

**A MARKET CONDITIONS AND  
PROJECT EVALUATION SUMMARY  
OF:**

**MOUNTAIN  
WOODS  
APARTMENTS**

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EVALUATION SUMMARY OF:**

**MOUNTAIN WOODS  
APARTMENTS**

1016 Ponderosa Lane  
Dalton, Whitfield County, Georgia, 30720

Effective Date: October 10, 2022  
Report Date: October 14, 2022

PJ Hornik  
Southport Financial Services, Inc.  
5403 W Gray Street  
Tampa, FL 33609

Prepared by:  
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October 14, 2022

Mr. PJ Hornik  
Southport Financial Services, Inc.  
5403 W Gray Street  
Tampa, FL 33609

Re: Application Market Study for Mountain Woods in Dalton, GA

Dear Mr. Hornik:

At your request, Novogradac Consulting LLP has performed a market study of the multifamily rental market in the Dalton, Whitfield County, Georgia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project.

The purpose of this market study is to assess the viability of the proposed renovation of the existing 100-unit Section 8/Market Rate project. It will be a newly renovated affordable LIHTC and Section 8 project, with 100 revenue-generating units, restricted to households earning 60 percent of the Area Median Income (AMI) or less. Additionally, 80 units will continue to operate with Section 8 project-based rental subsidy, where tenants will continue to pay 30 percent of their income towards rent. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions.

The scope of this report meets the requirements of Georgia Department of Community Affairs (DCA), including the following:

- Inspecting the site of the proposed Subject and the general location.
- Analyzing appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- Estimating the market rents, absorption rates and stabilized occupancy levels for the market area.
- Investigating the general economic health and conditions of the multifamily rental market.
- Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area. Calculation of penetration rate.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject Primary Market Area, if applicable.
- Surveying competing projects, both LIHTC and market rate.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The report also includes a thorough analysis of the scope of the study, regional and local demographic and economic studies, and market analyses including conclusions. The depth of discussion contained in the report is specific to the needs of the client. Information included in this report is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market. This report is completed in accordance with DCA market study guidelines. We inform the reader that other users of this document may underwrite the LIHTC rents to a different standard than contained in this report.

The Stated Purpose of this assignment is for tax credit application. You agree not to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as

SOUTHPORT FINANCIAL SERVICES, INC

AUGUST 2020

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the result of your use of the Report for other than the Stated Purpose. Without limiting the general applicability of this paragraph, under no circumstances may the Report be used in advertisements, solicitations and/or any form of securities offering.

The authors of this report certify that we are not part of the development team, owner of the Subject property, general contractor, nor are we affiliated with any member of the development team engaged in the development of the Subject property or the development's partners or intended partners. Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac Consulting LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully Submitted,

Novogradac Consulting LLP



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Addendum

# **A. EXECUTIVE SUMMARY**

**EXECUTIVE SUMMARY**

**1. Project Description**

Mountain Woods Apartments, the Subject, is an existing project-based Section 8/Market Rate multifamily property that is proposed for LIHTC renovations in 2024. The Subject site is located at 1016 Ponderosa Lane Dalton, Whitfield County, Georgia, 30720. The Subject site has frontage along Cascade Drive east to west. The Subject is comprised of 24 one-, 40 two-, and 36 three-bedroom units revenue-generating units contained in 13 two-story garden-style residential buildings. The Subject currently benefits from a twenty-year contract (HAP# GA06L000003), which was renewed on June 1, 2014. The most recent known HAP contract rent increase was June 1, 2014, and the next rent schedule has been approved by HUD, with an effective date of September 1, 2022. Of the 100 units, 80 units at the Subject currently operate with Project-Based Section 8 rent subsidies and the remaining units are market rate. The buildings are wood frame with brick and vinyl exteriors and pitched roofs. The Subject was originally constructed in 1974 and is currently in average condition.

The Subject’s proposed unit mix and rent structure are detailed in the following table.

PROPOSED RENTS								
Unit Type	Unit Size (SF)	Number of Units	Asking/Contract Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents	
@60%								
1BR / 1BA	780	4	\$679	\$44	\$723	\$803	\$617	
2BR / 1BA	1,000	10	\$804	\$63	\$867	\$963	\$806	
3BR / 1BA	1,215	6	\$914	\$88	\$1,002	\$1,113	\$1,087	
@60%/Section 8								
1BR / 1BA	780	20	\$936	\$44	\$980	\$803	\$617	
2BR / 1BA	1,000	30	\$1,000	\$63	\$1,063	\$963	\$806	
3BR / 1BA	1,215	30	\$1,145	\$88	\$1,233	\$1,113	\$1,087	
		<b>100</b>						

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

The proposed renovation of the Subject, which will be financed through the 4% Tax Exempt Bond program, will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the Subject will continue to operate as a Section 8/LIHTC property, where tenants will not be required to pay no more than 30 percent of their gross income towards rent and utilities, and all units will be restricted to households earning 60 percent of AMI, or less.

Relative to the majority of the comparables, the Subject will be similar to superior in terms of condition, unit amenities, and property amenities, post renovations. Additionally, the Subject is considered similar to slightly inferior to the comparables in terms of location, and is similar to inferior to the majority of the comparables in terms of unit sizes. Overall, we believe that the proposed amenities will allow the Subject to effectively compete in the LIHTC market.

## 2. Site Description/Evaluation

The Subject site has frontage along Cascade Drive. The Subject has good visibility from Cascade Drive and views and access are considered average to good. The Subject's neighborhood is primarily residential in nature, with surrounding land uses consisting of single- and multi homes in fair to good condition, and a public school, place of worship and health services in fair to good condition. Based on our inspection of the neighborhood, retail and commercial uses appeared to be approximately 80 to 85 percent occupied. The Subject site is considered "Car-Dependent" by *Walk Score* with a rating of 30 out of 100, indicating almost all errands require a car.

The total, personal, and property crime indices in the PMA are above of the MSA. The total and property crime indices in the PMA are slightly higher relative to the nation while the personal crime index in the PMA is lower in comparison to the nation. The Subject does not offer security features. Only one of the comparables, Legacy of Dalton Apartments, offers any form of security. Based on the historic operations of the Subject and the comparable interviews, we believe the Subject's lack of security features are adequate and will not impact marketability. The Subject site is considered an adequate building site for rental housing. The Subject site has average proximity to locational amenities, which are within five miles of the Subject site.

## 3. Market Area Definition

The primary market area (PMA) for the Subject encompasses the central portion of Dalton, Georgia and consists of the cities of Dalton, Norman Park, and Funston, and the surrounding rural areas. The PMA encompasses approximately 38 square miles. The approximate PMA boundaries for the Subject are defined as follows:

- North: Crow Valley Road Northwest, Poplar Springs Road Northwest, Hair Mill Road Northwest, West Haig Mill Road, Haig Mill Road Northwest, State Route 71, and Pleasant Grove Drive Northeast
- South: U.S. Highway 41/State Route 3
- East: Pleasant Grove Drive Northeast to the north; Pleasant Grove Drive Northeast, Brooker Drive Northeast, U.S. Highway 76, U.S. Highway 41/State Route 3
- West: Interstate 75

The distances from the Subject to the farthest boundaries of the PMA in each direction are listed as follows:

North: 3.7 miles      East: 4.4 miles      South: 6.5 miles      West: 1.9 miles

The PMA is defined based on interviews with the local housing authority, property managers at comparable properties, and the Subject's property manager. Per the 2022 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. The farthest PMA boundary from the Subject is approximately 6.5 miles to the southwest of the Subject. The SMA is defined as the Dalton, GA Metropolitan Statistical Area, which is coterminous with Whitefield County.

## 4. Community Demographic Data

The population in the PMA is projected to increase slightly through market entry and through 2026, at an average annual increase of 0.3 percent, which is similar to the projected growth rate in the MSA during the same period. However, growth rates in both geographic areas are expected to trail the nation's projected 0.7 percent rate of population growth over the same period. Approximately 56 percent of the population is concentrated in age cohorts under age 40, which indicates a relatively even population distribution. The number of total households in the PMA is expected to increase slightly through the Subject's projected date of market entry and through 2026, similar to projected growth in the MSA. However, household growth in both geographic areas is expected to trail the nation over the same period. The Subject will target families and offer a unit mix with one, two, and three, -bedroom unit types, which is well-suited in the market considering the

average household size in the PMA. Through the projected date of market entry and 2023, the number of renter-occupied households in the PMA is expected to decrease by 48 household units, respectively.

The Subject will target family households earning between \$25,440 and \$31,371, absent subsidy. As of 2021, the percentage of renter households in the PMA and MSA in 2021 with annual incomes between \$20,000 and \$40,000 is 33.5 and 35.3 percent, respectively. For the projected market-entry date of December 2022, these percentages are expected to remain stable in both the PMA and MSA. It should be noted that the Subject is currently operating as a stabilized property with Project-Based Section 8 rental assistance for all units, and the overlay will continue on all units post-rehab. However, as proposed, the Subject will target households earning between \$0 and \$31,371. This income band comprises a significantly larger portion of renter households, with 61.2 percent of renter households in the PMA earning less than \$40,000 annually. It should be noted that the Subject will target households between one and six persons in size; thus, the vast majority of renter households in the PMA will be eligible to reside at the Subject. Overall, the generally stable population in the PMA coupled with a high concentration of renter households earning less than \$40,000 annually in the PMA indicates significant demand for affordable rental housing in the market.

**5. Economic Data**

The largest industries in the PMA are manufacturing, retail, accommodation/food services, and healthcare. When compared to the nation, the manufacturing sector is overrepresented in the PMA, while the retail, healthcare, education, and professional/scientific/tech services sectors are underrepresented. While the manufacturing, retail trade, and accommodation/food services industries are more susceptible to periods of economic contraction, the educational services and healthcare/social assistance sectors are traditionally more stable. Annual job growth in the MSA lagged overall in the nation. The effects of the housing recession (2007 - 2009) were exaggerated in the MSA, which experienced a 14.3 percent contraction in employment, compared to a 4.8 percent decline across the nation. During the period preceding the onset of COVID-19 (2012 - 2019), employment growth in the MSA lagged the nation in all but three years. Employment in the MSA declined sharply by 4.4 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. Total employment in the MSA currently remains similar to the pre-COVID level reached in 2019. As of August 2022, employment in the MSA is increasing at an annualized rate of 0.5 percent, compared to 3.6 percent growth across the nation. Several employers announced expansions in the region, which is positive for the local economy, while there have been only two WARN notices filed in Whitfield County since 2020, affecting approximately 708 individuals. Overall, the economy appears to be in a expansionary phase that has been ongoing since 2019. This suggests that demand for all housing types should be trending positively as the areas employment base grows. The growing local economy is a positive indicator of demand for rental housing and the Subject’s renovated units.

**6. Project-Specific Affordability and Demand Analysis**

The following table illustrates the demand and capture rates for the Subject, as proposed.

CAPTURE RATE ANALYSIS CHART

Unit Type	Minimum Income	Maximum Income	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rents	Minimum Market Rent	Maximum Market Rent	Achievable LIHTC
1BR @60%	\$24,789	\$34,260	24	428	0	428	5.6%	one month	\$891	\$829	\$984	\$675
2BR @60%	\$29,726	\$38,520	40	629	0	629	6.4%	one month	\$1,004	\$838	\$1,127	\$785
3BR @60%	\$34,354	\$46,260	36	499	0	499	7.2%	one month	\$1,127	\$901	\$1,304	\$900
@60% Overall	\$24,789	\$46,260	100	1,557	80	1,477	6.8%	one month	-	-	-	-

It should be noted that the Subject is an existing project-based Section 8 property that is 98 occupied. As the analysis illustrates, the Subject’s overall capture rate at the 60 percent AMI level, as proposed without subsidy, is 6.7 percent. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The capture rate for the Subject, as proposed, is within Georgia DCA threshold. Therefore, we believe there is adequate demand for the Subject.

**7. Competitive Rental Analysis**

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes eight “true” comparable properties containing 1,308 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.

It is of note that 80 of the Subject’s 100 units currently benefit from a Housing Assistance Payment (HAP) contract. As such, qualifying tenants in these units will pay only 30 percent of their household income on rent, not to exceed the contract or LIHTC rents.

The availability of LIHTC data is considered average. We utilized three affordable properties in our analysis. One of the affordable comparables utilized is located within the PMA, while the remaining two are located in Ringgold between 12.6 and 14.7 miles from the Subject. These two properties are considered reasonable proxies for the Subject based on their condition and unit mixes. It should be noted that there is one other LIHTC property, Autumn Ridge, located in Dalton and management refused to participate in our survey.

The availability of market rate data is considered good. We included five conventional properties in our analysis of the competitive market. All of the market rate properties are located in Dalton between 0.4 and 1.2 miles from the Subject, and are within the PMA. Overall, we believe the market rate properties used in our analysis are the most comparable to the Subject property and the chosen comparables are adequate to support our findings.

The overall average and the maximum and minimum adjusted rents for the comparable properties surveyed are illustrated in the table below in comparison with the concluded achievable LIHTC rents for the Subject. It should be noted that the rents for LIHTC comparables have been adjusted for utilities and concessions, and that the adjusted rents for the market rate comparables are supported by the rent grids located in the addenda of this report. It should also be noted that none of the LIHTC comparables offer four-bedroom units; thus, only the adjusted market rate rents from our rent grids have been utilized for these units. It should also be noted that the achievable LIHTC units utilized for the Subject assume the hypothetical loss of project-based Section 8 rental assistance. Post renovations, the Subject will continue to receive project-based rental assistance for all units; thus, this analysis is hypothetical.

