Class C, average quality	$186.00	Face brick, concrete block backup, steel frame
Townhouse	$79.00	Class D, average quality	$146.05	Wood siding with wood frame, two-story
SF	$89.37	Class D, average quality	$147.90	Brick Veneer with wood frame, two-story

As illustrated, the RS Means and Marshall & Swift costs per square foot vary considerably for multifamily, single-family, and townhouse construction. Further, the two cost estimators use different location-based factors to adjust the national cost estimates to local estimates. We will consider both estimates to determine the Subject's value using the cost approach.

The following table illustrates the cost per square foot for the Subject's market area based on current construction estimates from Marshall & Swift and RS Means:

		M&S	RS Means	Developer	Novoco Estimate
National Cost PSF		$73.64	$146.20	N/A	N/A
Location Adjustment	Atlanta, GA	0.96	0.87	N/A	N/A
Subject Cost PSF		$70.69	$127.19	$105.82	$100.00

Developer's Construction Budget

The developer is proposing a budget of $5,932,350, which includes all hard costs. The figure comes out to approximately $105.82 per square foot. We have estimated a cost of $100.00 per square foot, which is slightly lower than the developer's estimate, and within the range of costs calculated by Marshall and Swift and RS Means. The following table summarizes our estimates.

Cost Estimation		
Estimated cost per SF	$100.00	
Total Area	56,063	Gross Area
FFE*	$132,500	
Estimated Construction Costs	**$5,738,800**	

*Marshall and Swift estimate which includes kitchen equipment, interior, exterior, plumbing, furnishing, electrical and HVAC expenses ($2,500 per unit)

Our overall cost estimates for the Subject are illustrated in the following table.

Novoco Cost Estimates		
Number of Units	53	Per Unit
Estimated Hard Cost	$5,606,300	$105,779
Estimated FF&E	$132,500	$2,500
Total Construction Costs	$5,738,800	$108,279
Soft Costs*	$2,710,800	$51,147
Development Costs*	$1,832,000	$34,566
Total Replacement Cost	**$10,281,600**	**$193,992**

*Based on Developer's Sources and Uses

Accrued Depreciation

Accrued depreciation is a loss in value from the reproduction or replacement cost of improvements due to any cause as of the date of appraisal. It may also be defined as the difference between reproduction or replacement cost of an improvement and its market value as of the date of appraisal. The value difference may emanate from physical deterioration, functional obsolescence, external obsolescence, or any combination of these sources.

Physical Deterioration

Curable: This involves an estimate of deferred maintenance and is applicable to items subject to current repair.

Incurable: This reflects loss in value due to the physical departs of the structure.

The Subject will be newly constructed. Therefore, there is no physical deterioration.

Functional Obsolescence

This reflects loss in value due to poor plan, outmoded style or design, architectural super-adequacy, or inadequacy. If incurable functional obsolescence exists, one must charge off additional cost of ownership in the replacement method, if any. As new construction, we assume that the Subject will not suffer from functional obsolescence. We have reviewed the Subject's plans (and included in *Addendum I*) and the layout of the Subject's units appears functional and market-oriented.

External Obsolescence

The achievable restricted rent is approximately $15.56 per square foot. Cost feasible rent is approximately $21.10 per square foot. As such, the proposed restricted development is not feasible. The cost feasibility analysis suggests an external obsolescence of approximately 26.29 percent. The following table summarizes the value via the cost approach:

Summary of Cost Approach				
Total Replacement Cost - All Improvements			$10,281,600	
Depreciation				
	Deferred Maintenance	$0		
	Physical - Buildings	$0		
	Functional Obsolescence	$0		
	External Obsolescence	$2,702,718		
Total Depreciation			$2,702,718	
Depreciated Replacement Cost - Improvements				$7,578,882
Land Value				$670,000
Indicated Value - Cost Approach				$8,248,882
Rounded				$8,200,000

Conclusion

In order to arrive at a value for the Subject, we add the estimated site value to the depreciated replacement cost of the proposed improvements. Therefore, the value of the Subject, via the cost approach, as of May 15, 2017, is:

EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS
($8,200,000)

IX. INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH

Introduction

We were asked to provide several value estimates, including:

- Prospective leased fee market value “As If Complete and Stabilized” assuming restricted rents.
- Hypothetical prospective leased fee market value “As If Complete and Stabilized” assuming unrestricted rents.
- Prospective Restricted Market Value at 15, 20 (loan maturity), 25, and 30 years.
- Hypothetical Prospective Unrestricted Market Value at 15, 20 (loan maturity), 25, and 30 years.
- Valuation of the Low Income Housing Tax Credits “As If Completed.”
- Favorable financing

As discussed, we were asked to provide an estimate of the Subject’s value under the LIHTC program. Under the LIHTC program, the Subject is not eligible for tax credits until the units are put into service following construction. As a result, this value estimate is a hypothetical value based upon the benefits and restrictions of the LIHTC program.

Under the LIHTC program, an owner subjects his ownership to certain restrictions in exchange for various benefits. These restrictions and benefits generate intangible values in addition to the underlying tangible real estate value.

The market values “upon completion and stabilization” are hypothetical value estimates based upon the anticipated benefits and timing of LIHTC encumbrances and the development plan as proposed by the developer, as described in the Property Profiles, included in the Addenda. *Please see attached assumptions and limiting conditions for additional remarks concerning hypothetical value estimates.*

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

INCOME ANALYSIS

Potential Gross Income

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

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject’s potential rental income assuming both LIHTC encumbrances and market rents is based upon the rental analysis as derived in the Supply Section of this report and are calculated as follows.

POTENTIAL GROSS RENTAL INCOME - AS PROPOSED RESTRICTED LIHTC

Unit Type	Restricton	Number of Units	Achievable Rents	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	@50%	3	$516	$1,548	$18,576
1BR/1BA	@60%	8	$642	$5,136	$61,632
1BR/1BA	Market	2	$1,000	$2,000	$24,000
2BR/1BA	@50%	6	$592	$3,552	$42,624
2BR/1BA	@60%	21	$752	$15,792	$189,504
2BR/1BA	Market	2	$1,200	$2,400	$28,800
3BR/2BA	@50%	2	$655	$1,310	$15,720
3BR/2BA	@60%	7	$831	$5,817	$69,804
3BR/2BA	Market	2	$1,400	$2,800	$33,600
		53			**$484,260**

POTENTIAL GROSS RENTAL INCOME - AS PROPOSED UNRESTRICTED

Unit Type	Number of Units	Achievable Market Rents	Monthly Gross Rent	Annual Gross Rent
1BR/1BA	13	$1,000	$13,000	$156,000
2BR/1BA	29	$1,200	$34,800	$417,600
3BR/2BA	11	$1,400	$15,400	$184,800
Total	**53**			**$758,400**

Other Income

Miscellaneous income includes fees for late rent fees, damages and cleaning fees, laundry and vending, and other miscellaneous fees. The developer's one-year budget does not indicate any other income for the Subject. Therefore, we have not included other income in our calculation of operational expenses for the Subject.

Vacancy and Collection Loss

As discussed in the Supply Analysis, we anticipate the Subject will maintain a vacancy loss of three percent or less for the restricted scenario and seven percent for the unrestricted scenario.

Explanation of Expenses

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

It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted.

Comparable operating expense data was collected from affordable properties in the area. The following table provides additional information on each of the comparable expense properties.

	Comp 1	Comp 2	Comp 3	Comp 4
Year Built	2012	2004	2003	2006
Structure	Lowrise	Garden	Garden	Garden
Tenancy	Senior	Family	Family	Family
Rent Restrictions	LIHTC	LIHTC/PBRA	LIHTC/Market	LIHTC/Market

The comparable data was compared to the proposed operating budget for the Subject, which has been supplied by the client. The following table includes information on the operating expense comparables utilized in our analysis.

					2019		2015		2015		2015		2015	
	Novogradac		Novogradac		SUBJECT		CONFIDENTIAL		CONFIDENTIAL		CONFIDENTIAL		CONFIDENTIAL	
	Estimates		Estimates		YEAR 1 BUDGETED		ACTUAL		ACTUAL		ACTUAL		ACTUAL	
	As Proposed Restricted		As Proposed Unrestricted		EXPENSES		EXPENSES		EXPENSES		EXPENSES		EXPENSES	
	Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA		Atlanta, GA	
	53		53		53		60		171		181		320	
EXPENSE CATEGORY	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
OTHER INCOME	$0	$0	$0	$0	$0	$0	$170,890	$2,848	$47,256	$276	$50,318	$278	$499,119	$1,560
MARKETING														
Advertising / Screening / Credit	$2,650	$50	$2,650	$50	$5,000	$94	$801	$13	$7,212	$42	$0	$0	$26,847	$84
SUBTOTAL	**$2,650**	**$50**	**$2,650**	**$50**	**$5,000**	**$94**	**$801**	**$13**	**$7,212**	**$42**	**$0**	**$0**	**$26,847**	**$84**
ADMINISTRATION														
Legal	$7,420	$140	$6,625	$125	$7,500	$142	$0	$0	$0	$0	$0	$0	$0	$0
Audit	$7,420	$140	$6,625	$125	$7,500	$142	$0	$0	$0	$0	$0	$0	$0	$0
Office & Other	$21,200	$400	$18,550	$350	$20,000	$377	$62,135	$1,036	$204,384	$1,195	$233,562	$1,290	$193,310	$604
SUBTOTAL	**$36,040**	**$680**	**$31,800**	**$600**	**$35,000**	**$660**	**$62,135**	**$1,036**	**$204,384**	**$1,195**	**$233,562**	**$1,290**	**$193,310**	**$604**
TOTAL ADMINISTRATION	**$38,690**	**$730**	**$34,450**	**$650**	**$40,000**	**$755**	**$62,936**	**$1,049**	**$211,596**	**$1,237**	**$233,562**	**$1,290**	**$220,157**	**$688**
MAINTENANCE														
Painting / Turnover / Cleaning	$5,300	$100	$5,300	$100	$7,000	$132	$0	$0	$31,148	$182	$34,392	$190	$97,077	$303
Repairs	$7,950	$150	$7,950	$150	$10,000	$189	$10,162	$169	$78,748	$461	$283,361	$1,566	$121,927	$381
Elevator	$5,300	$100	$5,300	$100	$5,000	$94	$0	$0	$0	$0	$0	$0	$0	$0
Grounds	$7,950	$150	$7,950	$150	$10,000	$189	$12,440	$207	$8,148	$48	$21,094	$117	$31,791	$99
Pool	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Supplies/Other	$7,950	$150	$7,950	$150	$10,000	$189	$3,605	$60	$54,221	$317	$0	$0	$27,787	$87
SUBTOTAL	**$34,450**	**$650**	**$34,450**	**$650**	**$42,000**	**$792**	**$26,207**	**$437**	**$172,265**	**$1,007**	**$338,847**	**$1,872**	**$278,582**	**$871**
OPERATING														
Contracts	$10,070	$190	$10,070	$190	$10,000	$189	$0	$0	$0	$0	$0	$0	$0	$0
Exterminating	$5,035	$95	$5,035	$95	$5,000	$94	$910	$15	$3,518	$21	$0	$0	$5,166	$16
Security	$0	$0	$0	$0	$0	$0	$531	$9	$4,244	$25	$0	$0	$28,750	$90
SUBTOTAL	**$15,105**	**$285**	**$15,105**	**$285**	**$15,000**	**$283**	**$1,441**	**$24**	**$7,762**	**$45**	**$0**	**$0**	**$33,916**	**$106**
TOTAL MAINTENANCE AND OPERATING	**$49,555**	**$935**	**$49,555**	**$935**	**$57,000**	**$1,075**	**$27,648**	**$461**	**$180,027**	**$1,053**	**$338,847**	**$1,872**	**$312,498**	**$977**
PAYROLL														
On-site manager	$30,000	$566	$30,000	$566	$55,000	$1,038	$34,274	$571	$77,456	$453	$127,568	$705	$161,856	$506
Other management staff	$0	$0	$0	$0	$0	$0		$0		$0	$0	$0	$27,110	$85
Maintenance staff	$30,000	$566	$30,000	$566	$31,000	$585	$22,488	$375	$86,791	$508	$0	$0	$67,741	$212
Janitorial staff	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Benefits	$5,000	$94	$5,000	$94	$0	$0	$25,339	$422	$29,751	$174	$28,229	$156	$60,494	$189
Payroll taxes	$7,200	$136	$7,200	$136	$0	$0		$0		$0		$0		$0
SUBTOTAL	**$72,200**	**$1,362**	**$72,200**	**$1,362**	**$86,000**	**$1,623**	**$82,101**	**$1,368**	**$193,998**	**$1,134**	**$155,797**	**$861**	**$317,201**	**$991**
UTILITIES														
Water & Sewer	$7,155	$135	$7,155	$135	$7,000	$132	$25,348	$422	$217,167	$1,270	$30,038	$166	$243,400	$761
Electricity	$7,155	$135	$7,155	$135	$7,000	$132	$9,099	$152	$74,821	$438	$52,476	$290	$91,879	$287
Gas	$0	$0	$0	$0	$0	$0	$2,052	$34	$3,764	$22	$0	$0	$0	$0
Cable Television	$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0	$0	$0
Trash	$5,300	$100	$5,300	$100	$5,000	$94	$20,172	$336	$30,844	$180	$31,947	$177	$24,691	$77
SUBTOTAL	**$19,610**	**$370**	**$19,610**	**$370**	**$19,000**	**$358**	**$56,671**	**$945**	**$326,596**	**$1,910**	**$114,461**	**$632**	**$359,970**	**$1,125**
MISCELLANEOUS														
Insurance	$19,610	$370	$19,610	$370	$19,604	$370	$18,646	$311	$40,135	$235	$44,660	$247	$83,486	$261
Real Estate Taxes / PILOT	$45,898	$866	$110,155	$2,078	$39,000	$736	$40,358	$673	$53,103	$311	$127,484	$704	$112,564	$352
Reserves	$13,250	$250	$13,250	$250	$13,250	$250	$15,000	$250	$20,000	$250	$36,750	$250	$80,000	$250
Supportive Services	$5,000	$94	$0	$0	$5,000	$94	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL	**$83,758**	**$1,580**	**$143,015**	**$2,698**	**$76,854**	**$1,450**	**$74,004**	**$1,233**	**$113,238**	**$662**	**$208,894**	**$1,154**	**$276,050**	**$863**
MANAGEMENT														
SUBTOTAL	**$23,487**	**$443**	**$31,739**	**$599**	**$26,425**	$499	**$33,639**	**$561**	**$52,950**	**$310**	**$0**	**$0**	**$135,395**	**$423**
TOTAL EXPENSES	$287,300	$5,421	$350,569	$6,615	$305,279	$5,760	$336,999	$5,617	$1,078,405	$6,306	$1,051,561	$5,810	$1,621,271	$5,066