**COMPARABLE PROPERTY RENT SUMMARY - AS PROPOSED**

Unit Type	Subject's	Surveyed		Achievable	Subject
	Achievable LIHTC Rent	Min	Max	Market Rents As-Proposed	Rent Advantage
1BR / 1BA – Garden – 780–SF	\$675	\$829	\$984	\$885	24%
2BR / 1BA – Garden – 1000–SF	\$785	\$838	\$1,127	\$1,010	22%
3BR / 1BA – Garden – 1215–SF	\$900	\$901	\$1,304	\$1,125	20%

As illustrated, the Subject’s achievable 60 percent of AMI rents are below the surveyed average when compared to the comparables, both LIHTC and market rate. Additionally, the Subject’s achievable LIHTC rents are below the range of the comparables for all unit types. As noted above, the indicated Subject rent advantage is based on the surveyed average as defined by Georgia DCA application guidelines and is not consistent with achievable market rent. Our achievable market rents are indicated in the rent grids provided in the addenda of this report.

Overall, we believe the Subject’s proposed rents, which are slightly below the maximum allowable levels, are too high and would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should also be noted that 80 of the Subject’s units will continue to receive project-based Section 8 rental assistance, post renovations; thus, this analysis is hypothetical.

**8. Absorption/Stabilization Estimate**

We were unable to obtain absorption information from the comparables, however, we expanded our search to nearby areas for absorption information as illustrated in the table below.

<b>ABSORPTION</b>					
Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Forest Cove Apartments	Market	Family	2014	120	10
Hunters Point Apartments	Market	Family	2014	260	19
Integra Hilla Preserve	Market	Family	2013/2015	498	19
The Legends at White Oak	Market	Family	2014	312	20
Lone Mountain Village I and II	LIHTC	Senior	2008	120	14

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Thus, if the Subject was hypothetically 100 percent vacant and had to re-lease units, we would estimate an absorption rate of approximately 15 units per month, which results in an absorption period of approximately six months. It should be noted that this absorption analysis is hypothetical, as the Subject is currently 98 percent occupied and negligible turnover is anticipated as a result of the renovation. As an unrestricted development, we estimate the absorption period would be longer, at a pace of approximately 20 units per month, which equates to an absorption rate of approximately five months.

The Subject is a proposed renovation of an existing affordable property. According to the Subject’s rent roll, dated August 24, 2022, the Subject is currently 98 percent occupied. All of the tenants in the Subject’s units are expected to continue to qualify to remain in place.

**9. Overall Conclusion**

Based upon our market research, demographic calculations and analysis, we believe the Subject would need to offer rents below the maximum allowable levels in order to compete in the market in the hypothetical event of a loss of Section 8 subsidies. The comparables reported vacancy rates ranging from zero to 10 percent, with an overall weighted average of 4.1 percent. The LIHTC comparables reported a vacancy rate of 0.4 percent while the overall average for the market rate properties is higher at 5.2 percent. The average vacancy rate of 0.4 percent for the affordable comparables is considered exceptionally low, and indicative of supply constrained conditions. The low vacancy rates among all of the LIHTC comparables and waiting lists maintained at all of the LIHTC comparables indicate demand for additional rental housing in the Subject’s PMA. The low vacancy rates reported in the market, as well as the presence of long waiting lists at both affordable and conventional comparables indicate noteworthy demand for rental housing in the Subject’s PMA.

Additionally, the Subject’s achievable LIHTC rents are below the range of the comparables for all unit types. As noted above, the indicated Subject rent advantage is based on the surveyed average as defined by Georgia DCA application guidelines and is not consistent with achievable market rent. Our achievable market rents are indicated in the rent grids provided in the addenda of this report.

Overall, we believe the Subject’s proposed rents, which are slightly below the maximum allowable levels, are too high and would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should also be noted that 80 of the Subject’s units will continue to receive project-based Section 8 rental assistance, post renovations; thus, this analysis is hypothetical.

The Subject will offer one, two, and three-bedroom units at the 60 percent AMI levels, post renovations. The comparable LIHTC properties are located in Whitfield and Catoosa Counties and were built and most recently renovated between 2004 and 2019. Dawnville Meadows is the most similar LIHTC comparable and is located within Dalton, GA. This property offers a slightly inferior location and was most recently renovated in 2019 and therefore, will be considered generally similar to the Subject in terms of condition as the Subject, post renovations. Overall, we believe the Subject could achieve rents inline with this comparable, post renovation for the two- and three-bedroom units. While there is no direct competition in the Subject's immediate area for the one-bedroom units at 60 percent, we believe that rents slightly above the two comparables that offer this unit type at this set aside is reasonable given the Subject's anticipated condition and amenities relative to these properties.

We have concluded to achievable LIHTC rents of **\$675, \$785, and \$900** for the Subject's one-, two-, and three-bedroom units at 60 percent of AMI, respectively. Our conclusions are within the range or slightly above the comparables but appear reasonable based on the strong performance of the affordable properties. It should also be noted that 80 of the Subject's units will continue to receive project-based Section 8 rental assistance, post renovations.

Our concluded achievable LIHTC rents offer a rent advantage ranging from 20 to 24 percent relative to the adjusted average comparable rent. We believe that the Subject will maintain a vacancy rate of three percent or less as proposed. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The existing LIHTC properties are reporting low vacancy rates and all of the LIHTC comparables are reporting waiting lists. As a rehabilitation of an existing stabilized property, the Subject will not add any new units to the market. Based on these factors, we do not believe that the Subject will impact the performance of the existing LIHTC properties, if allocated. The low vacancy rates, presence of waiting lists, and percentage of income-qualified renters in the PMA indicate there is demand for affordable housing in the market that is currently unmet. Overall, based on the performance of the LIHTC comparables, we believe the Subject is feasible, absent subsidy, however the LIHTC asking rents would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should be noted that the Subject will continue to operate with project-based Section 8 rental assistance on 80 units, post renovations.

**MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY**

**Summary Table:**

<b>Development Name:</b>	<u>Shy Manor Terrace</u>	<b>Total # Units:</b>	<u>60</u>
<b>Location:</b>	<u>800 Northside Dr NW Moultrie, Colquitt County, GA 31768</u>	<b># LIHTC Units:</b>	<u>60</u>
<b>PMA Boundary:</b>	<u>North: Son Norman, Herndon, Ladson, Thaggard Roads;</u> <u>South: Colquitt County Line, Mitchell Suber Roads;</u> <u>East: Cook Road, Pineboro Rd, S.R. 130, Perry Batts Rd;</u> <u>West: Hatcher, Funston Doerun, Bay Rockyford Rds;</u>	<b>Farthest Boundary Distance to Subject:</b>	<u>12.3 miles</u>

**Rental Housing Stock (page 23)**

Type	# Properties*	Total Units	Vacant Units	Average Occupancy
All Rental Housing	22	1,217	21	98.3%
Market-Rate Housing	9	553	6	98.9%
Assisted/Subsidized Housing <i>Not to include LIHTC</i>	5	267	N/A	96.0%
LIHTC	8	240	4	98.3%
Stabilized Comps	22	1,217	21	98.3%
Properties in Construction & Lease Up	2	56	56	0.0%

\*Only includes properties in PMA

Subject Development					Average Market Rent*			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Achievable LIHTC Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
4	1BR at 60% AMI	1	682	\$475	\$602	\$0.88	27%	\$785	\$1.15
20	2BR at 60% AMI	1	837	\$550	\$694	\$0.83	26%	\$990	\$1.18
16	3BR at 60% AMI	1	967	\$725	\$799	\$0.83	10%	\$1,014	\$1.05
20	4BR at 60% AMI	1.5	1,103	\$775	\$882	\$0.80	14%	N/Av	N/Av

**Demographic Data (page 30)**

	2010		2019		July 2021	
Renter Households	5,010	41.05%	5,410	39.85%	5,386	39.74%
Income-Qualified Renter HHs (LIHTC)	3,840	76.65%	4,147	76.65%	4,129	76.65%

**Targeted Income-Qualified Renter Household Demand (found on pages 50 to 56)**

Type of Demand	@60% (Section 8)	@60% (Absent Subsidy)	-	-	-	Overall*
Renter Household Growth	-20	-11	-	-	-	-20
Existing Households (Overburdened + Substandard)	2,104	1212	-	-	-	2,104
<b>Total Primary Market Demand</b>	2,084	1201	-	-	-	2084
Less Comparable/Competitive Supply	4	4	-	-	-	4
<b>Adjusted Income-qualified Renter HHs**</b>	2,080	1,197	-	-	-	2,080

**Capture Rates (page 57)**

Targeted Population	@60% (Section 8)	@60% (Absent Subsidy)	-	-	-	Overall
<b>Capture Rate:</b>	2.9%	5.0%	-	-	-	2.9%

\*Includes LIHTC and unrestricted (when applicable)

\*\*Not adjusted for demand by bedroom-type.

## **B. PROJECT DESCRIPTION**

**PROJECT DESCRIPTION**

- 1. Project Address and Development Location:** The Subject is an existing Section 8/Market Rate multifamily project located at 1016 Ponderosa Lane in Dalton, Whitefield County, Georgia 30720. The Subject site has frontage along Cascade Drive.
- 2. Construction Type:** Mountain Woods Apartments (Subject) is an existing 100-unit Section 8 multifamily property located at 1016 Ponderosa Lane, Dalton, Whitfield County, Georgia, 30720. The Subject is comprised of 24 one- 40 two-, and 36 three-bedroom units revenue-generating units contained in 13 two-story garden-style residential buildings. The Subject currently benefits from a twenty-year contract (HAP# GA06L000003), which was renewed on June 1, 2014. The most recent known HAP contract rent increase was September 1, 2022. Of the 100 units, 80 units at the Subject currently operate with Project-Based Section 8 rent subsidies and the remaining units are unrestricted. However, these 20 unit’s rents are not market-oriented and were previously bound by a HUD use agreement until recently. The Subject is proposed for LIHTC renovations, and the 80 Section 8 units will continue to operate with a Section 8 project-based subsidy; thus, tenants will continue to pay 30 percent of their income towards rent. The remaining units will be restricted to households earning 60 percent of AMI or less. According to the rent roll dated August 24, 2022, the Subject is currently 98 percent occupied with a waiting list. The buildings are wood frame with brick and vinyl exteriors and pitched roofs.
- 3. Occupancy Type:** The Subject targets family households of the general population.
- 4. Special Population Target:** None.
- 5. Number of Units by Bedroom Type and AMI Level:** See following property profile.
- 6. Unit Size, Number of Bedrooms and Structure Type:** See following property profile.
- 7. Rents and Utility Allowances:** See following property profile.
- 8. Existing or Proposed Project-Based Rental Assistance:** See following property profile.
- 9. Proposed Development Amenities:** See following property profile.

Mountain Woods Apartments								
<b>Location</b>	1000 Ponderosa Lane Dalton, GA 30720 Whitfield							
<b>Units</b>	100							
<b>Type</b>	Garden (2-stories)							
<b>Year Built / Renovated</b>	1974							
<b>Tenant Characteristics</b>	Family							
Utilities								
<b>A/C</b>	not included - central			<b>Other</b>	not included			
<b>Cooking</b>	not included - electric			<b>Water</b>	included			
<b>Water Heat</b>	not included - electric			<b>Sewer</b>	included			
<b>Heat</b>	not included - electric			<b>Trash</b>	included			
Unit Mix (Face Rent)								
	<b> Beds</b>	<b> Bath</b>	<b> Type</b>	<b> Units</b>	<b> Size (SF)</b>	<b> Rent</b>	<b> Restriction</b>	<b> Max Rent?</b>
	1	1	Garden (2-stories)	4	780	\$742	Market	
	1	1	Garden (2-stories)	20	780	\$753	Section 8	
	2	1	Garden (2-stories)	10	1,000	\$791	Market	
	2	1	Garden (2-stories)	30	1,000	\$808	Section 8	
	3	1	Garden (2-stories)	6	1,215	\$896	Market	
	3	1	Garden (2-stories)	30	1,215	\$915	Section 8	
Amenities								
<b>In-Unit</b>	Blinds Carpeting Ceiling Fan Central/AC Coat Closet Oven Refrigerator Washer / Dryer W/D Hookups			<b>Property</b>	Picnic Area Playground Surface			
<b>Security Services</b>				<b>Premium</b>				
				<b>Other</b>				
Comments								
The contact reported that both vacancies are pre-leased.								

**10. Scope of Renovations:**

The Subject is proposed for renovations with LIHTC equity. The developer provided a scope of work for the renovations, which are estimated at \$5,500,000 in total hard costs, or \$55,000 per unit. The renovation scope includes, but may not be limited to the following: painting and decorating; new carpeting; new appliances; replacement of roofs, renovating office/community building; concrete repairs; new exterior doors; and other various capital items.

Renovations are anticipated to begin in January 2023 and will occur with limited tenant displacement, based on client information. Based on the budget and scope of work, the Subject will be in good condition, post renovations.

**11. Placed in Service Date:**

Construction on the Subject is expected to begin upon closing and be placed in service in December 2024. Accordingly, we have utilized 2022 as the market entry year for demographic purposes according to the DCA Market Study Manual.

**Conclusion:**

The Subject will be a good quality garden-style multifamily residential development. Post renovations, the Subject will not suffer from deferred maintenance, functional obsolescence, or physical deterioration.

## **C. SITE EVALUATION**

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY

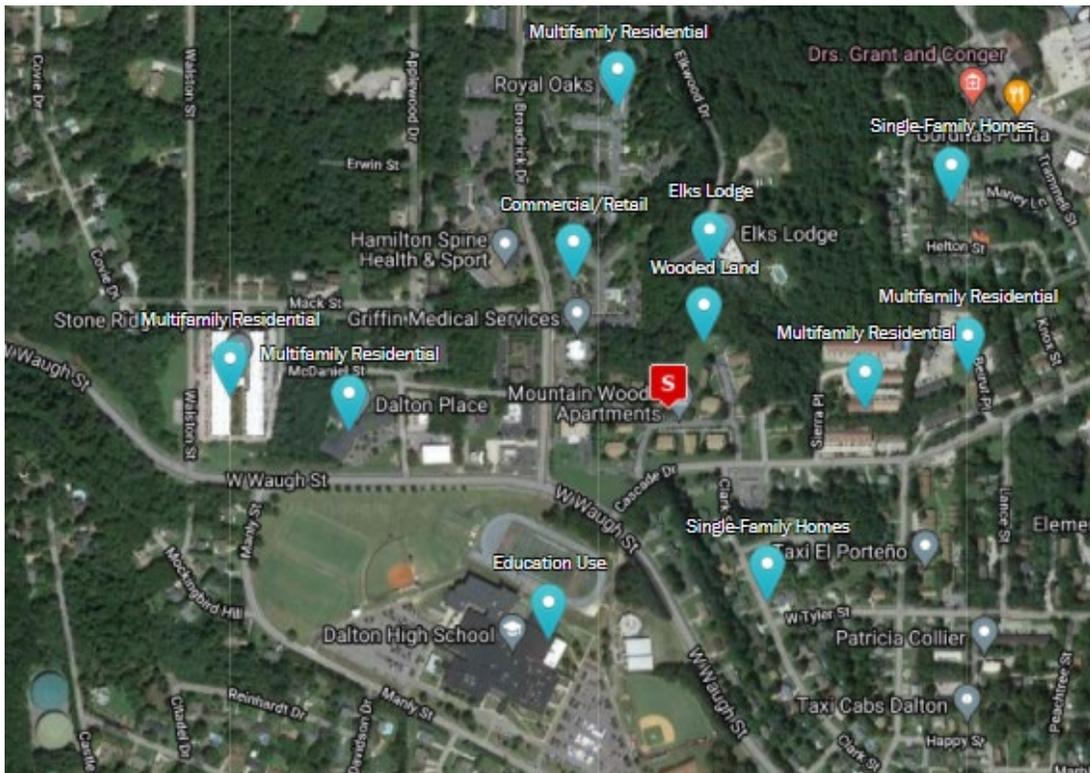
1. **Date of Site Visit and Name of Inspector:** The Subject was inspected by Brendan Boyle on October 10, 2022. Further, Novogradac previously inspected the Subject property in February 8, 2021 and July 16, 2021.

2. **Physical Features of the Site:** The following items detail the physical features of the site.

**Frontage:** The Subject site is located on a corner lot with frontage along Cascade Drive from the east to west.

**Visibility/Views:** The Subject’s neighborhood is primarily residential in nature, with surrounding land uses consisting of single- and multi homes in fair to good condition, and a public school, place of worship and health services in fair to good condition. The Subject has good visibility from Cascade Drive. Views to the west of the Subject consist of single family home commercial/retail use and public land uses. Views to the east of the Subject consist of multifamily homes in fair condition. Views to the south of the Subject, land uses consist of Dalton High School, an educational use, followed by single family homes in average condition. Views to the east of the Subject consist of multi-family homes in fair to average condition. Views north of the Subject consist of wooded land. Commercial uses further north of the Subject consist of health services. Overall, views are considered average.

**Surrounding Uses:** The following map illustrates the surrounding land uses.



Source: Google Earth, October 2022

Land use immediately north of the Subject consist of wooded land. Land use further north of the Subject consists of Daltons Lodge, a Foster Care Organization, as well

as Royal Oaks Retirement Living, Regency Park Health & Rehabilitation, and retail/commercial uses. Commercial uses to the north of the Subject include Cornerstone Medical Group, Hamilton Medical Center, Animal Hospital of Whitfield County and Max's Food Mart & CITGO. Additionally, northeast of the Subject are single-family homes in fair to average condition. Land use immediately east of the Subject consists of an unnamed multifamily use. Land use further east of the Subject consists of multifamily uses and single-family homes in average to good condition, as well as retail/commercial, religious, public uses. Multifamily uses to the east include Covington Court Condominiums and Cedar Hills Apartments. Covington Court Condominiums was excluded as a comparable due to the units being individually owned. Cedar Hills Apartments was excluded as a comparable to the Subject because we were unable to contact management. Land use immediately south of the Subject consists of single-family homes in average to good condition. Land uses further south of the Subject include single-family and multifamily homes in average to good condition, as well as Dalton High School. Land use immediately west of the Subject consist of Lung & Sleep Specialists and Beltone Hearing Aid Center. The majority of residential uses in the Subject's neighborhood primarily consist of an older housing, with approximately 84 percent of the existing housing stock built prior to 2000. Based on our site inspection, commercial uses in the area appeared 80 to 85 percent occupied and exhibited average to good condition.

At the time of the site inspection, there were no detrimental influences observed by the appraiser that would adversely affect the marketability of the Subject. The Subject site's location is designated as "Car Dependent," with a *WalkScore* of 30 out of 100, indicating almost all errands require a car. The Subject site is considered an adequate site for existing multifamily rental housing. The Subject site has average proximity to locational amenities, which are located within five miles of the Subject.

**Positive/Negative  
Attributes of Site:**

The Subject site offers adequate access, traffic flow, and proximity to locational amenities, and is located approximately one mile northwest of downtown Dalton, which are considered positive attributes. The Subject site is considered "Car-Dependent" by *Walk Score* with a rating of 16 out of 100, indicating almost all errands require a car, and the Subject's rural location affords limited access to employment opportunities relative to larger markets, which are considered negative attributes.

3. Site Photos and Adjacent Uses: The following are pictures of the Subject site and adjacent uses.



VIEW OF SUBJECT FACING NORTH



VIEW OF SUBJECT FACING EAST



VIEW OF SUBJECT FACING WEST



VIEW OF SUBJECT FACING SOUTH



VIEW OF ACCESS WEST ON CASCADE DRIVE



VIEW OF ACCESS EAST ON CASCADE DRIVE

**MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY**



**COMMERCIAL USE EAST OF SUBJECT SITE**



**COMMERCIAL USE NORTH OF SUBJECT SITE**



**HIGH SCHOOL SOUTHWEST OF SUBJECT**



**MULTIFAMILY APARTMENTS-ADJACENT OF SUBJECT SITE**



**COMMERCIAL USE EAST OF SUBJECT SITE**



**SINGLE FAMLIY HOME SOUTH OF SUBJECT SITE**

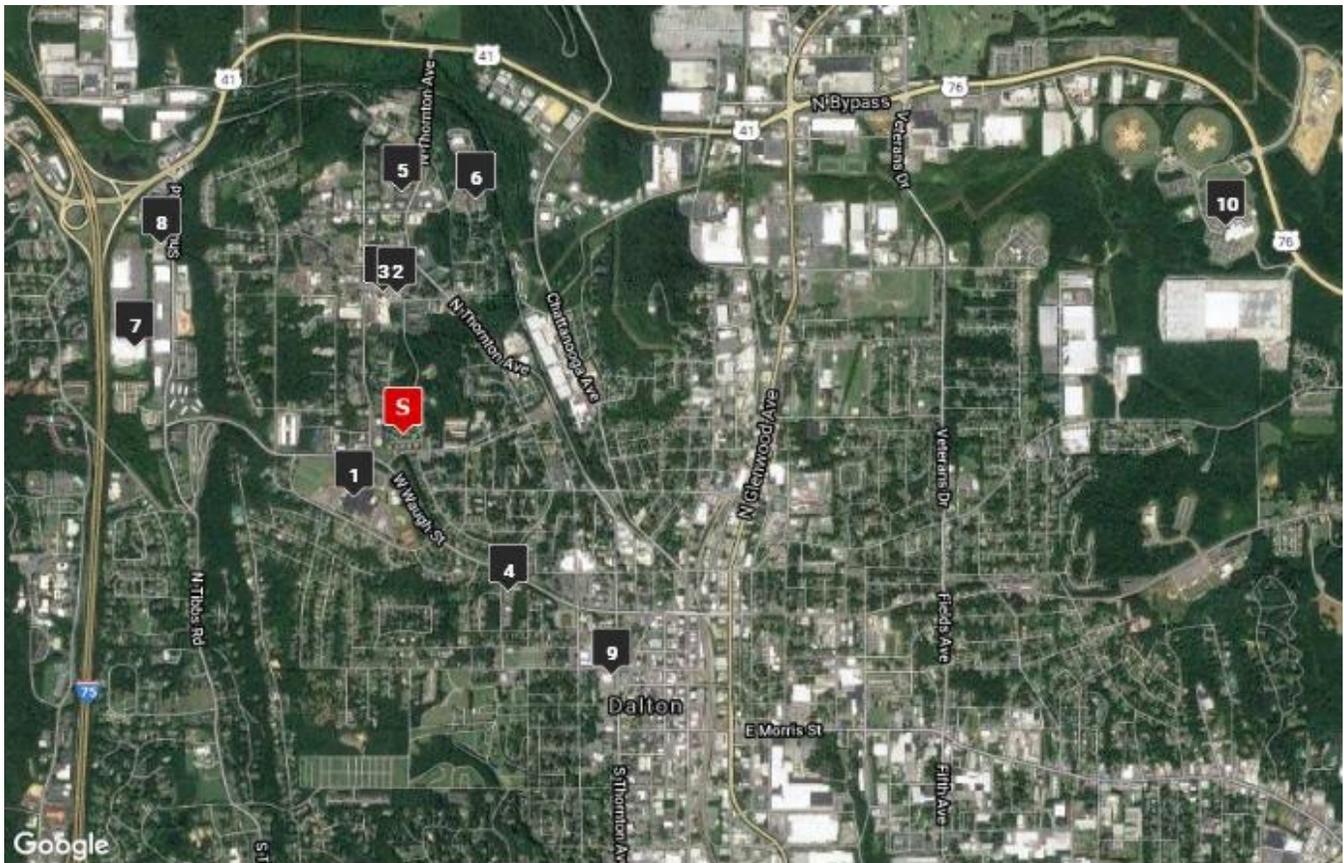
MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY

4. Proximity to Locational Amenities:

The following table and map illustrate the Subject’s proximity to necessary services. Map numbers correspond with the Locational Amenities Map, presented below.

LOCATIONAL AMENITIES

#	Service or Amenity	Distance Subject
1	Dalton High School	0.3 miles
2	Valurite Discount Pharmacy	0.5 miles
3	Hamilton Medical Center	0.5 miles
4	Dalton-Whitfield County Library	0.6 miles
5	Synovus Bank	0.8 miles
6	Dalton Fire Department	0.8 miles
7	Walmart	0.9 miles
8	Gas Station	1.0 miles
9	Post Office	1.0 miles
10	Dalton Middle School	2.7 miles



Source: Google Earth, October 2022

**Public Transportation**

**Bus:** Public transport in Whitefield County is provided by the Whitfield County Transit Service. Whitfield County Transit provides a “Call for Transit Service” that is priced at \$4.00/ride. The hours of operations are 6:30am until 6:00pm, with the last call for pickup at 4:30pm.

**Air:** Chattanooga Airport in Tennessee is the closest commercial airport to the Subject, located approximately 27.9 miles to the northwest. The airport offers Delta Connection service to Atlanta and a variety of locations across the US.

The Subject is located approximately 1.8 miles southwest of Interstate 75. Interstate 75 is a heavily trafficked major thoroughfare that traverses north and south. Interstate 75 provides access to other areas of Georgia such as Atlanta, which is approximately 79.8 miles southeast of the Subject.

**5. Description of Land Uses:** The Subject’s neighborhood is primarily residential in nature, with surrounding land uses consisting of single-family homes in fair to average condition, as well as a public school, health services, places of worship, which exhibit fair to good condition.

**6. Crime:** The following table shows personal and property crimes for the PMA and SMA as an index, with a value of 100 serving as an average rating. Any number above 100 is above the national average for that crime category, while values under 100 are below the national average.

**2021 CRIME INDICES**

	PMA	Dalton, GA Metropolitan Statistical Area   19140
<b>Total Crime*</b>	<b>113</b>	<b>70</b>
<b>Personal Crime*</b>	<b>74</b>	<b>42</b>
Murder	64	52
Rape	69	53
Robbery	52	24
Assault	85	50
<b>Property Crime*</b>	<b>119</b>	<b>74</b>
Burglary	113	84
Larceny	125	74
Motor Vehicle Theft	87	50