General Administrative and Marketing

This category includes all professional fees for items such as legal, accounting, marketing, and office. The multifamily comparables indicate an overall administrative and marketing expense ranging from $688 to $1,290 per unit. The Subject's budgeted expense is $755 per unit, which is within the range of the comparables and appears reasonable. Based on the comparables and taking into account the developer's year one budget, we have concluded to a total administration and marketing expense of $730 per unit in the restricted scenario and $650 per unit in the unrestricted scenario. There are some slight differences in the individual line items. According to a Novogradac & Company LLP comprehensive analysis of national 2014 operating expense data (Multifamily Rental Housing Operating Expense Report, 2016), it costs on average approximately 10 percent more per unit for administrative costs for low income housing tax credit property nationally than it does for a market-rate property.

Maintenance and Operating

Included in this expense are normal items of repair and maintenance of public areas, cleaning contracts, and pest control. The Subject's budgeted expense is $1,075 per unit. The comparables indicate a range of $461 to $1,872 per unit with the most recently constructed comparable reporting an expense of $461 per unit. Overall, we have concluded to a total repairs and maintenance expense of $935 per unit for both scenarios, which is within the range of the comparable expenses and supported by the range of the comparables dropping the high and low outliers. Our concluded expense appears reasonable given the fact that the Subject will be new construction.

Payroll and Leasing Expenses

Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category. The multifamily comparables indicate a range of $861 to $1,368 per unit. The budgeted payroll expense is $1,623 per unit. Overall, we typically find that properties the size of the Subject operate with a staff of one shared manager and one shared maintenance supervisor. Benefits for the Subject's employees are estimated at $5,000 per full-time employee and payroll taxes equal to 12 percent of the sum of the salaries. Overall, we have concluded to a payroll expense of $1,362 per unit in both scenarios. Our payroll calculation for both scenarios is within the range of the comparables and supported by the payroll expense at the most similarly sized comparable property, which is $1,368. Our calculations appear reasonable.

As Proposed

ESTIMATED PAYROLL	
Manager	$30,000
Maintenance Supervisor	$30,000
Subtotal	**$60,000**
Payroll Taxes at 12%	$7,200
Benefits at $5,000 per FTE	$5,000
Total Payroll	**$72,200**
Total Per Unit	**$1,362**

Utilities

The Subject will offer electric cooking, heat, and hot water. In the as-is scenario, the landlord pays all utilities, including all electric expenses, cold water, sewer, and trash expenses, in addition to all common area utilities. In the as-proposed scenarios, the tenant pays all utilities except for trash expense, for which the landlord is responsible. The developer estimates a utility cost of $358 per unit. Comparable operating results indicate a range of $632 to $1,910 per unit for total utility costs. We have calculated possible utility costs based upon the recent utility allowances provided by the local housing authority, adjusted to the Subject's project specific allowances. However, it should be noted that trash expenses are not provided by the local housing authority. These estimates result in utility costs of approximately $233 in the as-proposed restricted scenario, $344 per unit in the as-proposed unrestricted scenario. The estimate for utility costs in the as-proposed restricted and as-proposed unrestricted scenarios are below the developer's budgeted expense, while the estimate for the as-is restricted scenario is above the developer's budgeted expense.

UTILITY ALLOWANCES (Restricted)

Utility	Paid By	1BR	2BR	3BR	Total
Utilities-Electricity	Tenant	$39	$48	$57	
Utilities-Electric Heating	Tenant	$13	$17	$20	
Utilities-Air Conditioning	Tenant	$9	$16	$22	
Utilities-Electric Cooking	Tenant	$9	$11	$8	
Utilities-Electric Heated Hot Water	Tenant	$18	$25	$32	
Utilities-Water and Sewer Services	Tenant	$75	$117	$164	
Utilities-Trash Collection	Landlord	$0	$0	$0	
Total Utility Allowance		**$163**	**$234**	**$303**	
Tenant		$163	$234	$303	
Landlord		$0	$0	$0	
Unit Mix		13	29	11	53
Tenant (Annual)		$25,428	$81,432	$39,996	$146,856
Vacancy	3%	$763	$2,443	$1,200	$4,406
Per Unit					**$83**
Landlord		$0	$0		$0
Per Unit					**$0**
Common Area Utilities and Trash (Per Unit)					**$150**
Total (Per Unit)					**$233**

Source: Atlanta Housing Authority Utility Allowance Schedule, effective July 1, 2016

UTILITY ALLOWANCES (Unrestricted)

Utility	Paid By	1BR	2BR	3BR	Total
Utilities-Electricity	Tenant	$39	$48	$57	
Utilities-Electric Heating	Tenant	$13	$17	$20	
Utilities-Air Conditioning	Tenant	$9	$16	$22	
Utilities-Electric Cooking	Tenant	$9	$11	$8	
Utilities-Electric Heated Hot Water	Tenant	$18	$25	$32	
Utilities-Water and Sewer Services	Tenant	$75	$117	$164	
Utilities-Trash Collection	Landlord	$0	$0	$0	
Total Utility Allowance		**$163**	**$234**	**$303**	
Tenant		$163	$234	$303	
Landlord		$0	$0	$0	
Unit Mix		13	29	11	53
Tenant (Annual)		$25,428	$81,432	$39,996	$146,856
Vacancy	7%	$1,780	$5,700	$2,800	$10,280
Per Unit					**$194**
Landlord		$0	$0		$0
Per Unit					**$0**
Common Area Utilities and Trash (Per Unit)					**$150**
Total (Per Unit)					**$344**

Source: Atlanta Housing Authority Utility Allowance Schedule, effective July 1, 2016

The developer's budget appears reasonable based on the data from the comparable expenses and the fact the Subject will be new construction. Thus, we have concluded to $370 in both scenarios, which is below the range of the comparable data but supported by the developer's budgeted expenses.

Insurance

Comparable data illustrates a range from $235 to $311 per unit. The budgeted expense is $370 per unit, which is higher than the comparable range. However, we have reconciled to the developer's budgeted expenses and concluded to insurance costs of $370 per unit for all scenarios.

Taxes

Please refer to the real estate tax section of this report for further discussion and analysis.

Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically ranges from $250 to $350 per unit per year. New properties typically charge $200 to $250 for reserves. We have used an expense of $250 per unit for both scenarios based on the fact that the Subject will be new construction and in excellent condition upon completion. It should be noted that the developer budgeted $250 per unit for reserves.

Management Fees

The developer's budget indicates a management fee of $499 per unit which equates to 5.0 percent of EGI. Three of the comparables illustrate a range of between $310 and $561 per unit or 4.6 to 5.2 percent of EGI, while one of the comparables did not include a management fee. Overall, we have concluded to a management fee percentage of 4.5 percent of EGI for the unrestricted scenario and 5.0 percent for the restricted scenarios. These estimates are within the range of the comparables on a per unit basis and appear reasonable.

Summary

Operating expenses were estimated based upon the comparable expenses. In the following table, we compared the total operating expenses per unit proposed by the Subject with the total expenses reported by comparable properties utilized in our operating expense analysis.

TOTAL EXPENSES PER UNIT

Subject Expense	
Budgeted	$5,760
Comparable Properties	
Comp 1	$5,617
Comp 2	$6,306
Comp 3	$5,810
Comp 4	$5,066
Subject Conclusions	
As Proposed Restricted LIHTC	$5,421
As Proposed Unrestricted	$6,615

TOTAL EXPENSES PER UNIT LESS TUR

Subject Expenses	
Budgeted	$4,416
Comparable Properties	
Comp 1	$3,750
Comp 2	$3,836
Comp 3	$4,223
Comp 4	$3,340
Subject Conclusions	
As Proposed Restricted LIHTC	$3,935
As Proposed Unrestricted	$3,916

The comparable expenses are below the developer's budget after removing taxes and utilities. The expenses for both scenarios are within the range of the comparables after removing taxes and utilities. We believe the concluded expense levels are reasonable due to the Subject's new construction.

DIRECT CAPITALIZATION

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

Overall Capitalization Rate

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

Market Extraction

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

IMPROVED SALES COMPARISON

	Property	Location	Sale Date	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	Avia at North Springs	Atlanta, GA 30328	Apr-17	$89,300,000	530	$168,491	11.0	5.5%
2	Belle Vista	Lithonia, GA 30058	Mar-17	$31,110,000	312	$99,712	8.8	5.8%
3	Parkway Vista	Atlanta, GA 30349	Jan-17	$29,000,000	224	$129,464	9.6	6.2%
4	Uptown Buckhead	Atlanta, GA 30342	Mar-15	$32,500,000	216	$150,463	11.4	5.1%
	Average			**$45,477,500**	**321**	**$137,032**	**10.2**	**5.7%**

The sales illustrate a range of overall rates from 5.1 to 6.2 percent with an overall average of 5.7 percent. The properties are all stabilized and represent typical market transactions for multifamily market rate properties in the Subject's market area. The sales are conventional market rate properties. It should be noted that we searched for LIHTC multifamily sales in the region; however, we were unable to identify any. Additionally, we believe the improved sales we have chosen for our analysis represent the typical multifamily market in the area. Therefore, we have utilized four conventional market rate multifamily properties in our sales approach.

The primary factors that influence the selection of an overall rate is the Subject's condition, size, location, and market conditions. The Subject will be considered inferior to all comparables in terms of location but superior to all of the sales in terms of physical characteristics. In terms of size, the Subject will be superior to all of the sales as well. The Subject is large enough to attract the same grade of investor as the comparable sales. Given the most recent trends and forecasts of national capitalization rates as well as conversations with local brokers, the Subject is considered to offer generally similar market conditions relative to Sales 1 and 2 and superior market conditions compared to the remaining sales.

We spoke with Christian Finkleberg with Finka Realty Group regarding typical capitalization rates in the Subject's region. According to Mr. Finkleberg, cap rates have been steady to slightly falling over the last three years. He noted that recent market rate sales have exhibited pro forma cap rates of approximately 5.0 to 7.0 percent in the Atlanta area. In addition, we spoke to Joshua Goldfarb with Cushman & Wakefield. Mr. Goldfarb estimated that cap rates in the region generally range from 5.0 to 8.0 percent.

Considering the Subject's location and product type, a capitalization rate of 5.5 percent is estimated based on market extraction for the Subject.