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

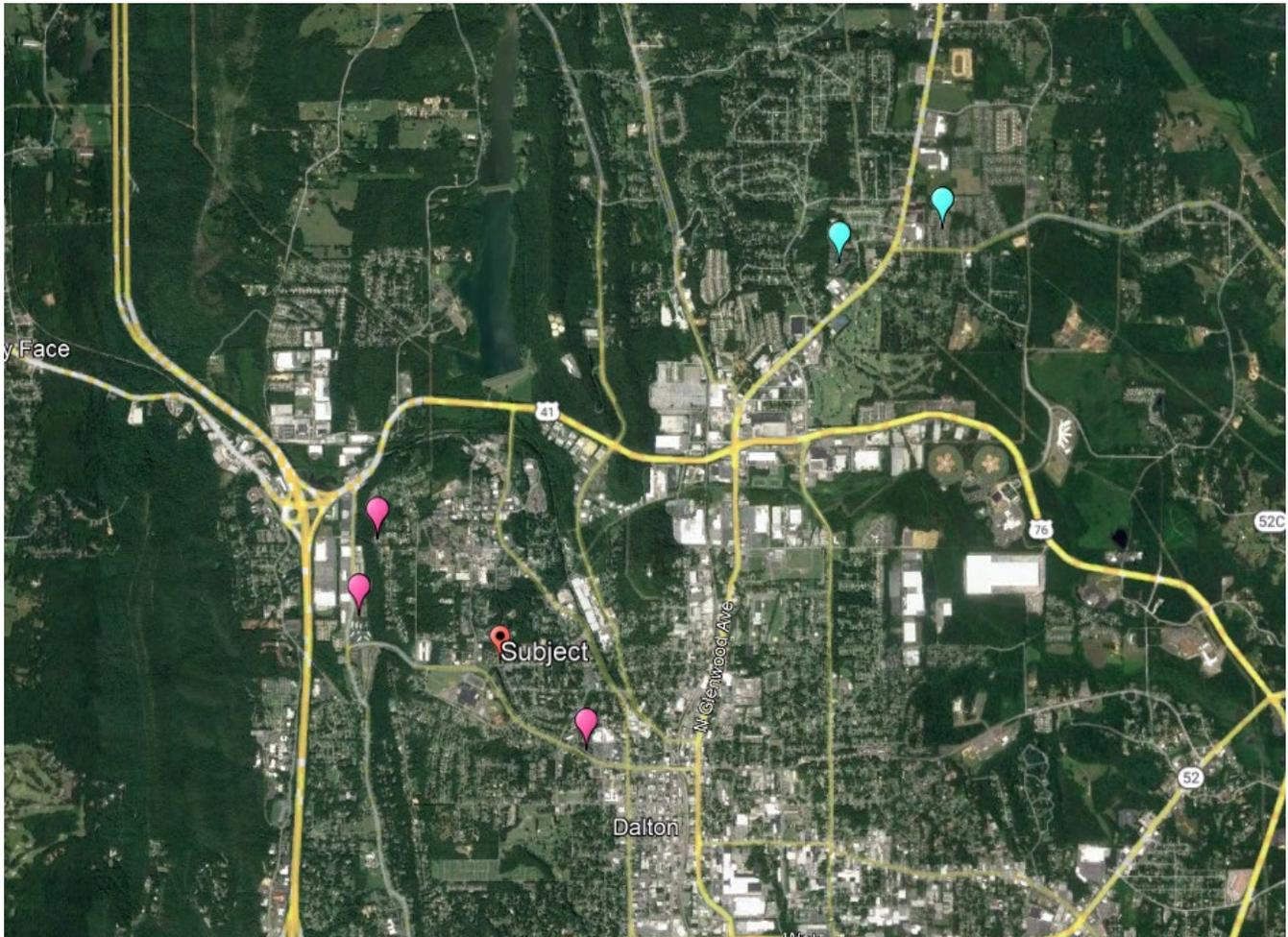
\*Unweighted aggregations

Total crime risk indices in the PMA are above the national average and above the surrounding MSA. The Subject does not offer any security amenities. Only one of the comparables, Legacy of Dalton Apartments, offers any form of security. Based on the historic operations of the Subject and the comparable interviews, we believe the Subject’s lack of security features are adequate and will not impact marketability.

7. Existing Assisted Rental Housing Property Map: The following map and list identifies all assisted rental housing properties in the PMA.

Property Name	Rent Structure	Tenancy	Total Units	Map Color
Subject	S	Family	100	S
Danville Meadows	LIHTC	Family	120	Blue
Autumn Ridge	LIHTC	Family	130	
Crow Valley Heights*	LIHTC	Family	80	
Whitfield Commons	Section 8	Senior	40	Pink
The Cliffs Apartments	Section 8	Family	120	
Whitfield Place	Section 8	Senior	48	

\*under construction



8. Road, Infrastructure or Proposed Improvements: During our field inspection, we did not witness any road, infrastructure or proposed improvements.

9. Access, Ingress-Egress and Visibility of Site: The Subject has good visibility from Cascade Drive. The Subject provides vehicle-access along Cascade Drive a lightly-trafficked residential roadway that bifurcates the Subject site east/west from W Waugh Street and N Thornton Ave north/south. Walkways are

accessible along Cascade Drive, which provide direct access to the Subject's residential buildings. N Thornton Ave provides access to Cleveland Highway approximately 1.1 miles north of the Subject. W Waugh Street provides access to downtown Dalton approximately 1.5 miles east of the Subject. Overall, access and visibility are considered average.

**10. Conclusion:**

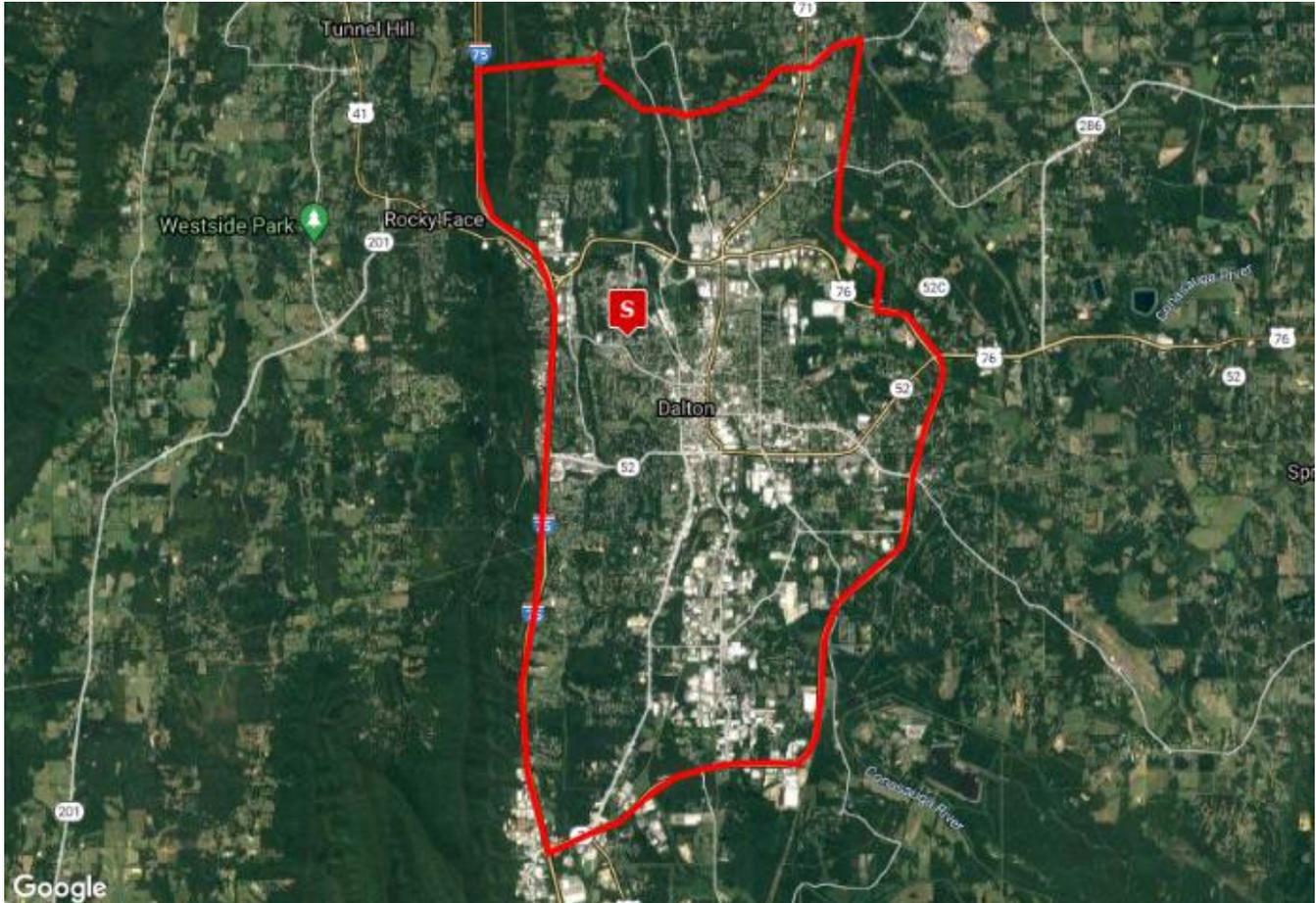
The Subject site is located at 1000 Ponderosa Lane in Dalton, Whitefield County, Georgia 30720. The Subject site has frontage along Cascade Drive. The Subject has good visibility from Cascade Drive and views and access are considered average to good. The Subject's neighborhood is primarily residential in nature, with surrounding land uses consisting of single- and multi homes in fair to good condition, and a public school, place of worship and health services in fair to good condition. Based on our inspection of the neighborhood, retail and commercial uses appeared to be approximately 80 to 85 percent occupied. The Subject site is considered "Car-Dependent" by Walk Score with a rating of 30 out of 100, indicating almost all errands require a car. The total, personal, and property crime indices in the PMA are above of the MSA. The total and property crime indices in the PMA are slightly higher relative to the nation while the personal crime index in the PMA is lower in comparison to the nation. The Subject does not offer security features. Only one of the comparables, Legacy of Dalton Apartments, offers any form of security. Based on the historic operations of the Subject and the comparable interviews, we believe the Subject's lack of security features are adequate and will not impact marketability. The Subject site is considered an adequate building site for rental housing. The Subject site has average proximity to locational amenities, which are within five miles of the Subject site.

## **D. MARKET AREA**

## PRIMARY MARKET AREA

For the purpose of this study it is necessary to define the market area, the area from which potential tenants are likely to be drawn to the project. In some areas residents are very much neighborhood-oriented and very reluctant to move from where they have grown up. In other areas, residents are more mobile and willing to relocate to a completely new area, especially with the attraction of affordable housing at below market rents.

### Primary Market Area Map



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

The PMA is generally defined by the boundaries of Crow Valley Road Northwest, Poplar Springs Road Northwest, Hair Mill Road Northwest, West Haig Mill Road, Haig Mill Road Northwest, State Route 71, and Pleasant Grove Drive Northeast to the north; Pleasant Grove Drive Northeast, Brooker Drive Northeast, U.S. Highway 76, U.S. Highway 41/State Route 3 to the east; U.S. Highway 41/State Route 3 to the south, and Interstate 75 the west. The total square mileage of the PMA is approximately 38 square miles.

The distances from the Subject to the farthest boundaries of the PMA in each direction are listed as follows:

North: 3.7 miles      East: 4.4 miles      South: 6.5 miles      West: 1.9 miles

The PMA is defined based on interviews with the local housing authority, property managers at comparable properties, and the Subject's property manager. While we do believe the Subject will experience leakage from outside the PMA boundaries, per the 2022 GA DCA Qualified Allocation Plan (QAP) and market study guidelines, we do not account for leakage in our demand analysis found later in this report. The farthest PMA

boundary from the Subject is approximately 6.5 miles to the southwest of the Subject. The SMA is defined as the Dalton, GA Metropolitan Statistical Area (MSA), which is coterminous with Whitefield County.

# **E. COMMUNITY DEMOGRAPHIC DATA**

**COMMUNITY DEMOGRAPHIC DATA**

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and MSA are areas of growth or contraction. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. The following demographic tables are specific to the populations of the PMA and MSA.

**1. Population Trends**

The following tables illustrate (a) Total Population, and (b) Population by Age Group within the population in the MSA, the PMA and nationally from 2000 through 2026.

**1a. Total Population**

The following table illustrates the total population within the PMA, MSA and nation from 2000 through 2026.

POPULATION						
Year	PMA		Dalton, GA Metropolitan Statistical Area   19140		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	40,589	-	118,786	-	280,304,282	-
2010	50,688	2.5%	142,227	2.0%	308,745,538	1.0%
2021	51,710	0.2%	145,301	0.2%	333,934,112	0.7%
Projected Mkt Entry December 2024	52,320	0.3%	146,782	0.3%	342,102,257	0.7%
2026	52,603	0.3%	147,469	0.3%	345,887,495	0.7%

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

Historical population growth in the PMA exceeded the MSA between 2000 and 2010. Both geographic areas experienced population growth greater than the overall nation during the same time period. Population growth in the PMA slowed significantly between 2010 and 2021, and grew at a rate similar to the MSA. According to ESRI demographic projections, annualized PMA growth is expected to remain relatively stable at 0.3 percent through 2026, similar to projected growth in the MSA. However, growth in both geographic areas is expected to trail the nation.

**1b. Total Population by Age Group**

The following table illustrates total population by age group within the PMA and MSA from 2000 through 2026.

POPULATION BY AGE GROUP					
PMA					
Age Cohort	2000	2010	2021	Projected Mkt Entry December 2024	2026
0-4	3,391	4,562	4,212	4,247	4,263
5-9	3,071	4,315	4,139	4,193	4,218
10-14	2,842	4,014	4,052	4,147	4,191
15-19	2,943	3,855	3,726	3,832	3,881
20-24	3,076	3,647	3,474	3,512	3,530
25-29	3,270	3,691	3,959	3,710	3,594
30-34	3,353	3,470	3,768	3,668	3,621
35-39	3,170	3,440	3,548	3,668	3,724
40-44	2,880	3,588	3,173	3,343	3,422
45-49	2,538	3,216	2,959	3,000	3,019
50-54	2,302	2,814	3,029	2,855	2,774
55-59	1,898	2,346	2,693	2,794	2,841
60-64	1,520	2,131	2,371	2,425	2,450
65-69	1,268	1,667	1,981	2,075	2,119
70-74	1,109	1,299	1,774	1,725	1,703
75-79	861	1,075	1,212	1,377	1,454
80-84	577	807	806	894	935
85+	525	751	835	856	865
<b>Total</b>	<b>40,594</b>	<b>50,688</b>	<b>51,711</b>	<b>52,321</b>	<b>52,604</b>

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

**POPULATION BY AGE GROUP**

Dalton, GA Metropolitan Statistical Area | 19140

Age Cohort	2000	2010	2021	Projected Mkt Entry December 2024	2026
0-4	9,552	10,953	9,988	9,972	9,964
5-9	8,958	11,309	10,340	10,328	10,322
10-14	8,561	11,116	10,333	10,614	10,744
15-19	8,458	10,715	9,627	9,855	9,961
20-24	8,489	9,211	8,734	8,540	8,450
25-29	9,434	9,160	10,464	9,376	8,872
30-34	9,585	9,286	10,342	10,013	9,861
35-39	9,656	10,041	9,603	10,234	10,526
40-44	8,795	10,331	9,169	9,388	9,490
45-49	7,826	10,242	9,114	9,078	9,062
50-54	7,333	9,213	9,212	8,950	8,829
55-59	5,813	7,888	9,076	9,060	9,052
60-64	4,536	7,031	8,364	8,555	8,643
65-69	3,763	5,512	7,108	7,546	7,749
70-74	3,094	3,922	5,865	6,046	6,130
75-79	2,290	2,903	3,875	4,521	4,821
80-84	1,433	1,904	2,236	2,697	2,911
85+	1,213	1,490	1,851	2,009	2,082
<b>Total</b>	<b>118,789</b>	<b>142,227</b>	<b>145,301</b>	<b>146,782</b>	<b>147,469</b>

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

The largest age cohorts in the PMA consist of the population aged zero to 14, and 25 to 34. Approximately 56 percent of the population is concentrated in age cohorts under the age of 40, which indicates a relatively even population distribution. Further, this concentration in age cohorts aged 40 and below indicates the presence of families.