The PwC Real Estate Investor Survey

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

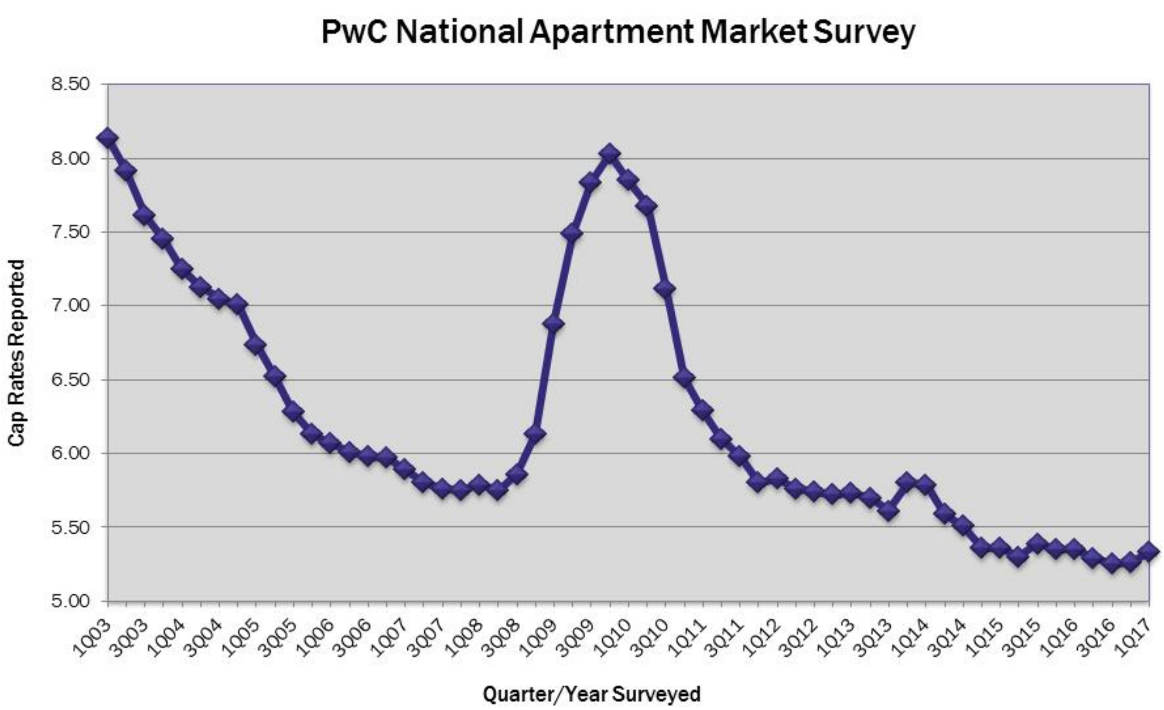
PwC REAL ESTATE INVESTOR SURVEY

National Apartment Market

Overall Capitalization Rate - Institutional Grade Investments	
Range:	3.50% - 8.00%
Average:	5.33%
Non-Institutional Grade Investments	
Range:	3.75% - 12.00%
Average:	7.08%

Source: PwC Real Estate Investor Survey, Q1 2017

The *PwC Real Estate Investor Survey* defines "Institutional – Grade" real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria[4]. Typical "Institutional – Grade" apartment properties are newly constructed, well amenitized, market-rate properties in urban or suburban locations. Rarely could subsidized properties, either new construction or acquisition/rehabilitation, be considered institutional grade real estate. Therefore, for our purpose, the Non-Institutional Grade capitalization rate is most relevant; this is currently 171 basis points higher than the Institutional Grade rate on average. However, local market conditions have significant weight when viewing capitalization rates.



[4] PwC Real Estate Investor Survey

PwC Real Estate Investor Survey - National Apartment Market Overall Capitalization Rate - Institutional Grade Investments					
Quarter	Cap Rate	Change (bps)	Quarter	Cap Rate	Change (bps)
1Q03	8.14	-	2Q10	7.68	-0.17
2Q03	7.92	-0.22	3Q10	7.12	-0.56
3Q03	7.61	-0.31	4Q10	6.51	-0.61
4Q03	7.45	-0.16	1Q11	6.29	-0.22
1Q04	7.25	-0.20	2Q11	6.10	-0.19
2Q04	7.13	-0.12	3Q11	5.98	-0.12
3Q04	7.05	-0.08	4Q11	5.80	-0.18
4Q04	7.01	-0.04	1Q12	5.83	0.03
1Q05	6.74	-0.27	2Q12	5.76	-0.07
2Q05	6.52	-0.22	3Q12	5.74	-0.02
3Q05	6.28	-0.24	4Q12	5.72	-0.02
4Q05	6.13	-0.15	1Q13	5.73	0.01
1Q06	6.07	-0.06	2Q13	5.70	-0.03
2Q06	6.01	-0.06	3Q13	5.61	-0.09
3Q06	5.98	-0.03	4Q13	5.80	0.19
4Q06	5.97	-0.01	1Q14	5.79	-0.01
1Q07	5.89	-0.08	2Q14	5.59	-0.20
2Q07	5.80	-0.09	3Q14	5.51	-0.08
3Q07	5.76	-0.04	4Q14	5.36	-0.15
4Q07	5.75	-0.01	1Q15	5.36	0.00
1Q08	5.79	0.04	2Q15	5.30	-0.06
2Q08	5.75	-0.04	3Q15	5.39	0.09
3Q08	5.86	0.11	4Q15	5.35	-0.04
4Q08	6.13	0.27	1Q16	5.35	0.00
1Q09	6.88	0.75	2Q16	5.29	-0.06
2Q09	7.49	0.61	3Q16	5.25	-0.04
3Q09	7.84	0.35	4Q16	5.26	0.01
4Q09	8.03	0.19	1Q17	5.33	0.07
1Q10	7.85	-0.18			

Source: PwC Real Estate Investor Survey, Q1 2017

As the graph indicates, the downward trend through early 2007 is clear. The average capitalization rate decreased 225 basis points over a four-year period from 2003 to 2007. However, capitalization rates stabilized in 2007 and began a steep increase in late 2008. They appear to have peaked in the fourth quarter of 2009 and have generally decreased through the first quarter of 2015. Capitalization rates as of the first quarter of 2017 have exhibited a slight decrease over capitalization rates from the first quarter of 2016. Overall, we have estimated a capitalization rate of 5.5 percent, which is within the range of the Non-Institutional Grade capitalization rates.

Debt Coverage Ratio

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

The ratio used is:

Net Operating Income/ Annual Debt Service = Debt Coverage Ratio

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

$$R_O = D.C.R \times R_M \times M$$

Where:

R_O = Overall Capitalization Rate
D.C.R = Debt Coverage Ratio
R_M = Mortgage Constant
M = Loan-to-Value Ratio

Band of Investment

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

The formula is:

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

Where:

R_O = Overall Capitalization Rate
M = Loan-to-Value Ratio
R_M = Mortgage Constant
R_E = Equity Dividend

The Mortgage Constant (RM) is based upon the calculated interest rate from the ten year treasury. We have utilized 6.0 percent as our estimate of equity return. The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 5.32 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.50 and 6.00 percent. Therefore, we believe a 5.32 percent interest rate with a 30 year amortization period and a loan to value of 75 percent is reasonable. The following table illustrates the band of investment for the Subject property.

CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.2	Treasury Bond Basis*	
Rm	0.07	10 Year T Bond Rate (4/2015)	2.32%
Interest (per annum)*	5.32%	Interest rate spread	300
Amortization (years)	30	Interest Rate (per annum)	5.32%
M	75%		
Re	6%		

Debt Coverage Ratio										
	Ro	=	DCR	X	Rm	X	M			
	6.01%	=	1.20	X	0.07	X	75%			
Band of Investment										
	Ro	=	(M	X	Rm)	+	((1-M)	X	Re)	
	6.51%		75%	X	0.07	+	25%	X	6%	

* Source: Bloomberg.com, 5/2017

Conclusion of Overall Rate Selection

CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	5.50%
Broker Survey	5.00-8.00%
PwC Survey	5.50%
Debt Coverage Ratio	6.01%
Band of Investment	6.51%

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

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

The various approaches indicate a range from 5.0 to 6.51 percent. We reconciled to a 5.5 percent capitalization rate based primarily upon the market-extracted rate.

A summary of the direct capitalization analysis is provided below.

Direct Capitalization Technique Year One Operating Statement

Apartment Rentals	Proposed Restricted Unit Mix	Proposed Unrestricted Unit Mix	As Proposed Restricted Rent	As Proposed Restricted Total Revenue	As Proposed Unrestricted Rent	As Proposed Unrestricted Total Revenue
1BR - LIHTC/PBRA	-	-	-	-	-	-
2BR - LIHTC/PBRA	-	-	-	-	-	-
1BR - LIHTC @50	3	-	$516	$18,576		
1BR - LIHTC @60	8	-	$642	$61,632		
2BR - LIHTC @50	6	-	$592	$42,624		
2BR - LIHTC @60	21	-	$752	$189,504		
3BR - LIHTC @50	2	-	$655	$15,720		
3BR - LIHTC @60	7	-	$831	$69,804		
1BR - Market	2	13	$1,000	$24,000	$1,000	$156,000
2BR - Market	2	29	$1,200	$28,800	$1,200	$417,600
3BR - Market	2	11	$1,400	$33,600	$1,400	$184,800
Total Potential Rental Income	**53**	**53**	**$761**	**$484,260**	**$1,192**	**$758,400**
Other Income			$0	$0	$0	$0
Miscellaneous						
Residential Potential Revenues			**$9,137**	**$484,260**	**$14,309**	**$758,400**
Vacancy			**-$274**	**-$14,528**	**-$1,002**	**-$53,088**
Vacancy and Collections Loss Percentage				-3%		-7%
Effective Gross Income			**$8,863**	**$469,732**	**$13,308**	**$705,312**

Operating Expenses

			As Proposed Restricted		As Proposed Unrestricted	
Administration and Marketing			$730	$38,690	$650	$34,450
Maintenance and Operating			$1,029	$54,555	$935	$49,555
Payroll			$1,362	$72,200	$1,362	$72,200
Utilities			$370	$19,610	$370	$19,610
Property & Liability Insurance			$370	$19,610	$370	$19,610
Real Estate and Other Taxes			$866	$45,898	$2,078	$110,155
Replacement Reserves			$250	$13,250	$250	$13,250
Management Fee	5.0%	4.5%	$443	$23,487	$599	$31,739
Total Operating Expenses			$5,421	$287,300	$6,615	$350,569
Expenses as a ratio of EGI				61%		50%

Valuation

	As Proposed Restricted		As Proposed Unrestricted	
Net Operating Income	$3,442	$182,433	$6,693	$354,743
Capitalization Rate		5.50%		5.50%
Indicated Value "rounded"		**$3,300,000**		**$6,400,000**

Conclusion

As a result of our analysis of the Subject's restricted scenario, the prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017, via the income capitalization approach is:

THREE MILLION THREE HUNDRED THOUSAND DOLLARS
($3,300,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017, via the income capitalization approach is:

SIX MILLION FOUR HUNDRED THOUSAND DOLLARS
($6,400,000)

PROSPECTIVE MARKET VALUE AT LOAN MATURITY

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

Income and Expense Growth Projections
The AMI in Fulton County increased 0.8 percent annually between 1999 and 2017. The AMI within this county has decreased in three of the last five years; however, the majority of the LIHTC and market rate comparables experienced rent growth over the past year. We have increased the income and expense line items by one percent per annum over the holding period. This is based upon the slight AMI growth in Fulton County.

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

PwC REAL ESTATE INVESTOR SURVEY

National Apartment Market

Overall Capitalization Rate - Institutional Grade Investments	
Range:	3.50% - 8.00%
Average:	5.33%
Non-Institutional Grade Investments	
Range:	3.75% - 12.00%
Average:	7.08%

Source: PwC Real Estate Investor Survey, Q1 2017

Additionally, we have considered the market extracted capitalization rates in the Atlanta market. As noted previously, we have estimated a capitalization rate of 5.5 percent for the Subject.

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

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

In view of the preceding data, observed rate trends, and careful consideration of the Subject's physical appeal and economic characteristics, a terminal rate of 6.0 percent has been used, which is within the range and is considered reasonable for a non-institutional grade property such as the Subject following construction.

Valuation Analysis

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

As Proposed Restricted Scenario (Years 1 through 15)

LIHTC Cash Flow Value Derivation

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Fiscal Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Income															
Low Income Units	$484,260	$489,103	$493,994	$498,934	$503,923	$508,962	$514,052	$519,192	$524,384	$529,628	$534,924	$540,274	$545,676	$551,133	$556,644
Nonresidential	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Project Income	$484,260	$489,103	$493,994	$498,934	$503,923	$508,962	$514,052	$519,192	$524,384	$529,628	$534,924	$540,274	$545,676	$551,133	$556,644
Vacancy Allowance	-$14,528	-$14,673	-$14,820	-$14,968	-$15,118	-$15,269	-$15,422	-$15,576	-$15,732	-$15,889	-$16,048	-$16,208	-$16,370	-$16,534	-$16,699
Effective Gross Income	$469,732	$474,430	$479,174	$483,966	$488,805	$493,693	$498,630	$503,616	$508,653	$513,739	$518,877	$524,065	$529,306	$534,599	$539,945
Expenses															
Administrative and Marketing	$38,690	$39,077	$39,468	$39,862	$40,261	$40,664	$41,070	$41,481	$41,896	$42,315	$42,738	$43,165	$43,597	$44,033	$44,473
Maintenance and Operating	$54,555	$55,101	$55,652	$56,208	$56,770	$57,338	$57,911	$58,490	$59,075	$59,666	$60,263	$60,865	$61,474	$62,089	$62,710
Payroll	$72,200	$72,922	$73,651	$74,388	$75,132	$75,883	$76,642	$77,408	$78,182	$78,964	$79,754	$80,551	$81,357	$82,170	$82,992
Utilities	$19,610	$19,806	$20,004	$20,204	$20,406	$20,610	$20,816	$21,025	$21,235	$21,447	$21,662	$21,878	$22,097	$22,318	$22,541
Insurance	$19,610	$19,806	$20,004	$20,204	$20,406	$20,610	$20,816	$21,025	$21,235	$21,447	$21,662	$21,878	$22,097	$22,318	$22,541
Real Estate Taxes	$45,898	$46,357	$46,821	$47,289	$47,762	$48,239	$48,722	$49,209	$49,701	$50,198	$50,700	$51,207	$51,719	$52,236	$52,759
Replacement Reserve	$13,250	$13,383	$13,516	$13,651	$13,788	$13,926	$14,065	$14,206	$14,348	$14,491	$14,636	$14,783	$14,930	$15,080	$15,231
Management Fee	$23,487	$23,721	$23,959	$24,198	$24,440	$24,685	$24,932	$25,181	$25,433	$25,687	$25,944	$26,203	$26,465	$26,730	$26,997
Total Expenses	$287,300	$290,173	$293,074	$296,005	$298,965	$301,955	$304,974	$308,024	$311,104	$314,215	$317,358	$320,531	$323,736	$326,974	$330,243
Net Operating Income	**$182,433**	**$184,257**	**$186,099**	**$187,960**	**$189,840**	**$191,738**	**$193,656**	**$195,592**	**$197,548**	**$199,524**	**$201,519**	**$203,534**	**$205,570**	**$207,625**	**$209,702**
Reversion Calculation															
Terminal Capitalization Rate	6.0%														6.0%
Sales Costs	3%														3%
Net Sales Proceeds															$3,400,000

As Proposed Restricted Scenario (Years 16 through 30)

LIHTC Cash Flow Value Derivation

Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
$562,211	$567,833	$573,511	$579,246	$585,039	$590,889	$596,798	$602,766	$608,794	$614,882	$621,031	$627,241	$633,513	$639,848	$646,247
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$562,211	$567,833	$573,511	$579,246	$585,039	$590,889	$596,798	$602,766	$608,794	$614,882	$621,031	$627,241	$633,513	$639,848	$646,247
-$16,866	-$17,035	-$17,205	-$17,377	-$17,551	-$17,727	-$17,904	-$18,083	-$18,264	-$18,446	-$18,631	-$18,817	-$19,005	-$19,195	-$19,387
$545,345	$550,798	$556,306	$561,869	$567,488	$573,163	$578,894	$584,683	$590,530	$596,435	$602,400	$608,424	$614,508	$620,653	$626,859
$44,918	$45,367	$45,821	$46,279	$46,742	$47,209	$47,681	$48,158	$48,640	$49,126	$49,617	$50,113	$50,615	$51,121	$51,632
$63,337	$63,970	$64,610	$65,256	$65,908	$66,567	$67,233	$67,905	$68,585	$69,270	$69,963	$70,663	$71,369	$72,083	$72,804
$83,822	$84,660	$85,507	$86,362	$87,225	$88,098	$88,979	$89,868	$90,767	$91,675	$92,592	$93,518	$94,453	$95,397	$96,351
$22,767	$22,994	$23,224	$23,456	$23,691	$23,928	$24,167	$24,409	$24,653	$24,899	$25,148	$25,400	$25,654	$25,911	$26,170
$22,767	$22,994	$23,224	$23,456	$23,691	$23,928	$24,167	$24,409	$24,653	$24,899	$25,148	$25,400	$25,654	$25,911	$26,170
$53,286	$53,819	$54,357	$54,901	$55,450	$56,004	$56,564	$57,130	$57,701	$58,278	$58,861	$59,450	$60,044	$60,645	$61,251
$15,383	$15,537	$15,692	$15,849	$16,007	$16,168	$16,329	$16,492	$16,657	$16,824	$16,992	$17,162	$17,334	$17,507	$17,682
$27,267	$27,540	$27,815	$28,093	$28,374	$28,658	$28,945	$29,234	$29,526	$29,822	$30,120	$30,421	$30,725	$31,033	$31,343
$333,546	$336,881	$340,250	$343,653	$347,089	$350,560	$354,066	$357,606	$361,182	$364,794	$368,442	$372,127	$375,848	$379,606	$383,402
$211,799	**$213,917**	**$216,056**	**$218,216**	**$220,398**	**$222,602**	**$224,828**	**$227,077**	**$229,348**	**$231,641**	**$233,957**	**$236,297**	**$238,660**	**$241,047**	**$243,457**
				6.0%					6.0%					6.0%
				3%					3%					3%
				$3,600,000					$3,700,000					$3,900,000

As Proposed Unrestricted Scenario (Years 1 through 15)

Market Cash Flow Value Derivation

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Fiscal Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Income															
Low Income Units	$758,400	$769,776	$781,323	$793,042	$804,938	$817,012	$829,267	$841,706	$854,332	$867,147	$880,154	$893,356	$906,757	$920,358	$934,164
Nonresidential	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Project Income	$758,400	$769,776	$781,323	$793,042	$804,938	$817,012	$829,267	$841,706	$854,332	$867,147	$880,154	$893,356	$906,757	$920,358	$934,164
Vacancy Allowance	-$53,088	-$53,884	-$54,693	-$55,513	-$56,346	-$57,191	-$58,049	-$58,919	-$59,803	-$60,700	-$61,611	-$62,535	-$63,473	-$64,425	-$65,391
Effective Gross Income	$705,312	$715,892	$726,630	$737,530	$748,592	$759,821	$771,219	$782,787	$794,529	$806,447	$818,543	$830,822	$843,284	$855,933	$868,772
Expenses															
Administrative and Marketing	$34,450	$34,967	$35,491	$36,024	$36,564	$37,112	$37,669	$38,234	$38,808	$39,390	$39,981	$40,580	$41,189	$41,807	$42,434
Maintenance and Operating	$49,555	$50,298	$51,053	$51,819	$52,596	$53,385	$54,186	$54,998	$55,823	$56,661	$57,511	$58,373	$59,249	$60,138	$61,040
Payroll	$72,200	$73,283	$74,382	$75,498	$76,630	$77,780	$78,947	$80,131	$81,333	$82,553	$83,791	$85,048	$86,324	$87,618	$88,933
Utilities	$19,610	$19,904	$20,203	$20,506	$20,813	$21,126	$21,442	$21,764	$22,091	$22,422	$22,758	$23,100	$23,446	$23,798	$24,155
Insurance	$19,610	$19,904	$20,203	$20,506	$20,813	$21,126	$21,442	$21,764	$22,091	$22,422	$22,758	$23,100	$23,446	$23,798	$24,155
Real Estate Taxes	$110,155	$111,808	$113,485	$115,187	$116,915	$118,668	$120,448	$122,255	$124,089	$125,950	$127,840	$129,757	$131,704	$133,679	$135,684
Replacement Reserve	$13,250	$13,449	$13,650	$13,855	$14,063	$14,274	$14,488	$14,705	$14,926	$15,150	$15,377	$15,608	$15,842	$16,080	$16,321
Management Fee	$31,739	$35,795	$36,332	$36,876	$37,430	$37,991	$38,561	$39,139	$39,726	$40,322	$40,927	$41,541	$42,164	$42,797	$43,439
Total Expenses	$350,569	$359,407	$364,798	$370,270	$375,824	$381,462	$387,184	$392,991	$398,886	$404,870	$410,943	$417,107	$423,363	$429,714	$436,160
Net Operating Income	**$354,743**	**$356,484**	**$361,832**	**$367,259**	**$372,768**	**$378,360**	**$384,035**	**$389,796**	**$395,642**	**$401,577**	**$407,601**	**$413,715**	**$419,920**	**$426,219**	**$432,613**
Reversion Calculation															
Terminal Capitalization Rate	6.0%														6.0%
Sales Costs	3%														3%
Net Sales Proceeds															$7,000,000

As Proposed Unrestricted Scenario (Years 16 through 30)

Market Cash Flow Value Derivation

Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
$948,176	$962,399	$976,835	$991,487	$1,006,359	$1,021,455	$1,036,777	$1,052,328	$1,068,113	$1,084,135	$1,100,397	$1,116,903	$1,133,656	$1,150,661	$1,167,921
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$948,176	$962,399	$976,835	$991,487	$1,006,359	$1,021,455	$1,036,777	$1,052,328	$1,068,113	$1,084,135	$1,100,397	$1,116,903	$1,133,656	$1,150,661	$1,167,921
-$66,372	-$67,368	-$68,378	-$69,404	-$70,445	-$71,502	-$72,574	-$73,663	-$74,768	-$75,889	-$77,028	-$78,183	-$79,356	-$80,546	-$81,754
$881,804	$895,031	$908,456	$922,083	$935,914	$949,953	$964,202	$978,665	$993,345	$1,008,245	$1,023,369	$1,038,720	$1,054,301	$1,070,115	$1,086,167
$43,070	$43,717	$44,372	$45,038	$45,713	$46,399	$47,095	$47,802	$48,519	$49,246	$49,985	$50,735	$51,496	$52,268	$53,052
$61,955	$62,885	$63,828	$64,785	$65,757	$66,743	$67,745	$68,761	$69,792	$70,839	$71,902	$72,980	$74,075	$75,186	$76,314
$90,267	$91,621	$92,995	$94,390	$95,806	$97,243	$98,702	$100,182	$101,685	$103,210	$104,758	$106,330	$107,925	$109,543	$111,187
$24,517	$24,885	$25,258	$25,637	$26,022	$26,412	$26,808	$27,210	$27,618	$28,033	$28,453	$28,880	$29,313	$29,753	$30,199
$24,517	$24,885	$25,258	$25,637	$26,022	$26,412	$26,808	$27,210	$27,618	$28,033	$28,453	$28,880	$29,313	$29,753	$30,199
$137,720	$139,785	$141,882	$144,010	$146,171	$148,363	$150,589	$152,847	$155,140	$157,467	$159,829	$162,227	$164,660	$167,130	$169,637
$16,566	$16,814	$17,066	$17,322	$17,582	$17,846	$18,114	$18,385	$18,661	$18,941	$19,225	$19,513	$19,806	$20,103	$20,405
$44,090	$44,752	$45,423	$46,104	$46,796	$47,498	$48,210	$48,933	$49,667	$50,412	$51,168	$51,936	$52,715	$53,506	$54,308
$442,702	$449,342	$456,083	$462,924	$469,868	$476,916	$484,069	$491,330	$498,700	$506,181	$513,774	$521,480	$529,302	$537,242	$545,301
$439,102	**$445,688**	**$452,374**	**$459,159**	**$466,047**	**$473,037**	**$480,133**	**$487,335**	**$494,645**	**$502,065**	**$509,596**	**$517,239**	**$524,998**	**$532,873**	**$540,866**
				6.0%					6.0%					6.0%
				3%					3%					3%
				$7,500,000					$8,100,000					$8,700,000

Conclusion

As a result of our analysis of the Subject's restricted scenario, the future prospective leased fee value at 30 years (loan maturity), in the year 2049, with conditions prevailing as of May 15, 2017, is:

THREE MILLION NINE HUNDRED THOUSAND DOLLARS
($3,900,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical future prospective leased fee value at 30 years (loan maturity), in the year 2049, with conditions prevailing as of May 15, 2017, is:

EIGHT MILLION SEVEN HUNDRED THOUSAND DOLLARS
($8,700,000)

BELOW MARKET DEBT

The developer has indicated that there will be a $2,000,000 HOME loan with a term of 30 years and an interest rate of 2.0 percent. In order to determine the economic benefit of this loan, we compared the resulting payment to the equivalent payment for a loan at a forward market oriented interest rate and term.