**2. Household Trends**

The following tables illustrate (a) Total Households and Average Household Size, (b) Household Tenure, (c) Households by Income, and (d) Renter Households by Size within the population in the PMA, MSA, and nation from 2000 through 2026.

**2a. Total Number of Households and Average Household Size**

The following tables illustrate the total number of households and average household size within the PMA, MSA, and nation from 2000 through 2026.

**HOUSEHOLDS**

Year	PMA		Dalton, GA Metropolitan Statistical Area   19140		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	13,935	-	41,952	-	105,081,032	-
2010	16,742	2.0%	49,206	1.7%	116,716,293	1.1%
2021	17,023	0.1%	50,417	0.2%	126,470,651	0.7%
Projected Mkt Entry December 2024	17,230	0.4%	50,967	0.3%	129,598,074	0.7%
2026	17,326	0.4%	51,222	0.3%	131,047,367	0.7%

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

Historical household growth in the PMA exceeded the MSA between 2000 and 2010. Both geographic areas experienced household growth greater than the overall nation during the same time period. Household growth in the PMA slowed significantly between 2010 and 2021, and grew at a rate similar to the MSA. According to ESRI demographic projections, annualized PMA growth is expected to rise to 0.4 percent through 2026, similar to projected growth in the MSA. However, growth in both geographic areas is expected to trail the nation.

**AVERAGE HOUSEHOLD SIZE**

Year	PMA		Dalton, GA Metropolitan Statistical Area   19140		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.84	-	2.78	-	2.59	-
2010	2.94	0.4%	2.83	0.2%	2.57	-0.1%
2021	2.98	0.1%	2.85	0.1%	2.58	0.0%
Projected Mkt Entry December 2024	2.98	0.0%	2.85	0.0%	2.58	0.0%
2026	2.98	0.0%	2.85	0.0%	2.58	0.0%

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

As of 2021, the average household size in the PMA is generally similar to the MSA and slightly larger relative to the overall nation. According to ESRI demographic projections, the average household size in the PMA will remain stable. The average household size in the PMA and MSA is projected to grow at a similar rate as the nation during the same time period. Post renovation, the Subject will continue to target families and offer a unit mix comprised of one, two, and three bedroom unit types. Overall, the Subject’s unit mix is well equipped to serve the average size of households in the PMA.

**2b. Households by Tenure**

The table below depicts household growth by tenure in the PMA from 2000 through 2026.

**TENURE PATTERNS - TOTAL POPULATION**

Year	PMA				Dalton, GA Metropolitan Statistical Area   19140			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2000	8,925	64.0%	5,010	36.0%	29,038	69.2%	12,914	30.8%
2010	9,460	56.5%	7,282	43.5%	33,035	67.1%	16,171	32.9%
2021	10,460	61.4%	6,563	38.6%	35,272	70.0%	15,145	30.0%
Projected Mkt Entry December 2024	10,700	62.1%	6,530	37.9%	35,917	70.5%	15,050	29.5%
2026	10,811	62.4%	6,515	37.6%	36,216	70.7%	15,006	29.3%

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

As the table above illustrates, approximately 38.6 percent of households in the PMA are renter-occupied as of 2021. The number of renter-occupied households in the PMA is expected to decrease by 48 household units, respectively.

**2c. Household Income**

The following tables depict renter household income in the PMA and MSA in 2021, market entry, and 2026.

**RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA**

Income Cohort	2021		Projected Mkt Entry December 2024		2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	631	9.6%	604	9.3%	592	9.1%
\$10,000-19,999	1,186	18.1%	1,103	16.9%	1,064	16.3%
\$20,000-29,999	997	15.2%	995	15.2%	994	15.3%
\$30,000-39,999	1,204	18.3%	1,121	17.2%	1,083	16.6%
\$40,000-49,999	840	12.8%	867	13.3%	880	13.5%
\$50,000-59,999	476	7.3%	478	7.3%	479	7.4%
\$60,000-74,999	369	5.6%	383	5.9%	389	6.0%
\$75,000-99,999	444	6.8%	480	7.3%	496	7.6%
\$100,000-124,999	182	2.8%	215	3.3%	230	3.5%
\$125,000-149,999	104	1.6%	135	2.1%	150	2.3%
\$150,000-199,999	62	0.9%	68	1.0%	71	1.1%
\$200,000+	68	1.0%	81	1.2%	87	1.3%
<b>Total</b>	<b>6,563</b>	<b>100.0%</b>	<b>6,530</b>	<b>100.0%</b>	<b>6,515</b>	<b>100.0%</b>

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, October 2022

**RENTER HOUSEHOLD INCOME DISTRIBUTION - Dalton, GA Metropolitan Statistical Area | 19140**

Income Cohort	2021		Projected Mkt Entry December 2024		2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,525	10.1%	1,443	9.6%	1,405	9.4%
\$10,000-19,999	2,596	17.1%	2,391	15.9%	2,296	15.3%
\$20,000-29,999	2,507	16.6%	2,411	16.0%	2,366	15.8%
\$30,000-39,999	2,828	18.7%	2,665	17.7%	2,590	17.3%
\$40,000-49,999	1,802	11.9%	1,881	12.5%	1,917	12.8%
\$50,000-59,999	1,011	6.7%	1,015	6.7%	1,017	6.8%
\$60,000-74,999	886	5.9%	910	6.0%	921	6.1%
\$75,000-99,999	983	6.5%	1,053	7.0%	1,086	7.2%
\$100,000-124,999	409	2.7%	488	3.2%	525	3.5%
\$125,000-149,999	255	1.7%	350	2.3%	394	2.6%
\$150,000-199,999	169	1.1%	209	1.4%	228	1.5%
\$200,000+	174	1.1%	233	1.6%	261	1.7%
<b>Total</b>	<b>15,145</b>	<b>100.0%</b>	<b>15,050</b>	<b>100.0%</b>	<b>15,006</b>	<b>100.0%</b>

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, October 2022

Absent subsidy, the Subject will target family households earning between \$25,440 and \$31,371. As shown in the above tables, the percentage of renter households in the PMA and MSA in 2021 with annual incomes between \$20,000 and \$40,000 is 33.5 and 35.3 percent, respectively. For the projected market-entry date of December 2022, these percentages are expected to remain stable in both the PMA and MSA. It should be noted that the Subject is currently operating as a stabilized property with Project-Based Section 8 rental assistance for all units, and the overlay will continue on all units post-rehab.

However, as proposed, the Subject will target households earning between \$0 and \$31,371. This income band comprises a significantly larger portion of renter households, with 61.2 percent of renter households in the PMA earning less than \$40,000 annually, and 62.5 percent for the MSA. Through market entry, the proportion of qualified renter households in the PMA and MSA are both expected to decrease slightly, to 60.2 and 61.1 percent, respectively.

**2d. Renter Households by Number of Persons in the Household**

The following table illustrates household size for all households in 2021, market entry, and through 2026. To determine the number of renter households by number of persons per household, the total number of households is adjusted by the percentage of renter households.

**RENTER HOUSEHOLDS BY NUMBER OF PERSONS - PMA**

Household Size	Projected Mkt Entry December					
	2021		2024		2026	
	Number	Percentage	Number	Percentage	Number	Percentage
1 Person	1,727	26.3%	1,722	26.4%	1,720	26.4%
2 Persons	1,211	18.5%	1,180	18.1%	1,166	17.9%
3 Persons	977	14.9%	974	14.9%	972	14.9%
4 Persons	997	15.2%	998	15.3%	999	15.3%
5+ Persons	1,651	25.2%	1,656	25.4%	1,658	25.4%
<b>Total Households</b>	<b>6,563</b>	<b>100%</b>	<b>6,530</b>	<b>100%</b>	<b>6,515</b>	<b>100%</b>

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, October 2022

The majority of renter households in the PMA are primarily comprised of one and two-person households. The percentage of one-person households in the PMA is expected to remain generally stable through market entry and 2026. The percentage of two-person households in the PMA is expected to decrease through both time periods. It should be noted that the Subject will target households between one and six persons in size; thus, the vast majority of renter households in the PMA will be eligible to reside at the Subject.

**Conclusion**

The population in the PMA is projected to increase slightly through market entry and through 2024, at an average annual increase of 0.3 percent, which is similar to the projected growth rate in the MSA during the same period. However, growth rates in both geographic areas are expected to trail the nation’s projected 0.7 percent rate of population growth over the same period. Approximately 56 percent of the population is concentrated in age cohorts under age 40, which indicates a relatively even population distribution. The number of total households in the PMA is expected to increase slightly through the Subject’s projected date of market entry and through 2024, similar to projected growth in the MSA. However, household growth in both geographic areas is expected to trail the nation over the same period. The Subject will target families and offer a unit mix with one, two, and three-bedroom unit types, which is well-suited in the market considering the average household size in the PMA.

The Subject will target family households earning between \$25,440 and \$31,371, absent subsidy. As of 2021, the percentage of renter households in the PMA and MSA in 2021 with annual incomes between \$20,000 and \$40,000 is 33.5 and 35.3 percent, respectively. It should be noted that the Subject is currently operating as a stabilized property with Project-Based Section 8 rental assistance for 80 units, and the overlay will continue on 80 units post-rehab. However, as proposed, the Subject will target households earning between \$0 and \$31,371. This income band comprises a significantly larger portion of renter households, with 61.2 percent of renter households in the PMA earning less than \$40,000 annually. It should be noted that the Subject will target households between one and six persons in size; thus, the vast majority of renter households in the PMA will be eligible to reside at the Subject. Overall, the generally stable population in the PMA coupled with a high concentration of renter households earning less than \$40,000 annually in the PMA indicates significant demand for affordable rental housing in the market.

## **F. EMPLOYMENT TRENDS**

**EMPLOYMENT TRENDS**

**1. Total Jobs**

The following sections will provide an analysis of the employment characteristics within the market area. Data such as jobs, industries, employment and unemployment rates, and major employers will be studied to determine if the Primary Market Area (PMA) and the Dalton, GA MSA are areas economic opportunity.

**Total Jobs in Dalton, GA MSA**

Year	Total Employment	% Change
2006	65,097	-
2007	64,672	-0.7%
2008	61,181	-5.4%
2009	55,399	-9.5%
2010	56,861	2.6%
2011	56,478	-0.7%
2012	55,082	-2.5%
2013	54,454	-1.1%
2014	55,504	1.9%
2015	56,854	2.4%
2016	56,489	-0.6%
2017	57,903	2.5%
2018	58,113	0.4%
2019	56,756	-2.3%
2020	54,243	-4.4%
2021	56,476	4.1%
2022 YTD Average*	57,069	1.1%
Aug-2021	55,929	-
Aug-2022	56,220	0.5%

Source: U.S. Bureau of Labor Statistics, October 2022

\*2022 data is through August

As illustrated in the table above, the MSA experienced a weakening economy during the national recession. Total employment decreased from 2007 through 2009 and from 2011 through 2013. Total employment began to increase in 2014 through 2018, with the exception of 2019-2020. Total employment in the MSA has surpassed pre-covid levels. Total employment within the MSA increased approximately 1.1 percent from August 2021 through August 2022.

**2. Total Jobs by Industry**

The following table illustrates the total jobs (also known as “covered employment”) in Whitfield County. Note that the data below was the most recent data available.

WHITFIELD COUNTY, GEORGIA

	Number	Percent
<b>Total, all industries</b>	54,686	-
<b>Goods-producing</b>	19,262	-
Manufacturing	18,028	33.0%
Construction	1,073	2.0%
Agriculture & Forestry	98	0.2%
Mining	63	0.1%
<b>Service-producing</b>	30,230	-
Accommodations & Food Services	3,218	5.9%
Administration & Waste Services	1,747	3.2%
Arts, Entertainment & Recreation	176	0.3%
Educational Services	112	0.2%
Finance & Insurance	650	1.2%
Healthcare & Social Assistance	4,874	8.9%
Information	218	0.4%
Management of Companies/Enterprises	645	1.2%
Other Services	815	1.5%
Professional & Technical Services	2,580	4.7%
Real Estate/Rental & Leasing	313	0.6%
Retail Trade	7,242	13.2%
Transportation & Warehousing	3,870	7.1%
Utilities	162	0.3%
Wholesale Trade	3,608	7.0%

Source: U.S. Bureau of Labor Statistics, Novogradac & Company, LLP 2021

Manufacturing and retail trade are the largest industries in Whitfield County, followed by healthcare, transportation and warehousing, and accommodations and food services. The following table illustrates employment by industry for the PMA as of 2021.