Favorable Financing Assumptions - Quest Commons	
Principal	$2,000,000
Interest Rate	0.02
Term of Loan	30

Market Financing Assumptions	
Principal	$2,000,000
Interest Rate	0.07
Term of Loan	30

Year	Principal	Interest	Total
1	$49,158	$39,551	$88,709
2	$50,150	$38,559	$88,709
3	$51,162	$37,547	$88,709
4	$52,195	$36,514	$88,709
5	$53,248	$35,460	$88,709
6	$54,323	$34,386	$88,709
7	$55,420	$33,289	$88,709
8	$56,538	$32,170	$88,709
9	$57,679	$31,029	$88,709
10	$58,844	$29,865	$88,709
11	$60,031	$28,677	$88,709
12	$61,243	$27,466	$88,709
13	$62,479	$26,230	$88,709
14	$63,740	$24,968	$88,709
15	$65,027	$23,682	$88,709
16	$66,339	$22,369	$88,709
17	$67,678	$21,030	$88,709
18	$69,044	$19,664	$88,709
19	$70,438	$18,271	$88,709
20	$71,860	$16,849	$88,709
21	$73,310	$15,398	$88,709
22	$74,790	$13,919	$88,709
23	$76,300	$12,409	$88,709
24	$77,840	$10,869	$88,709
25	$79,411	$9,298	$88,709
26	$81,014	$7,695	$88,709
27	$82,649	$6,060	$88,709
28	$84,317	$4,392	$88,709
29	$86,019	$2,690	$88,709
30	$87,755	$954	$88,709
Total	$2,000,000	$661,260	$2,661,260

Year	Principal	Interest	Total	Differential	Present Value
1	$20,316	$139,356	$159,673	$70,964	$66,321
2	$21,785	$137,888	$159,673	$70,964	$61,983
3	$23,360	$136,313	$159,673	$70,964	$57,928
4	$25,048	$134,624	$159,673	$70,964	$54,138
5	$26,859	$132,813	$159,673	$70,964	$50,596
6	$28,801	$130,872	$159,673	$70,964	$47,286
7	$30,883	$128,790	$159,673	$70,964	$44,193
8	$33,115	$126,557	$159,673	$70,964	$41,302
9	$35,509	$124,163	$159,673	$70,964	$38,600
10	$38,076	$121,596	$159,673	$70,964	$36,074
11	$40,829	$118,844	$159,673	$70,964	$33,714
12	$43,780	$115,892	$159,673	$70,964	$31,509
13	$46,945	$112,728	$159,673	$70,964	$29,448
14	$50,339	$109,334	$159,673	$70,964	$27,521
15	$53,978	$105,695	$159,673	$70,964	$25,721
16	$57,880	$101,793	$159,673	$70,964	$24,038
17	$62,064	$97,609	$159,673	$70,964	$22,465
18	$66,550	$93,122	$159,673	$70,964	$20,996
19	$71,361	$88,311	$159,673	$70,964	$19,622
20	$76,520	$83,152	$159,673	$70,964	$18,338
21	$82,052	$77,621	$159,673	$70,964	$17,139
22	$87,983	$71,689	$159,673	$70,964	$16,017
23	$94,344	$65,329	$159,673	$70,964	$14,970
24	$101,164	$58,509	$159,673	$70,964	$13,990
25	$108,477	$51,196	$159,673	$70,964	$13,075
26	$116,319	$43,354	$159,673	$70,964	$12,220
27	$124,727	$34,945	$159,673	$70,964	$11,420
28	$133,744	$25,929	$159,673	$70,964	$10,673
29	$143,412	$16,260	$159,673	$70,964	$9,975
30	$153,780	$5,893	$159,673	$70,964	$9,322
Total	$2,000,000	$2,790,178	$4,790,178	$2,128,918	$751,793
				Rounded	**$750,000**

As the calculations above show, this mortgage will have little economic value, as it represents less than 20 percent of the overall funding. There is additional value in the fact that it allows the property to obtain more up-front financing and have a lower debt service.

FAVORABLE FINANCING VALUATION

	Indicated Value (Rounded)
Restricted & Unrestricted	$750,000

Intangible Value of Low Income Housing Tax Credits

Construction of the Subject has been financed in part by federal tax credit equity. According to the developer's Sources and Uses statement, the Subject will apply to receive Low Income Housing Tax Credits and we were asked to value the tax credits.

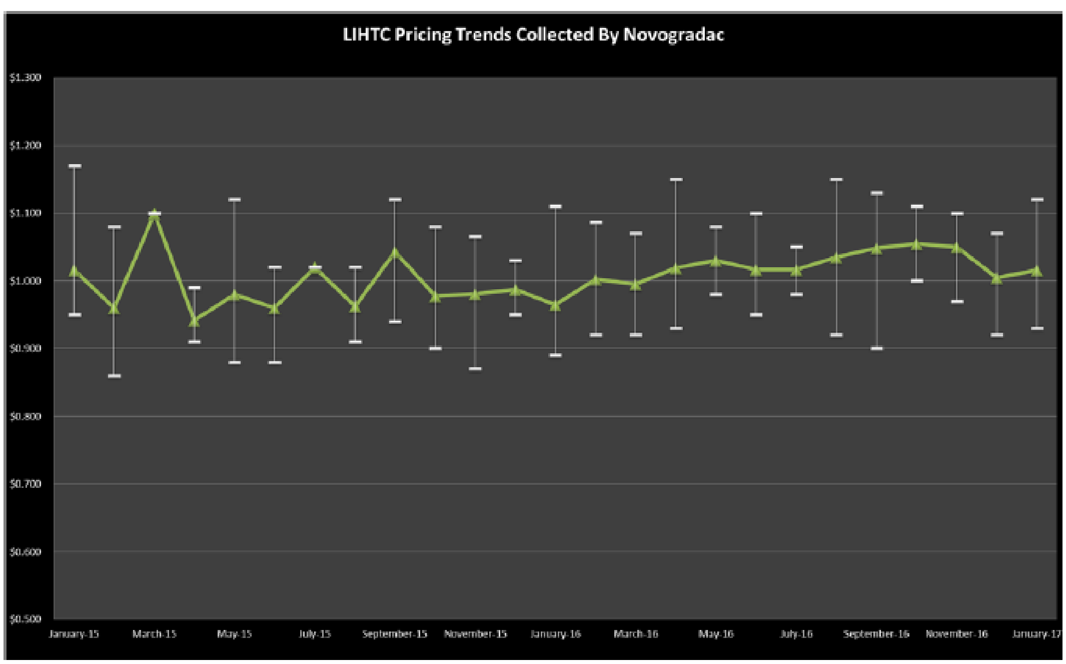
Low Income Housing Tax Credits

A fifteen-year federal tax credit and a fifteen year state tax credit incentive program will encumber the Subject. The median household income statistics establish the maximum allowable rent levels. The Subject's rent structure includes units that will be restricted to those earning 50 and 60 percent of the AMI or less.

As an incentive to participate in the low-income housing program the developer is awarded "tax credits" which provide the incentive to construct and rehabilitate affordable housing in otherwise financially infeasible markets. The tax credit program was created by the Internal Revenue Code Section 42, and is a Federal tax program administered by the states. The developer anticipates receiving a federal tax credit allocation of $650,000 annually. The annual allocation will be received for ten years at 99.99 percent, for a total of $6,499,350.

The developer anticipates receiving a state tax credit allocation of $650,000 annually. The annual allocation will be received for ten years at 100.0 percent, for a total of $6,500,000.

Valuation of LIHTC is typically done by a sales comparison approach. The industry typically values and analyzes the LIHTC transaction on a dollar per credit basis. Based on information provided by the developer, it appears that the federal tax credits will be purchased at a price of $0.89 per tax credit, while the state tax credits will be purchased at a price of $0.50 per tax credit, which appears reasonable. Novogradac & Company LLP conducts monthly surveys in which we contact developers, syndicators and consultants involved in LIHTC transactions to obtain information on recent LIHTC pricing. The following graph illustrates LIHTC pricing trends. The following graph illustrates the average federal tax credit price achieved on a monthly basis for the projects included in our survey.



As the previous table illustrates, federal tax credit raise rates in recent months have ranged from $0.98 to $1.15 per credit. Pricing has been trending upwards the past year. As part of the yield analysis and pricing determination investors consider, among other factors, construction risk, lease-up risk and timing of the credits. The developer estimates receiving $0.89 per low income housing tax credit, which is below the range of recent pricing patterns.

Election Impact on Pricing

Based on recent conversations with investors and market participants, it is likely that LIHTC pricing will decrease over the near term based on the potential of tax reform, which would cause a decrease in current pricing levels. Further, it is reasonable to assume that investors will hedge against possible future tax reform and reduce pricing levels currently based on the 10 year credit. Per our conversations with market participants, pricing is anticipated to move downward between $0.08 and $0.14 per credit for 9% LIHTC deals, while the decrease would be at the higher end of the range for 4% projects. However, it should be noted that if tax reform does not happen, then there should be no change on LIHTC pricing. Additionally, demand should remain strong and the current pause with investors is tied to the determination of the interim tax level to utilize and the impact it will have on pricing. Based on conversations with the borrower, the tax credit pricing referenced in the pro forma has already been updated to reflect final pricing. Since it reflects current market conditions, we have utilized the tax credit pricing in our analysis.

The following table illustrates Georgia state tax credit pricing in 2015 and 2016, the most recent data available.

GEORGIA STATE TAX CREDIT PRICING

Closing Date	Price Per Credit	Location	Type
2016	$0.40	Marietta	New Construction
2016	$0.40	Augusta	New Construction
2015	$0.49	Stone Mountain	New Construction
2015	$0.49	Decatur	New Construction
2015	$0.52	Atlanta	Acquisition/Rehabilitation
Average	**$0.46**		

According to recent data, the Georgia state credit pricing ranged from $0.40 to $0.52 over the past two years. However, we have interviewed two investors that have active letters of intent to purchase state tax credits and they indicated that prices have been steady in recent months. Our conversations indicated a range of $0.50 to $0.54 per credit in the last six months, and we conclude to a value of $0.50 per credit for the Subject’s state tax credits. Note that state tax credits are not affected by federal tax reform. The total value of the tax credits is summarized in the following table.