2021 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Manufacturing	10,413	44.8%	15,526,471	9.9%
Retail Trade	2,026	8.7%	16,864,485	10.7%
Construction	1,633	7.0%	11,127,591	7.1%
Healthcare/Social Assistance	1,368	5.9%	23,217,292	14.8%
Accommodation/Food Services	1,340	5.8%	9,207,610	5.9%
Educational Services	1,186	5.1%	14,629,096	9.3%
Admin/Support/Waste Mgmt Svcs	967	4.2%	5,887,329	3.7%
Other Services	863	3.7%	7,014,785	4.5%
Transportation/Warehousing	637	2.7%	8,044,029	5.1%
Prof/Scientific/Tech Services	586	2.5%	13,005,287	8.3%
Wholesale Trade	579	2.5%	3,934,179	2.5%
Finance/Insurance	417	1.8%	8,123,688	5.2%
Public Administration	394	1.7%	8,215,705	5.2%
Arts/Entertainment/Recreation	264	1.1%	2,388,480	1.5%
Utilities	263	1.1%	1,412,381	0.9%
Real Estate/Rental/Leasing	184	0.8%	3,044,245	1.9%
Information	65	0.3%	2,846,142	1.8%
Agric/Forestry/Fishing/Hunting	58	0.2%	1,973,200	1.3%
Mgmt of Companies/Enterprises	0	0.0%	116,402	0.1%
Mining	0	0.0%	705,964	0.4%
<b>Total Employment</b>	<b>23,243</b>	<b>100.0%</b>	<b>157,284,361</b>	<b>100.0%</b>

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

Employment in the PMA is concentrated in the manufacturing, retail trade, and construction industries, which collectively comprise 60.5 percent of local employment. The large share of PMA employment in manufacturing and retail trade is notable as both industries are historically volatile, and prone to contraction during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the manufacturing, admin/support/waste mgmt svcs, and utilities industries. Conversely, the PMA is underrepresented in the healthcare/social assistance, prof/scientific/tech services, and educational services industries.

### 3. Major Employers

The tables below show the nine largest employers in Whitfield County according to information published by the Dalton-Whitfield County Development Authority, current as of 2021.

#### MAJOR EMPLOYERS – DALTON, GA MSA

Employer Name	Industry	# Of Employees
Shaw Industries	Manufacturing	6,593
Mohawk Industries	Manufacturing	4,100
Engineered Floors, LLC/J+J Flooring Group	Manufacturing	3,100
Whitfield County Schools	Education	1,626
Hamilton Medical Center	Healthcare	1,300
Tandus Centiva	Manufacturing	1,182
Dalton Public Schools	Education	978
Whitfield County	Government	685
Walmart	Retail	647
City of Dalton	Government	535
Durkan Hospitality/Division of Mohawk	Manufacturing	501
IVC U.S., Inc.	Manufacturing	446
Shiroki North America, Inc.	Manufacturing	425
Goodwill Industries	Retail	420
Garland Sales, Inc.	Manufacturing	375
Phenix Flooring, LLC	Manufacturing	360
US Floors, Inc.	Manufacturing	341
Dalton Utilities	Utilities	311
North Georgia Health District	Healthcare	284
<b>Totals</b>		<b>24,209</b>

Source: Dalton & Whitfield County Joint Development Authority, Novogradac & Company LLP 9/2021

Major employers in the MSA are heavily concentrated in the manufacturing industry, which is consistent with the prior analysis of employment by industry in the PMA. This indicates that the local economy is largely reliant on the success of these employers and the manufacturing industry as a whole.

#### Expansions/Contractions

According to the Georgia Department of Labor, two WARN notices have been issued for Whitfield County since 2020. In September of 2021, Brown Industries Inc closed a facility in Dalton, affecting approximately 433 employees. In April of 2020 Shaw Industries Group, Inc. Plant 23, laid off 275 employees. We spoke with Carl Campbell, executive director with the Dalton Whitfield County Joint Development Authority. Mr. Campbell was able to provide details across the following economic developments in Whitfield County.

- Hanwha Q CELLS, a Korean solar panel producer, plans to complete construction in January 2019 on a new 350,000-square foot facility in Dalton. The company will employ approximately 525 workers. The facility will be located within the PMA, approximately 11 miles south of the Subject.
- Reagent Chemical and Research, Inc. plans to open a facility to produce their White Flyer clay targets in the near future; however, a timeline for the project was unavailable. The company plans to employ approximately 40 workers. The facility will be located within the PMA, approximately 10 miles south of the Subject.
- Healthy Choice Flooring plans to open a 200,000-square foot facility and employ approximately 25 workers to produce carpet flooring. The facility will be located within the PMA, approximately 10 miles south of the Subject.

As summarized above, reported business expansions since 2019 are slated to bring over 660 jobs to the local economy. Further, we have reviewed the Worker Adjustment and Retraining Notification (WARN) filings

published by Georgia’s Department of Labor in order to learn of any major employment contractions that have occurred in the area between 2020 and 2022. Based on the State of Georgia’s publications, there have been no WARN notices filed in Whitefield County within the past year.

**4. Employment and Unemployment Trends**

The following chart and graphs illustrate employment and unemployment trends for the Subject’s MSA and the nation between 2006 and August 2022, the most recent data available.

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

Year	Dalton, GA Metropolitan Statistical Area   19140				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2006	65,097	-	4.7%	-	144,427,000	-	4.6%	-
2007	64,672	-0.7%	4.9%	0.2%	146,047,000	1.1%	4.6%	0.0%
2008	61,181	-5.4%	8.2%	3.2%	145,363,000	-0.5%	5.8%	1.2%
2009	55,399	-9.5%	13.4%	5.3%	139,878,000	-3.8%	9.3%	3.5%
2010	56,861	2.6%	12.5%	-0.9%	139,064,000	-0.6%	9.6%	0.3%
2011	56,478	-0.7%	12.2%	-0.3%	139,869,000	0.6%	9.0%	-0.7%
2012	55,082	-2.5%	11.0%	-1.2%	142,469,000	1.9%	8.1%	-0.9%
2013	54,454	-1.1%	9.9%	-1.1%	143,929,000	1.0%	7.4%	-0.7%
2014	55,504	1.9%	8.3%	-1.7%	146,305,000	1.7%	6.2%	-1.2%
2015	56,854	2.4%	6.8%	-1.5%	148,833,000	1.7%	5.3%	-0.9%
2016	56,489	-0.6%	6.5%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	57,903	2.5%	5.7%	-0.8%	153,337,000	1.3%	4.4%	-0.5%
2018	58,113	0.4%	5.0%	-0.7%	155,761,000	1.6%	3.9%	-0.4%
2019	56,756	-2.3%	4.8%	-0.2%	157,538,000	1.1%	3.7%	-0.2%
2020	54,243	-4.4%	7.2%	2.4%	147,795,000	-6.2%	8.1%	4.4%
2021	56,476	4.1%	4.0%	-3.2%	152,581,000	3.2%	5.4%	-2.7%
2022 YTD Average*	57,069	1.1%	3.5%	-0.5%	157,965,625	3.5%	3.8%	-1.6%
Aug-2021	55,929	-	3.8%	-	153,232,000	-	5.3%	-
Aug-2022	56,220	0.5%	3.6%	-0.2%	158,714,000	3.6%	3.8%	-1.5%

Source: U.S. Bureau of Labor Statistics, October 2022

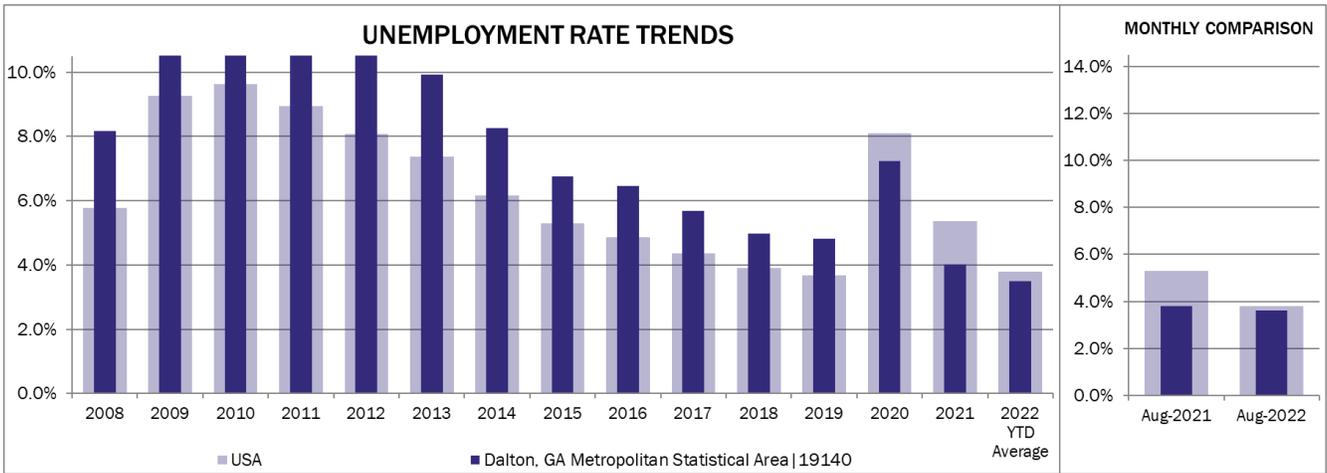
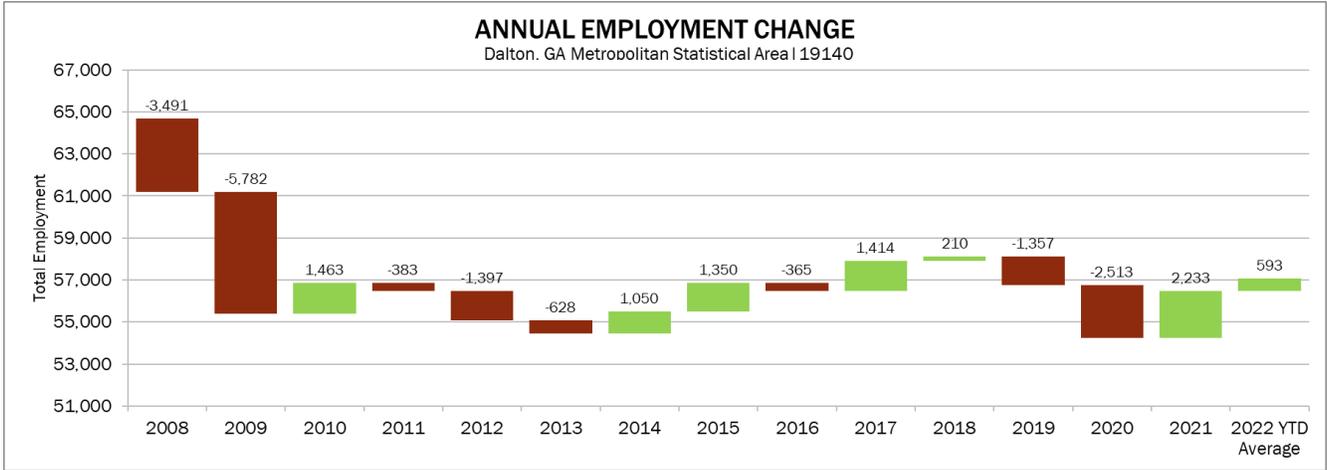
\*2022 data is through August

Since 2012, job growth in the MSA has been volatile, with both increasing and decreasing annual employment. As of August 2022, total employment in the MSA is slightly below post-recessionary records and increased 0.5 percent over the past year, compared to 3.8 percent across the overall nation over the same time period.

The MSA generally experienced a higher unemployment rate compared to the overall nation between 2010 and 2019 but has been similar or lower than the national rate since then. However, according to the most recent labor statistics, the unemployment rate in the MSA is 3.6 percent, which is lower than the unemployment rate reported by the nation (3.8 percent). Overall, the MSA appears to stabilizing in terms of unemployment, but employment trends are somewhat trailing national data at present. The charts following provide more illustration of the changes in employment and unemployment rate trends in the MSA.

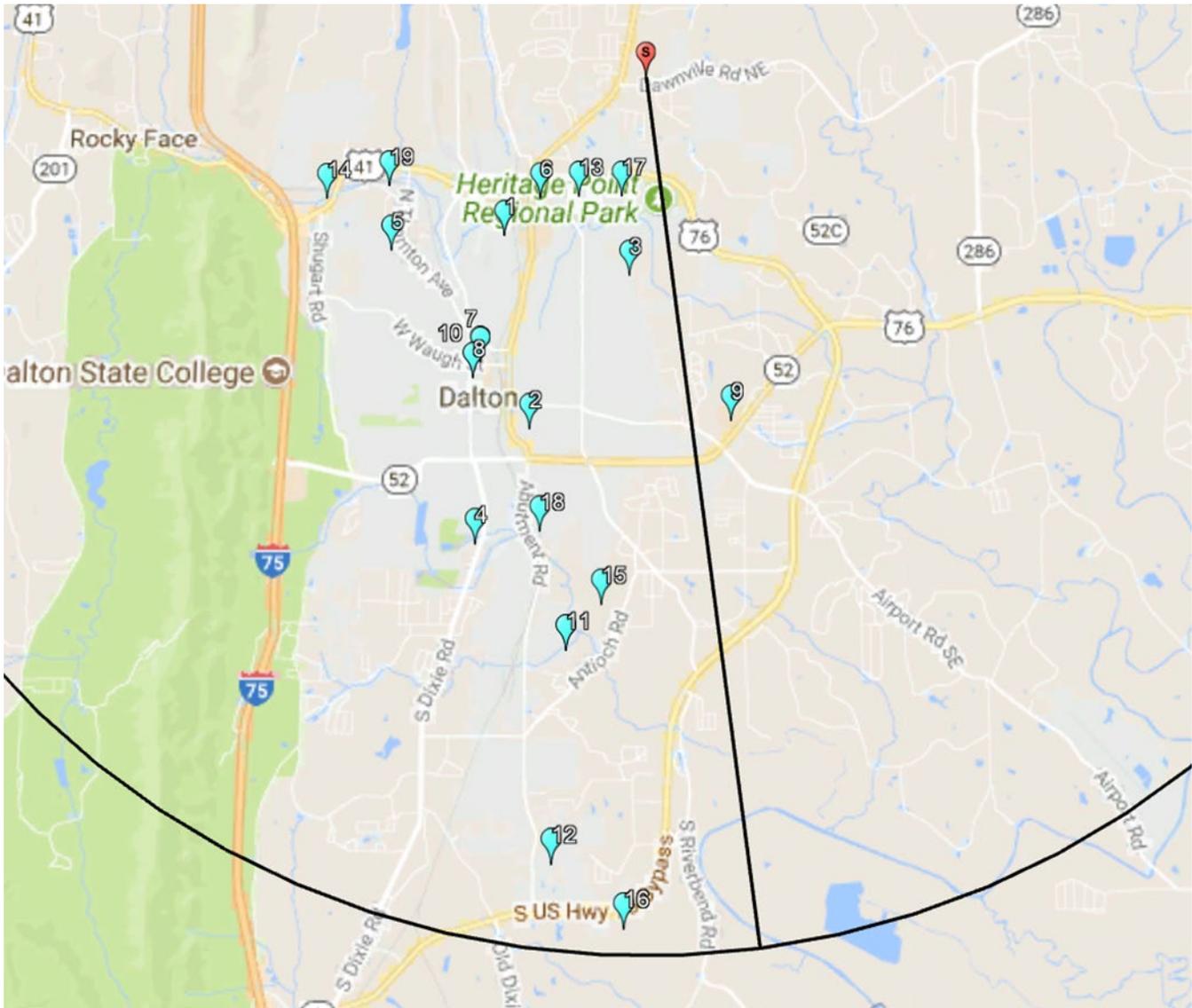
The following charts further detail employment and unemployment trends in the MSA.

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY



### 5. Map of Site and Major Employment Concentrations

The following map and table details the largest employers in the Dalton, Georgia MSA.



Source: Google Earth, October 2022

**MAJOR EMPLOYERS – DALTON, GA MSA**

Employer Name	Industry	# Of Employees
Shaw Industries	Manufacturing	6,593
Mohawk Industries	Manufacturing	4,100
Engineered Floors, LLC/J+J Flooring Group	Manufacturing	3,100
Whitfield County Schools	Education	1,626
Hamilton Medical Center	Healthcare	1,300
Tandus Centiva	Manufacturing	1,182
Dalton Public Schools	Education	978
Whitfield County	Government	685
Walmart	Retail	647
City of Dalton	Government	535
Durkan Hospitality/Division of Mohawk	Manufacturing	501
IVC U.S., Inc.	Manufacturing	446
SHIROKI North America, Inc.	Manufacturing	425
Goodwill Industries	Retail	420
Garland Sales, Inc.	Manufacturing	375
Phenix Flooring, LLC	Manufacturing	360
US Floors, Inc.	Manufacturing	341
Dalton Utilities	Utilities	311
North Georgia Health District	Healthcare	284
<b>Totals</b>		<b>24,209</b>

Source: Dalton & Whitfield County Joint Development Authority

**6. Conclusion**

The largest industries in the PMA are manufacturing, retail, accommodation/food services, and healthcare. When compared to the nation, the manufacturing sector is overrepresented in the PMA, while the retail, healthcare, education, and professional/scientific/tech services sectors are underrepresented. While the manufacturing, retail trade, and accommodation/food services industries are more susceptible to periods of economic contraction, the educational services and healthcare/social assistance sectors are traditionally more stable. Annual job growth in the MSA lagged overall in the nation. The effects of the housing recession (2007 - 2009) were exaggerated in the MSA, which experienced a 14.3 percent contraction in employment, compared to a 4.8 percent decline across the nation. During the period preceding the onset of COVID-19 (2012 - 2019), employment growth in the MSA lagged the nation in all but three years. Employment in the MSA declined sharply by 4.4 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. Total employment in the MSA currently remains similar to the pre-COVID level reached in 2019. As of August 2022, employment in the MSA is increasing at an annualized rate of 0.5 percent, compared to 3.6 percent growth across the nation. Overall, it appears the MSA is currently stable in terms of employment and unemployment with limited growth and slightly declining unemployment rates.

# **G. PROJECT-SPECIFIC AFFORDABILITY AND DEMAND ANALYSIS**

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 current DCA guidelines.

**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 35 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).

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. We conducted a demand analysis for the Subject assuming both a subsidy and absent a subsidy. In the absent subsidy scenario, the minimum income limit was based on our concluded achievable LIHTC rents.

**FAMILY INCOME LIMITS**

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	@60%	
1BR	\$0	\$34,260
2BR	\$0	\$38,520
3BR	\$0	\$46,260

**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	@60%	
1BR	\$24,789	\$34,260
2BR	\$29,726	\$38,520
3BR	\$34,354	\$46,260

**3. Demand**

The demand for the Subject will be derived from two sources: new households and existing 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 December 2024, the anticipated date of market entry, as the base year for the analysis. Therefore, 2021 household population estimates are inflated to December 2024 by interpolation of the difference between 2020 estimates and 2026 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 July 2021. This number takes the overall growth from 2021 to December 2024 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 this source does not apply to the Subject, which will target general tenancy.

### **3d. Other**

Per the 2022 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 do not account 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 do not account 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 consider larger household sizes. Our capture rates incorporate household size adjustments for all of the Subject's units.

## **4. Net Demand, Capture Rates and Stabilization Conclusions**

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 2016 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 are in properties that have not yet reached stabilized occupancy.
- Comparable/competitive conventional or market rate units that are proposed, are under construction, or are in properties that have not yet reached stabilized occupancy.. 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.

We made numerous attempts to contact the Whitfield County Planning and Zoning Department. However, as of the date of this report, our calls have not been returned. We conducted additional online research utilizing LIHTC allocation lists provided by the Georgia Department of Community Affairs and a CoStar new construction report. The following section details properties currently planned, proposed or under construction. As illustrated there are no units under construction that will directly compete with the Subject, post rehab.

**PLANNED DEVELOPMENT**

Property Name	Rent Structure	Total Units	Competitive Units	Construction Status
Lofts at Hamilton	Market	218	0	Under Construction
307 S Hamilton St	Market	18	0	Under Construction
<b>Totals</b>		<b>236</b>	<b>0</b>	

Source: CoStar, October 2022

According to the DCA Program Awards Database, there has been only one property allocated tax credits from 2019 to 2021 within the Subject’s PMA. Crow Valley Heights is an 80-unit development proposed to offer one, two, and three-bedroom units at the 50 and 60 percent AMI levels, was allocated LIHTCs in 2019. This property may compete with the 20 LIHTC units at the Subject, post renovations. A construction timeline was not available.

Given that Crow Valley Heights is a family development, this project may be directly competitive with the Subject. Further, 80 units have been deducted from our demand analysis.

**ADDITIONS TO SUPPLY**

Unit Type	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	Overall
0BR						0
1BR			4	12		16
2BR			10	38		48
3BR			4	12		16
4BR						0
5BR						0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>62</b>	<b>0</b>	<b>80</b>

**Rehab Developments and PBRA**

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

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

**5. 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 2024 are illustrated in the previous section of this report.

RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA

Income Cohort	2021		Projected Mkt Entry December 2024		2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	631	9.6%	604	9.3%	592	9.1%
\$10,000-19,999	1,186	18.1%	1,103	16.9%	1,064	16.3%
\$20,000-29,999	997	15.2%	995	15.2%	994	15.3%
\$30,000-39,999	1,204	18.3%	1,121	17.2%	1,083	16.6%
\$40,000-49,999	840	12.8%	867	13.3%	880	13.5%
\$50,000-59,999	476	7.3%	478	7.3%	479	7.4%
\$60,000-74,999	369	5.6%	383	5.9%	389	6.0%
\$75,000-99,999	444	6.8%	480	7.3%	496	7.6%
\$100,000-124,999	182	2.8%	215	3.3%	230	3.5%
\$125,000-149,999	104	1.6%	135	2.1%	150	2.3%
\$150,000-199,999	62	0.9%	68	1.0%	71	1.1%
\$200,000+	68	1.0%	81	1.2%	87	1.3%
<b>Total</b>	<b>6,563</b>	<b>100.0%</b>	<b>6,530</b>	<b>100.0%</b>	<b>6,515</b>	<b>100.0%</b>

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, October 2022

**60% AMI – Absent Subsidy**

PMA							
	2021		Projected Mkt Entry December 2024		2026		Percent Growth
	#	%	#	%	#	%	
\$0-9,999	631	9.6%	604	9.3%	592	9.1%	-6.6%
\$10,000-19,999	1,186	18.1%	1,103	16.9%	1,064	16.3%	-11.5%
\$20,000-29,999	997	15.2%	995	15.2%	994	15.3%	-0.3%
\$30,000-39,999	1,204	18.3%	1,121	17.2%	1,083	16.6%	-11.2%
\$40,000-49,999	840	12.8%	867	13.3%	880	13.5%	4.5%
\$50,000-59,999	476	7.3%	478	7.3%	479	7.4%	0.6%
\$60,000-74,999	369	5.6%	383	5.9%	389	6.0%	5.1%
\$75,000-99,999	444	6.8%	480	7.3%	496	7.6%	10.5%
\$100,000-124,999	182	2.8%	215	3.3%	230	3.5%	20.9%
\$125,000-149,999	104	1.6%	135	2.1%	150	2.3%	30.7%
\$150,000-199,999	62	0.9%	68	1.0%	71	1.1%	12.7%
\$200,000+	68	1.0%	81	1.2%	87	1.3%	21.8%
<b>Total</b>	<b>6,563</b>	<b>100.0%</b>	<b>6,530</b>	<b>100.0%</b>	<b>6,515</b>	<b>100.0%</b>	

**ASSUMPTIONS - @60%**

Tenancy		Family		% of Income towards Housing		35%
Rural/Urban		Rural		Maximum # of Occupants		6
Persons in Household	OBR	1BR	2BR	3BR	4BR+	
1	0%	80%	20%	0%	0%	
2	0%	20%	80%	0%	0%	
3	0%	0%	60%	40%	0%	
4	0%	0%	50%	50%	0%	
5+	0%	0%	0%	60%	40%	
<b>Minimum Income Limit</b>		<b>\$24,789</b>		<b>Maximum Income Limit</b>		<b>\$46,260</b>
Income Category	New Renter Households - Total Change in Households PMA 2021 to Prj Mrkt Entry December 2024		Income Brackets	Percent within Cohort	Renter Households within Bracket	
\$0-9,999	-27	81.3%	\$9,999	100.0%	-27	
\$10,000-19,999	-83	254.2%	\$9,999	100.0%	-83	
\$20,000-29,999	-2	6.2%	\$9,999	100.0%	-2	
\$30,000-39,999	-83	252.1%	\$9,999	100.0%	-83	
\$40,000-49,999	27	-83.3%	\$6,261	62.6%	17	
\$50,000-59,999	2	-6.3%	\$0	0.0%	0	
\$60,000-74,999	14	-41.7%	\$0	0.0%	0	
\$75,000-99,999	36	-108.3%	\$0	0.0%	0	
\$100,000-124,999	33	-100.0%	\$0	0.0%	0	
\$125,000-149,999	31	-95.8%	\$0	0.0%	0	
\$150,000-199,999	6	-18.8%	\$0	0.0%	0	
\$200,000+	13	-39.6%	\$0	0.0%	0	
<b>Total</b>	<b>-33</b>	<b>100.0%</b>		<b>541.6%</b>	<b>-178</b>	

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - @60%

Minimum Income Limit		\$24,789	Maximum Income Limit		\$46,260
Income Category	Total Renter Households PMA 2021		Income Brackets	Percent within Cohort	Households within Bracket
\$0-9,999	631	9.6%	\$9,999	100.0%	631
\$10,000-19,999	1,186	18.1%	\$9,999	100.0%	1,186
\$20,000-29,999	997	15.2%	\$9,999	100.0%	997
\$30,000-39,999	1,204	18.3%	\$9,999	100.0%	1,204
\$40,000-49,999	840	12.8%	\$6,261	62.6%	526
\$50,000-59,999	476	7.3%	\$0	0.0%	0
\$60,000-74,999	369	5.6%	\$0	0.0%	0
\$75,000-99,999	444	6.8%	\$0	0.0%	0
\$100,000-124,999	182	2.8%	\$0	0.0%	0
\$125,000-149,999	104	1.6%	\$0	0.0%	0
\$150,000-199,999	62	0.9%	\$0	0.0%	0
\$200,000+	68	1.0%	\$0	0.0%	0
<b>Total</b>	<b>6,563</b>	<b>100.0%</b>		<b>69.2%</b>	<b>4,544</b>

**Demand from New Renter Households 2021 to December 2024**

Income Target Population	@60%
New Renter Households PMA	-33
Percent Income Qualified	541.6%
<b>New Renter Income Qualified Households</b>	<b>-178</b>

**Demand from Existing Households 2021**

**Demand from Rent Overburdened Households**

Income Target Population	@60%
Total Existing Demand	6,563
Income Qualified	69.2%
Income Qualified Renter Households	4,544
Percent Rent Overburdened Prj Mrkt Entry December 2024	39.9%
<b>Rent Overburdened Households</b>	<b>1,814</b>

**Demand from Living in Substandard Housing**

Income Qualified Renter Households	4,544
Percent Living in Substandard Housing	2.1%
<b>Households Living in Substandard Housing</b>	<b>96</b>

**Senior Households Converting from Homeownership**

Income Target Population	@60%
Total Senior Homeowners	0
Rural Versus Urban	5.0%
<b>Senior Demand Converting from Homeownership</b>	<b>0</b>

**Total Demand**

Total Demand from Existing Households	1,910
Total New Demand	-178
<b>Total Demand (New Plus Existing Households)</b>	<b>1,733</b>

Demand from Seniors Who Convert from Homeownership	0
Percent of Total Demand From Homeownership Conversion	0.0%
Is this Demand Over 20 percent of Total Demand?	No

**By Bedroom Demand**

One Person	26.4%	457
Two Persons	18.1%	313
Three Persons	14.9%	258
Four Persons	15.3%	265
Five Persons	25.4%	439
<b>Total</b>	<b>100.0%</b>	<b>1,733</b>

**MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY**

**To place Person Demand into Bedroom Type Units**

Of one-person households in studio units	0%	0
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
<hr/>		
Of one-person households in 1BR units	80%	366
Of two-person households in 1BR units	20%	63
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
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Of one-person households in 2BR units	20%	91
Of two-person households in 2BR units	80%	251
Of three-person households in 2BR units	60%	155
Of four-person households in 2BR units	50%	132
Of five-person households in 2BR units	0%	0
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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%	103
Of four-person households in 3BR units	50%	132
Of five-person households in 3BR units	60%	264
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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	0%	0
Of five-person households in 4BR units	40%	176
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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	0%	0
<b>Total Demand</b>		<b>1,733</b>

<b>Total Demand (Subject Unit Types)</b>			<b>Additions to Supply</b>			<b>Net Demand</b>
1 BR	428	-	12	=	416	
2 BR	629	-	38	=	591	
3 BR	499	-	12	=	487	
<b>Total</b>	<b>1,557</b>		<b>62</b>		<b>1,495</b>	
<b>Developer's Unit Mix</b>			<b>Net Demand</b>			<b>Capture Rate</b>
1 BR	24	/	416	=	5.8%	
2 BR	40	/	591	=	6.8%	
3 BR	36	/	487	=	7.4%	
<b>Total</b>	<b>100</b>		<b>1,495</b>		<b>6.7%</b>	

### Conclusions

Our demand analysis is used 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.