TAX CREDIT VALUATION - AS COMPLETE

Scenario	Tax Credits	Price Per Credit	Indicated Value (Rounded)
Federal Low Income Housing Tax Credits	$6,499,350	$0.89	$5,790,000
State Low Income Housing Tax Credits	$6,500,000	$0.50	$3,250,000
Total (Rounded)			**$9,040,000**

The concluded value of the tax credits is supported by the reported sales price of the Subject credits and is considered reasonable. Based on the preceding analysis, the tax credit values are as follows:

Federal
FIVE MILLION SEVEN HUNDRED NINETY THOUSAND DOLLARS
($5,790,000)

State
THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS
($3,250,000)

X. SALES COMPARISON APPROACH

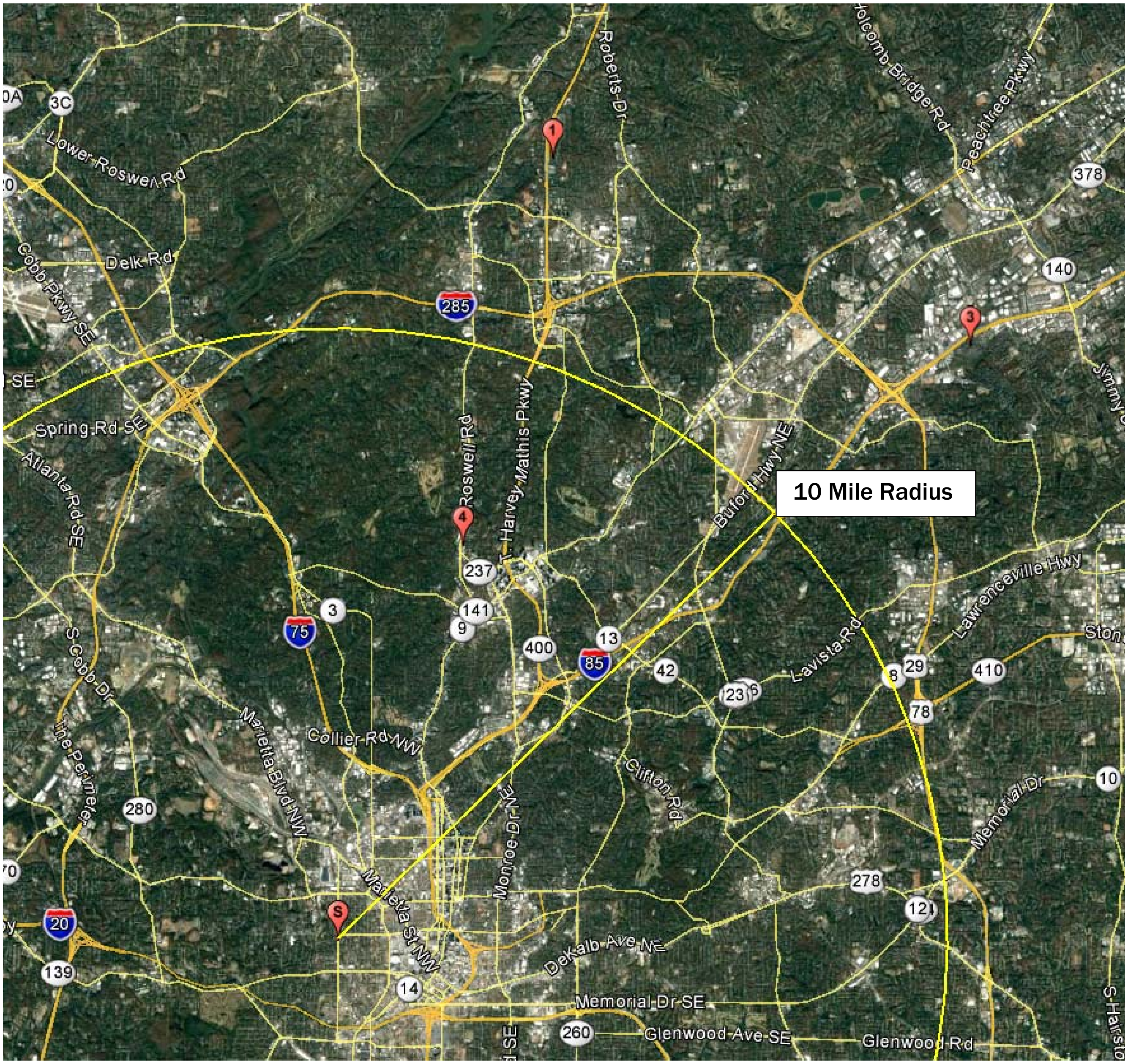
SALES COMPARISON APPROACH

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

As previously discussed, we searched for LIHTC multifamily sales in the area, but were unable to locate any. It should be noted that any potential sale of the Subject property would be constrained by the limitations and penalties of the LIHTC program, specifically the recapture/penalty provision upon transfer. Because of this, there are a limited number of properties that have sold nationwide, and only one locally, that have the restrictions associated with Section 42 provisions. We believe the improved sales we have chosen for our analysis represent the typical multifamily market in the Subject's area. Therefore, we have utilized four conventional market rate developments in our sales approach.

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

Improved Sales Map



Source: Google Earth, May 2017.

Comparable Sale 1

Name:	Avia at North Springs
Location:	7150 W. Peachtree Dunwoody Road Atlanta, GA 30328

Buyer:	Harbor Group International LLC	
Seller:	Lincoln Property Company	
Sale Date:	Apr-17	
Sale Price:	$89,300,000	
Financing:	Conventional	
Number of Units:	530	
Year Built:	1990/2017	
Site:	14.3 acres	
Units of Comparison:		
Effective Gross Income:	$8,151,030	
EGIM	11.0	
Total Expenses:	$3,239,530	40%
Net Operating Income:	$4,911,500	
Net Operating Income per Unit:	$9,267	
Overall Rate with Reserves:	5.5%	
Sale Price per Unit:	$168,491	

Comments:

This property is a market rate development that contains two-bedroom units and was recently renovated. The information provided in this profile was obtaine through REIS and was confirmed by the broker, Kevin Geiger.

Verification: REIS, Broker

Comparable Sale 2

Name:	**Belle Vista**
Location:	**100 Camelia Lane** **Lithonia, GA 30058**

Buyer:	**Belle Vista LP**	
Seller:	**Bridge Investment Group Partners, LLC**	
Sale Date:	**Mar-17**	
Sale Price:	**$31,110,000**	
Financing:	**Conventional**	
Number of Units:	**312**	
Year Built:	**2001**	
Site:	**26.56 acres**	
Units of Comparison:		
Effective Gross Income:	**$3,532,824**	
EGIM	**8.8**	
Total Expenses:	**$1,716,000**	**49%**
Net Operating Income:	**$1,816,824**	
Net Operating Income per Unit:	**$5,823**	
Overall Rate with Reserves:	**5.8%**	
Sale Price per Unit:	**$99,712**	

Comments:

The property offers one, two, and three-bedroom units, which range in size from 657 to 1,247 square feet. At the time of the sale, the property was 91 percent occupied. The buyer confirmed the occupancy rate at the time of the sale, sale date, sale price, NOI, and capitalization rate. Novogradac estimated expenses at $5,500 per unit.

Verification: **Costar, DeKalb County Tax Commissioner, Seller**

Comparable Sale 3

Name:	Parkway Vista
Location:	100 Parkway Circle South Atlanta, GA 30349

Buyer:	R.K. Parkway Vista Apartments	
Seller:	Vista Realty Partners	
Sale Date:	Jan-17	
Sale Price:	$29,000,000	
Financing:	Conventional	
Number of Units:	224	
Year Built:	2004	
Site:	12.98 acres	
Units of Comparison:		
Effective Gross Income:	$3,022,933	
EGIM	9.6	
Total Expenses:	$1,232,000	41%
Net Operating Income:	$1,790,933	
Net Operating Income per Unit:	$7,995	
Overall Rate with Reserves:	6.2%	
Sale Price per Unit:	$129,464	

Comments:

The property offers one, two, and three-bedroom units, which range in size from 750 to 1,435 square feet. At the time of the sale, the property was 95 percent occupied. The buyer broker confirmed the occupancy rate at the time of the sale, capitalization rate, and sale price. Novogradac estimated expenses at $5,500 per unit.

Verification: Coster, DeKalb County Tax Commissioner, Buyer Broker

Comparable Sale 4

Name:	**Uptown Buckhead**
Location:	**3707 Roswell Road NE** **Atlanta, GA 30342**

Buyer:	**The Shoptaw Group**	
Seller:	**Resource Real Estate Opportunity REIT II**	
Sale Date:	**Mar-15**	
Sale Price:	**$32,500,000**	
Financing:	**Conventional**	
Number of Units:	**216**	
Year Built:	**1989**	
Site:	**5.35 acres**	
Units of Comparison:		
Effective Gross Income:	**$2,845,500**	
EGIM	**11.4**	
Total Expenses:	**$1,188,000**	**42%**
Net Operating Income:	**$1,657,500**	
Net Operating Income per Unit:	**$7,674**	
Overall Rate with Reserves:	**5.1%**	
Sale Price per Unit:	**$150,463**	

Comments:

This property offers one and two-bedroom units, which range in size from 550 to 950 square feet. At the time of sale the property was 92 percent occupied. The listing broker confirmed the sales date, sales price, and capitalization rate. Expenses were estimated by Novogradac at $5,500 per unit.

Verification: **Costar; Broker - Malcolm McComb, CBRE - 404-923-1421**

Valuation Analysis

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

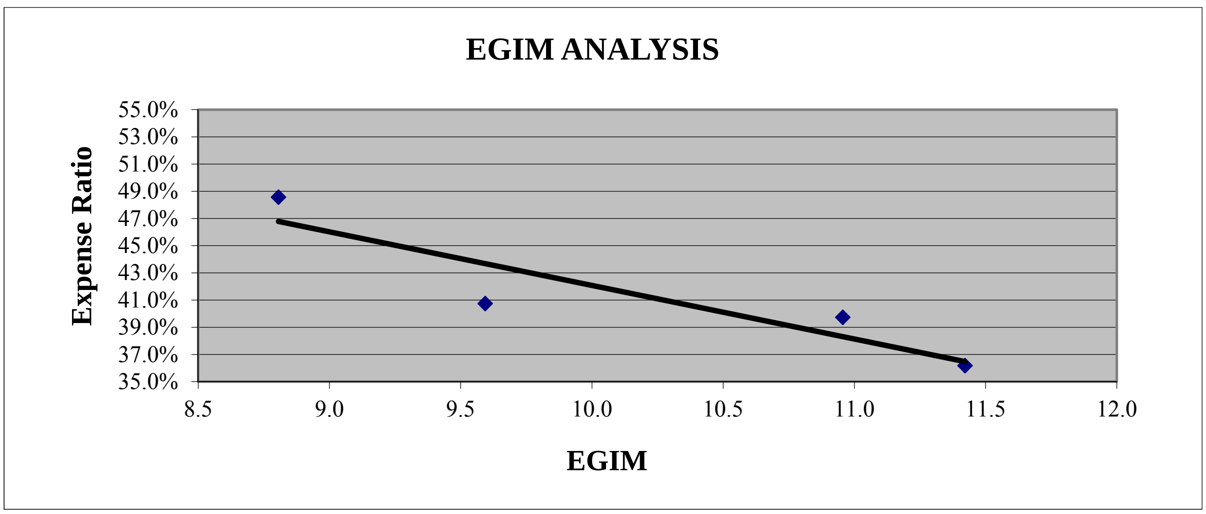
IMPROVED SALES COMPARISON

	Property	Location	Sale Date	Sale Price	# of Units	Price / Unit	EGIM	Overall Rate
1	Avia at North Springs	Atlanta, GA 30328	Apr-17	$89,300,000	530	$168,491	11.0	5.5%
2	Belle Vista	Lithonia, GA 30058	Mar-17	$31,110,000	312	$99,712	8.8	5.8%
3	Parkway Vista	Atlanta, GA 30349	Jan-17	$29,000,000	224	$129,464	9.6	6.2%
4	Uptown Buckhead	Atlanta, GA 30342	Mar-15	$32,500,000	216	$150,463	11.4	5.1%
	Average			**$45,477,500**	**321**	**$137,032**	**10.2**	**5.7%**

EGIM Analysis

We first estimate the Subject's value using the EGIM analysis. The EGIM compares the ratios of sales price to the annual gross income for the property, less a deduction for vacancy and collection loss. A reconciled multiplier for the Subject is then used to convert the Subject's anticipated effective gross income into an estimate of value.

As summarized below, we have concluded to an EGIM of 7.0 for the restricted LIHTC scenario, and 9.0 for the unrestricted scenario.



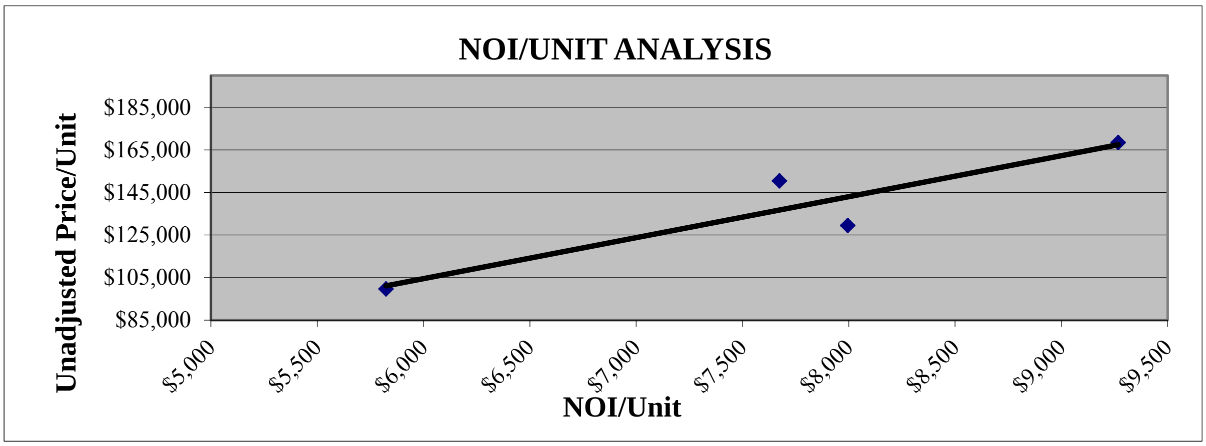
COMPARABLE SALES AND SUBJECT SCENARIOS ARRAYED BY EXPENSE RATIO

	Sale Price	EGI	Expenses	Expense Ratio	EGIM
As Proposed Restricted	**$3,300,000**	**$469,732**	**$287,300**	**61.16%**	**7.0**
As Proposed Unrestricted	**$6,300,000**	**$705,312**	**$350,569**	**49.70%**	**9.0**
Comparable #1	$89,300,000	$8,151,030	$3,239,530	39.74%	11.0
Comparable #2	$31,110,000	$3,532,824	$1,716,000	48.57%	8.8
Comparable #3	$29,000,000	$3,022,933	$1,232,000	40.76%	9.6
Comparable #4	$32,500,000	$2,846,600	$1,030,000	36.18%	11.4

NOI/Unit Analysis

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

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



Value indications via the NOI per unit analysis are summarized below.

NOI/UNIT INDICATED VALUES

Scenario	Number of Units	Price Per Unit	Indicated Value(Rounded)
As Proposed Restricted	53	$61,000	$3,200,000
As Proposed Unrestricted	53	$120,000	$6,400,000

Conclusion

We utilized the EGIM and the NOI/Unit per unit adjustment analyses to estimate the Subject's value using the sales comparison approach. These two methods must be reconciled into a single value estimate. Both techniques provide a reasonable indication of the Subject's value. While the EGIM analysis is typically considered to be a reasonable method of valuation, the NOI/unit analysis is considered to be the better approach due to its concentration on NOI or a point more reflective of investor returns, and its use with relation to the sales price.

As a result of our analysis of the Subject's restricted scenario, the prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017, via the income capitalization approach is:

THREE MILLION TWO HUNDRED THOUSAND DOLLARS
($3,200,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017, via the income capitalization approach is:

SIX MILLION FOUR HUNDRED THOUSAND DOLLARS
($6,400,000)

Please refer to the assumptions and limiting conditions regarding the restricted valuation and hypothetical conditions.

XI. RECONCILIATION

RECONCILIATION

We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

AS IS LAND VALUE

Scenario	Units	Price Per Unit	Indicated Value (Rounded) Less Demolition
Land Value	55	$13,000	$670,000

DIRECT CAPITALIZATION ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Proposed Restricted	5.5%	$182,433	$3,300,000
As Proposed Unrestricted	5.5%	$354,743	$6,400,000

EGIM ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	EGIM	Effective Gross Income	Indicated Value (Rounded)
As Proposed Restricted	7.0	$469,732	$3,300,000
As Proposed Unrestricted	9.0	$705,312	$6,300,000

NOI/UNIT ANALYSIS - "AS COMPLETE AND STABILIZED"

Scenario	Number of Units	Price per unit	Indicated Value (Rounded)
As Proposed Restricted	53	$61,000	$3,200,000
As Proposed Unrestricted	53	$120,000	$6,400,000

VALUE AT LOAN MATURITY - RESTRICTED

		Year	Indicated Value (Rounded)
Restricted		15 years	$3,400,000
Restricted		20 years	$3,600,000
Restricted		25 years	$3,700,000
Restricted		30 years	$3,900,000

VALUE AT LOAN MATURITY - UNRESTRICTED

		Year	Indicated Value (Rounded)
Unrestricted		15 years	$7,000,000
Unrestricted		20 years	$7,500,000
Unrestricted		25 years	$8,100,000
Unrestricted		30 years	$8,700,000

TAX CREDIT VALUATION

	Credit Amount	Price Per Credit	Indicated Value (Rounded)
Federal LIHTC	$6,499,350	$0.89	$5,790,000
State LIHTC	$6,500,000	$0.50	$3,250,000
Total			$9,040,000

FAVORABLE FINANCING VALUATION

			Indicated Value (Rounded)
Restricted & Unrestricted			$750,000

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

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

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

As a result of our investigation and analysis, it is our opinion that, Subject to the limiting conditions and assumptions contained herein, the estimated land value, as is, as of May 15, 2017 is:

SIX HUNDRED SEVENTY THOUSAND DOLLARS
($670,000)

As a result of our analysis of the Subject's restricted scenario, the prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017 is:

THREE MILLION THREE HUNDRED THOUSNAD DOLLARS
($3,300,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical prospective leased fee value assuming "completion and stabilization" in September 2019, the prospective date of stabilization, with conditions prevailing as of May 15, 2017, is:

SIX MILLION FOUR HUNDRED THOUSAND DOLLARS
($6,400,000)

As a result of our analysis of the Subject's restricted scenario, the future prospective leased fee value at 30 years (loan maturity), in the year 2049, with conditions prevailing as of May 15, 2017, is:

THREE MILLION NINE HUNDRED THOUSAND DOLLARS
($3,900,000)

As a result of our analysis of the Subject's unrestricted scenario, the hypothetical future prospective leased fee value at 30 years (loan maturity), in the year 2049, with conditions prevailing as of May 15, 2017, is:

EIGHT MILLION SEVEN HUNDRED THOUSAND DOLLARS
($8,700,000)

As a result of our analysis, the value of the Tax Credits "as complete" in May 2019, the prospective date of completion, with conditions prevailing as of May 15, 2017 is:

NINE MILLION FORTY THOUSAND DOLLARS
($9,040,000)

The estimated present value of the favorable financing, as of May 15, 2017, is

SEVEN HUNDRED FIFTY THOUSAND DOLLARS
($750,000)

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

Reasonable Exposure Time:

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

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

ADDENDUM A
Assumptions and Limiting Conditions, Certification

Assumptions and Limiting Conditions

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.

2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.

3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.

4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.

5. The report was made assuming responsible ownership and capable management of the property.

6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.

7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.

8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.

9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.

10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.

11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.

12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.

13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.

14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.

15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.

16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.

17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.

18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time. A final inspection and value estimate upon the completion of said improvements should be required.

20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.

21. The party for whom this report is prepared has reported to the appraiser there are no original existing condition or development plans that would subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.

22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.

23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating

systems. The appraiser does not warrant the condition or adequacy of such systems.

24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.

Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

Certification

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- We have concurrently prepared a market study for the property that is the Subject of this report dated May 19, 2017. We have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
- Brian Neukam has made a personal inspection of the property that is the subject of this report and comparable market data incorporated in this report and is competent to perform such analyses. Meg Southern provided significant professional assistance to the appraiser including conducting internet research, compiling and coalescing data, analyzing data trends, evaluating and analyzing comparable data, and drafting text and documents. Blair Kincer, MAI, CRE oversaw all data collection and reporting in this appraisal and reviewed the report. No one other than those listed on this page provided any significant real property appraisal assistance.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Blair Kincer, MAI, CRE has completed the requirements of the continuing education program of the Appraisal Institute.

H. Blair Kincer, MAI, CRE
LEED Green Associate
Partner

Brian Neukam
Manager
GA Certified General Appraiser #329471
Brian.Neukam@novoco.com
Expiration Date: March 31, 2018

ADDENDUM B
Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS
H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
LEED Green Associate
Member, National Council of Housing Market Analysts (NCHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No. GA12288 – District of Columbia
Certified General Real Estate Appraiser, No CG1694 – State of Maine
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. 103789 – State of Massachusetts
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. CGA.0020047 – State of Rhode Island
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1081 – State of Wyoming

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.

Obtained the MAI designation in 1998 and maintained continuing education requirements since. Completed additional professional development programs administered by the Appraisal Institute in the following topic areas:

1) Valuation of the Components of a Business Enterprise
2) Valuation of Sustainable Buildings

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA

- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.

- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.

- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.

- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.

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

- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.

- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.

STATEMENT OF PROFESSIONAL QUALIFICATIONS
BRIAN NEUKAM

EDUCATION

Georgia Institute of Technology, Bachelor of Industrial Engineering, 1995

State of Georgia Certified General Real Property Appraiser No. 329471

PROFESSIONAL TRAINING

National USPAP and USPAP Updates
General Appraiser Market Analysis and Highest & Best Use
General Appraiser Sales Comparison Approach
General Appraiser Site Valuation and Cost Approach
General Appraiser Income Capitalization Approach I and II
General Appraiser Report Writing and Case Studies

EXPERIENCE

Novogradac & Company LLP, Manager, September 2015- Present
J Lawson & Associates, Associate Appraiser, October 2013- September 2015
Carr, Lawson, Cantrell, & Associates, Associate Appraiser, July 2007-October 2013

REAL ESTATE ASSIGNMENTS

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

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

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Meg Southern

I. Education

University of South Carolina – Columbia, SC Master of Arts,
Public History

College of William and Mary – Williamsburg, VA
Bachelor of Arts, Anthropology and History

II. Professional Experience

Junior Analyst, Novogradac & Company LLP, September 2016 – Present Contract
Researcher, Historic Columbia, May 2014 - September 2016

III. Research Assignments

A representative sample of work on various types of projects:

- Assist in performing and writing market studies and appraisals of proposed and existing Low-Income Housing Tax credit (LIHTC) properties

- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and housing choice voucher information

- Assisted numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

ADDENDUM C
Subject Photos

Photographs of Subject Site and Surrounding Uses

Subject site

Subject site

View east on Rock Street

View west on Rock Street

Quest Resource Center adjacent to Subject site

Quest Village III adjacent to Subject site

Subject site from Rock Street

Quest Veterans Village across Rock Street

View south on John E Lowery Boulevard

View north on John E Lowery Boulevard

Commercial use in the Subject's neighborhood

Vacant commercial use in the Subject's neighborhood

Commercial use in the Subject’s neighborhood


Restaurant in the Subject’s neighborhood

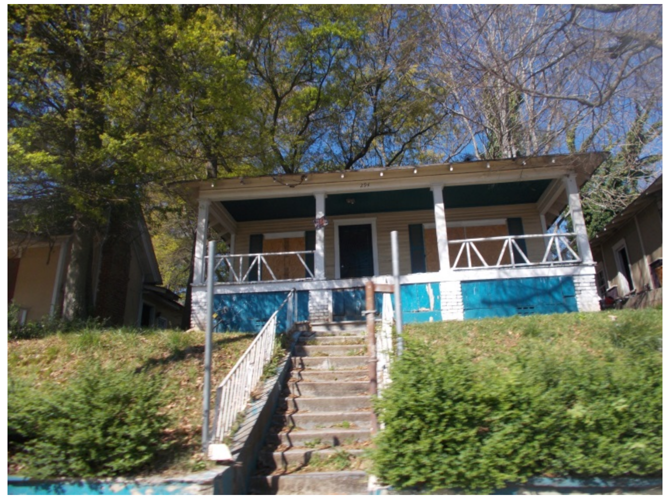

Single-family home in the Subject’s neighborhoood


Single-family home in the Subject’s neighborhoood


Single-family home in the Subject’s neighborhoood

Single-family home in the Subject’s neighborhoood


Single-family home in the Subject's neighborhoood


Single-family home in the Subject's neighborhoood


Single-family home in the Subject's neighborhoood


Single-family homes in the Subject's neighborhoood

Commercial uses in the Subject's neighborhoo

Commercial use in the Subject's neighborhood


Fire station in the Subject's neighborhood


Bus stop north of the Subject site

Single-family home in the Subject's neighborhood


Commercial use in the Subject's neighborhood


Quest Communities office building on Rock Street

Single-family home in the Subject's neighborhood

ADDENDUM D
Engagement Letter

NOVOGRADAC
& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

April 21, 2017

Mr. Jim Grauley
President
Quest Commons at Historic Vine City, LP
1718 Peachtree Street NW, Suite 684
Atlanta, GA 30309

Via Email: jgrauley@columbiares.com

RE: 2017 GA DCA Application Appraisal for Proposed LIHTC Development Quest Commons located in Atlanta, GA

Dear Mr. Grauley:

We are pleased to confirm our understanding of the services we are to provide for Quest Commons at Historic Vine City, LP (hereinafter, "Client, you or your"). If you agree with the terms set forth below, please sign a copy of this letter (the "Engagement Letter") at the space provided below and return it to us. Please be advised that we are unable to begin work on the proposed engagement unless and until this letter agreement has been mutually executed by persons authorized to bind Novogradac & Company LLP and you.

Background

Quest Commons at Historic Vine City, LP is seeking to engage Novogradac & Company LLP (hereinafter "Novogradac, us, or we") to prepare an application appraisal for the above-referenced development. Novogradac will provide an application appraisal (the "Report"). The objective of this engagement will be to provide an appraisal which meets Georgia Department of Community Affairs (DCA) application appraisal guidelines. We understand the Subject development will consist of a family development in Atlanta, Georgia. Our report will permit the reader to understand the logic and process employed, leading to the conclusions drawn and recommendations presented. ***The appraisal will be completed in accordance with Georgia Department of Community Affairs (DCA) appraisal guidelines and generally accepted practices.***

Objective and Purpose

You have represented to us that you intend to use the Report in conjunction with your application for LIHTC funds from Georgia DCA (the "Stated Purpose"), and we have relied upon your representation in offering to provide the services described herein. You agree not to use the Report other than for the State Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated

Purpose. Our objective in performing this engagement will be to provide you with an application appraisal to Georgia DCA.

Scope of Work
The scope of work will generally incorporate the following:

- Provide a micro-economic analysis. This will provide a description of the location of the development within the municipality. It will discuss social, economic, governmental and environmental characteristics.
- Property inspection and analysis of the proposed project. Analysis of the assumptions regarding unit mix, layout, traffic flow, site amenities, etc.
- Market analysis – Supply analysis. We will profile all similar properties located within the subject's competitive supply. Comparable properties will include both LIHTC and unrestricted properties in the local marketplace. This profile will highlight aspects such as rents, property and unit characteristics, and market leasing characteristics. We will research and report pipeline and multifamily construction activity in the market area(s).
- Market analysis – Demand analysis. This section will focus on the economic and demographic profile of the source markets. We will examine the trends and growth prospects of the target market.
- The supply and demand analyses will be correlated to determine the appropriate rental rate, absorption pace, optimal unit mix, amenity mix, etc. for the proposed development.
- Market analysis – Conclusions. This section will draw conclusions regarding the marketability and the competitive market positioning of the project. This will include an opinion as to the long-term prognosis for the market. This analysis will detail absorption and development pace estimates. In this section we will detail likely trends in the specific market and competing markets.
- Consider and develop the three approaches to value (as warranted) and reconcile information into appropriate value estimates.
- The following values will be provided in the appraisal-Land Value, "As Is" Value, Prospective Value upon Stabilization-Restricted Rents, Prospective Value upon Stabilization-Unrestricted Rents, and Prospective Value at Loan Maturity- Market Rents
- ***The appraisal will be completed in accordance with Georgia Department of Community Affairs (DCA) appraisal guidelines and generally accepted practices***

The engagement described herein does not constitute any form of attestation engagement, such as an audit, compilation or review. Novogradac will therefore not issue any independent accountants' reports, findings, or other work product including a compilation, review, or audit report, on any financial statements or other materials in connection with this engagement. Because the engagement described herein does not constitute an audit or examination, we will not issue an independent accountant's attestation opinion on the appraisal. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

You are responsible for establishing and maintaining effective internal controls. You are also responsible for making all management decisions and performing all management functions, for designating an individual with suitable skill, knowledge, or experience to oversee any nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Additionally, our fieldwork and conclusions are based upon interviews and representations of municipalities and government offices. We do not warrant the accuracy of the information that these organizations provide. We assume it to be correct and accurate. If, for some reason, we believe there is a likelihood of an inaccuracy we will highlight our belief in the final document. It should be noted that some of the information provided may be used in our organization's database.

Our engagement does not include general consulting and advisory services other than as may be mutually agreed upon in writing by you and us ("Approved Consulting Services"). Our engagement ends on delivery of an approved appraisal report ("Delivery") unless we have agreed to provide post-Delivery Approved Consulting Services. This letter agreement does not obligate us to provide litigation or other dispute-related assistive services, now or in the future.

Client shall not solicit for purposes of employment any of Novogradac's staff assigned to the engagement described in this Engagement Letter ("Engagement Staff") without Novogradac's prior written consent, at any time while this Engagement Letter is in effect and for a period of twelve (12) months following the earlier of completion of the services by such employee or termination of this Engagement Letter (the "Non-Solicitation Period").

In order to hire an Engagement Staff during the Non-Solicitation Period, the Client must pay Novogradac a fee equal to one multiplied by the Engagement Staff's annualized final rate of pay while employed by Novogradac (the "Recruitment Fee"). Novogradac's greatest resource is its employees and Recruitment Fee is intended to compensate Novogradac for the loss of any employees should Client permanently hire any Engagement Staff.

Professional Fees
Based on an evaluation of the scope of work, the total fee for the application appraisal will be $7,500, plus travel expenses. If we are made aware of significant project changes after we have completed our report, modifications will be billed based upon the firm's hourly rates. Additional billable work will not occur without your prior written approval.

Additional fees may apply should the final development scheme be significantly different than initially described. The $7,500 fee assumes no changes to the development scheme after it is initially provided. Due to the additional work generated by changes to the development scheme, changes will be billed at an additional fee of $500 per change. To avoid this additional expense, we recommend that the client provide the final pro forma at a minimum of two weeks prior to the due date for the appraisal. If multiple changes are expected to the development scheme, we kindly request and recommend that the client request all changes at once to minimize additional time and expense.

Any Approved Consulting Services will be billed in addition to the fees for this engagement. Our fees for these services will be based on our hourly rates in effect at the time the services are provided for the personnel providing the services. Our current hourly rates are as follows:

Partner:	$332 - $434
Principal:	$245
Manager:	$160 - $205
Senior Analyst:	$140 - $150
Analyst:	$110-$135
Junior Analyst:	$79 - $99

Timing and Retainer
Upon signature of this engagement letter, we are prepared to start work immediately and the report will be delivered within 30 days. The timing is contingent on you furnishing us with the retainer described in the following paragraph and requested information promptly.

A retainer of $3,750 will be required within one week of the execution of this engagement letter, and the balance will be due upon completion. Should the engagement be cancelled prior to completion and/or delivery of the report, the fee will be billed at the greater of 60 percent of the fee, or hourly billing incurred plus travel expenses.

To expedite payment and avoid any delays in the release of work product, we recommend that you utilize the Automated Clearing House (ACH) to remit retainer and payment. Our ACH details are as follows:

ABS/Routing Number (US Bank):	121122676
Checking Account Number:	153492594053

The following delivery options are also available:

U.S. Mail Address:
Accounts Receivable
Novogradac & Company LLP
P.O. Box 7833
San Francisco, CA 94120-7833

Physical & Delivery Address:
Accounts Receivable
Novogradac & Company LLP
1160 Battery Street
East Building, 4th Floor
San Francisco, CA 94111-1216

*Identify remittance as: Quest Commons at Historic Vine City, LP-Appraisal-Quest Commons-Atlanta, GA

Invoicing and Payments
Our invoices for these fees will be rendered each month as work progresses and are payable on presentation and must be paid before our work product is delivered. After 30 days, a late charge will be imposed on unpaid fees at a rate of 10% per annum, assessed monthly based on 0.83% of the account's balance of past due invoices. Work may be suspended if your account is not paid and will not be resumed until your account is paid in full. If we elect to terminate our services

for nonpayment or because our professional standards require disengagement, our engagement will be deemed to have been completed upon notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, including time spent consulting with legal and professional counsel regarding the potential need to withdraw from the engagement, and to reimburse us for all out-of-pocket expenditures through the date of termination.

Limitation and Damages

Unless otherwise prohibited by law or regulation, the maximum amount of damages you may receive as a result of any determination that some or all of the services we performed under this and/or other mutual engagement letters between us and you, were deficient, or for breach of contract, nonfeasance or negligence, shall be the fees paid to us for the disputed services. Similarly, the maximum amount of damages you can receive related to services you assert or believe we were required to perform, but which we did not perform, shall be the fees paid to us for said non-performed services. You and we agree that because of the difficulty of determining and/or quantifying damages for breach of this agreement or for our negligence, said amount shall constitute liquidated damages for any claims you may assert arising from or related to this agreement. In no event shall we be liable for the consequential, special, incidental, or punitive loss, damage or expense caused to you or to any third party (including without limitation, lost profits, opportunity costs, etc.).

Limitations Period on Actions

To the fullest extent permitted by law, no controversy, claim, suit or action, regardless of nature or form, relating to or arising out of this engagement, may be brought by or on behalf of Client and/or its Board of Managers, Board of Directors, Board committees, similar governing bodies, members, partners, principals, stockholders, principals, employees, agents, affiliates, and/or subsidiaries, against Novogradac & Company LLP, or its members, partners, principals, managers, employees, agents, affiliates, or subsidiaries, more than one (1) year after the cause of action accrues. The foregoing period of limitation shall not be subject to tolling of any kind. Nothing contained within this Engagement Letter shall operate to extend, lengthen, or toll any applicable statutory limitations period of less than one year or any accrual point for any cause of action provided by law.

Confidentiality and Working Paper Ownership

You must maintain your own copy of documents provided to, or received from, us during the course of this engagement. The preceding sentence shall apply even if we have established a "client portal" within which you have the ability to upload, download or reference certain documents related to the services we have provided to you. Please note that documents on our client portal are generally purged automatically within a year of being posted to the portal, although certain archival copies of final deliverables may be retained for longer periods of time at our sole discretion.

Before providing us with any documents that contain credit card or individuals' social security numbers, please first mask or redact such numbers. If you choose to send any type of confidential information to us electronically, we strongly recommend that you use the secure transmission and/or client portal features of our ShareFile system, or you may use your own encrypted email service if you prefer. Our ShareFile service can be found at https://novoco.sharefile.com/. The signature block of our emails contains a link that will allow you to easily send documents to one of our personnel. If you choose to electronically send us confidential information by any unsecure means, including without limitation unencrypted email, you agree to bear all risks and damages that may result if the communication is intercepted.

Third Party and Internal Use of Data and Reports

Any facsimile, Internet or other e-mail communication is tentative and preliminary and any work product is not final until received in signed form. As such, you agree not to act upon any information received in a facsimile, Internet or other e-mail communication until, and unless, you receive such information in signed form.

Aggregated and otherwise anonymous financial data are used by accounting professionals for a variety of benchmarking, valuation and other research-related purposes. For example, benchmark data for similar entities are used in performing analytical review procedures to help identify potential anomalies in clients' financial statements. We will not disclose owner and/or investor identities. By signing this Engagement Letter, you consent to the non-identifiable use of your financial data. If you do not wish to have your data used in this manner, please contact us rather than sign this Engagement Letter.

Governing Law, Venue and Jurisdiction

All matters related to, concerning, or arising out of the professional relationship between the parties, or arising out of this Engagement Letter or the services provided or to be provided hereunder, shall be governed by, and construed in accordance with, the laws of the State of New York, with respect to all procedural and substantive issues, without giving effect to New York's conflict of laws rules. Any claim or action related to, concerning, or arising out of the aforementioned matters shall be brought and maintained exclusively with the United States District Court, Southern District of New York ("SDNY"), located in New York County, the State of New York. For any dispute or proceeding for which SDNY denies jurisdiction, such matters shall instead be brought before the Supreme Court of the State of New York, New York County, located in New York County, the State of New York. The parties expressly and irrevocably submit to the jurisdiction of the aforementioned courts for the purpose of any such claim or action and expressly and irrevocably waive, to the fullest extent permitted by law, any rights, defenses, and objections which it may have or hereafter may have to the laying of venue in the aforementioned courts, including but not limited to any claim that such forum is inconvenient.

Severability

Should any term or provision of this Engagement Letter, or part thereof, be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby and said illegal, unenforceable or invalid part, term or provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Engagement Letter.

Some of the services described in this Engagement Letter may be provided by partners of an affiliate controlled by Novogradac & Company LLP. We appreciate the opportunity to be of service to you and believe this Engagement Letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this Engagement Letter, please sign the enclosed copy and return it to us so that we may begin work on this engagement, via email at brian.neukam@novoco.com. If we do not receive this executed Engagement Letter in our office within 30 days of the date of this Engagement Letter, our offer to perform these professional services is automatically withdrawn. If we do agree in writing to extend the timeframe for execution of this Engagement Letter, please be aware that late initiation of the engagement will affect the timeframe for delivery of draft and final work products. If you have any questions regarding this proposal, please call me at (678) 339-3669.

Very truly yours,
NOVOGRADAC & COMPANY LLP

By: H. Blair Kincer, MAI, CRE, LEED Green Associate

RESPONSE:

This letter correctly sets forth our understanding for services to be provided, and I am authorized to bind Quest Commons at Historic Vine City, LP:

Accepted by:
Quest Commons at Historic Vine City, LP

By:______________________

Title: Raymond L. Kuniansky, Jr. Chief Development Officer

Date Signed: 4/21/17