- Approximately 38.6 percent of households in the PMA are renter-occupied as of 2021.
- 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 demand accounting for leakage is not included.

The following table illustrates demand and net demand for the Subject's units. Note that these capture rates are not based on appropriate bedroom types, as calculated previously.

<b>DEMAND AND NET DEMAND</b>		
DCA Conclusion Tables (Family)	HH at @60% AMI (\$00 to \$46,260)	All Tax Credit Households
Demand from New Households (age and income appropriate)	-178	-178
<b>PLUS</b>	+	+
Demand from Existing Renter Households - Substandard Housing	96	96
<b>PLUS</b>	+	+
Demand from Existing Renter Households - Rent Overburdened Households	1,814	1,814
Sub Total	1,733	1,733
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 2% where applicable)	0	0
<b>Equals Total Demand</b>	1,733	1,733
<b>Less</b>	-	-
Competitive New Supply	0	80
<b>Equals Net Demand</b>	1,733	1,653

**MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY**

**CAPTURE RATE ANALYSIS CHART**

Unit Type	Minimum Income	Maximum Income	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rents	Minimum Market Rent	Maximum Market Rent	Achievable LIHTC
1BR @60%	\$24,789	\$34,260	24	428	0	428	5.6%	one month	\$891	\$829	\$984	\$675
2BR @60%	\$29,726	\$38,520	40	629	0	629	6.4%	one month	\$1,004	\$838	\$1,127	\$785
3BR @60%	\$34,354	\$46,260	36	499	0	499	7.2%	one month	\$1,127	\$901	\$1,304	\$900
<b>@60% Overall</b>	<b>\$24,789</b>	<b>\$46,260</b>	<b>100</b>	<b>1,557</b>	<b>80</b>	<b>1477</b>	<b>6.8%</b>	<b>one month</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

It should be noted that the Subject is an existing project-based Section 8 property that is 98 occupied. As the analysis illustrates, the Subject’s overall capture rate at the 60 percent AMI level, as proposed without subsidy, is 6.7 percent. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The capture rate for the Subject, as proposed, is within Georgia DCA threshold. Therefore, we believe there is adequate demand for the Subject.

# **H. COMPETITIVE RENTAL ANALYSIS**

**Survey of Comparable Projects**

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. Our competitive survey includes eight “true” comparable properties containing 1,308 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.

It is of note that 80 of the Subject’s 100 units currently benefit from a Housing Assistance Payment (HAP) contract. As such, qualifying tenants in these units will pay only 30 percent of their household income on rent, not to exceed the contract or LIHTC rents.

The availability of LIHTC data is considered average. We utilized three affordable properties in our analysis. One of the affordable comparables utilized is located within the PMA, while the remaining two are located in Ringgold between 12.6 and 14.7 miles from the Subject. These two properties are considered reasonable proxies for the Subject based on their condition and unit mixes. It should be noted that there is one other LIHTC property, Autumn Ridge, located in Dalton and management refused to participate in our survey.

The availability of market rate data is considered good. We included five conventional properties in our analysis of the competitive market. All of the market rate properties are located in Dalton between 0.4 and 1.2 miles from the Subject, and are within the PMA. Overall, we believe the market rate properties used in our analysis are the most comparable to the Subject property and the chosen comparables are adequate to support our findings.

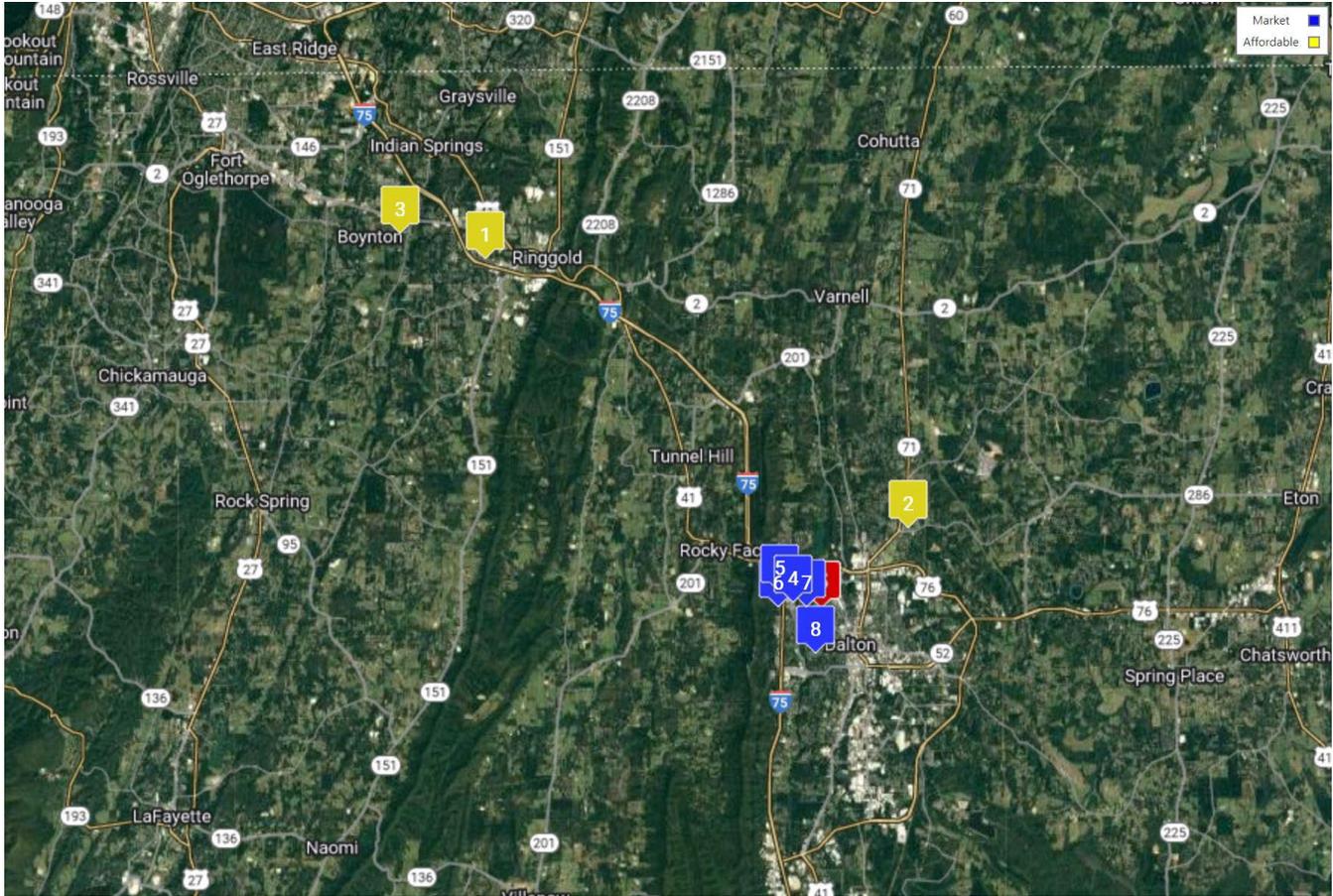
The following table illustrates affordable properties within the PMA that have been excluded from our analysis along with their reason for exclusion.

**Excluded Properties**

The following table illustrates properties within the PMA excluded from the supply analysis of this report.

<b>EXCLUDED PROPERTIES</b>			
<b>Property Name</b>	<b>Rent Structure</b>	<b>Tenancy</b>	<b>Reason for Exclusion</b>
Autumn Ridge	LIHTC	Family	Would not participate
Whitfield Commons	Section 8	Senior	Subsidized Rents
The Cliffs Apartments	Section 8	Family	Subsidized Rents
Whitfield Place	Section 8	Senior	Subsidized Rents
Emeralds Apartments	Market	Family	Unable to contact
Park Place Apartments	Market	Family	Unable to contact
Woodvalley	Market	Family	Unable to contact

**Comparable Rental Property Map**



**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Distance to Subject
<b>S</b>	<b>Mountain Woods Apartments</b>	<b>Dalton</b>	<b>LIHTC/ Section 8</b>	<b>-</b>
1	Bedford Place*	Ringgold	LIHTC/ Market	12.6 miles
2	Dawnville Meadows	Dalton	LIHTC	3.1 miles
3	Summer Breeze Park*	Ringgold	LIHTC	14.7 miles
4	Dalton Village Apartments	Dalton	Market	0.7 miles
5	Legacy Of Dalton Apartments*	Dalton	Market	1.2 miles
6	Park Canyon Apartments*	Dalton	Market	1.1 miles
7	Stone Ridge Apartments	Dalton	Market	0.4 miles
8	The New Georgian	Dalton	Market	1.2 miles

\*Located outside PMA

The following tables illustrates detailed information in a comparable framework for the Subject and the comparable properties.

## MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY

### SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
<b>Subject</b>	Mountain Woods Apartments 1000 Ponderosa Lane Dalton, GA 30720 Whitfield County	-	Garden 2-stories 1974 / 2024 Family	@60%, Section 8	1BR / 1BA	4	4.0%	780	@60%	\$679	N/A	Yes	0	0.0%
					1BR / 1BA	20	20.0%	780	Section 8	\$936	N/A	Yes	0	0.0%
					2BR / 1BA	10	10.0%	1,000	@60%	\$804	N/A	Yes	0	0.0%
					2BR / 1BA	30	30.0%	1,000	Section 8	\$1,000	N/A	Yes	0	0.0%
					3BR / 1BA	6	6.0%	1,215	@60%	\$914	N/A	Yes	1	16.7%
					3BR / 1BA	30	30.0%	1,215	Section 8	\$1,145	N/A	Yes	0	0.0%
					<b>100</b>							<b>1</b>	<b>1.0%</b>	
<b>1</b>	Bedford Place 60 Bedford Pl Ringgold, GA 30736 Catoosa County	12.6 miles	Garden 2-stories 2004 / n/a Family	@30%, @50%, @60%, Market	1BR / 1BA	2	2.3%	783	@30%	\$338	No	Yes	0	0.0%
					1BR / 1BA	8	9.1%	783	@50%	\$575	No	Yes	0	0.0%
					1BR / 1BA	6	6.8%	783	@60%	\$610	No	Yes	0	0.0%
					1BR / 1BA	4	4.6%	783	Market	\$675	N/A	Yes	0	0.0%
					2BR / 1BA	3	3.4%	1,025	@30%	\$401	Yes	Yes	0	0.0%
					2BR / 1BA	24	27.3%	1,025	@50%	\$677	No	Yes	0	0.0%
					2BR / 1BA	11	12.5%	1,025	@60%	\$692	No	Yes	0	0.0%
					2BR / 1BA	10	11.4%	1,025	Market	\$782	N/A	Yes	0	0.0%
					3BR / 1BA	8	9.1%	1,180	@50%	\$730	No	Yes	0	0.0%
					3BR / 1BA	8	9.1%	1,180	@60%	\$770	No	Yes	0	0.0%
					3BR / 1BA	4	4.6%	1,180	Market	\$850	N/A	Yes	0	0.0%
										<b>88</b>				
<b>2</b>	Dawnville Meadows 161 Dawnville Road Dalton, GA 30721 Whitfield County	3.1 miles	Garden 2-stories 2000 / 2019 Family	@60%	2BR / 2BA	70	58.3%	948	@60%	\$788	Yes	No	0	0.0%
					3BR / 2BA	50	41.7%	1,248	@60%	\$902	Yes	No	0	0.0%
<b>3</b>	Summer Breeze Park 14 Summer Breeze Ln Ringgold, GA 30736 Catoosa County	14.7 miles	Garden 3-stories 2016 / n/a Family	@50%, @60%	1BR / 1BA	11	15.3%	866	@50%	\$550	No	Yes	0	0.0%
					1BR / 1BA	7	9.7%	866	@60%	\$565	No	Yes	0	0.0%
					2BR / 2BA	2	2.8%	1,069	@50%	\$622	No	Yes	0	0.0%
					2BR / 2BA	28	38.9%	1,069	@60%	\$632	No	Yes	1	3.6%
					3BR / 2BA	2	2.8%	1,239	@50%	\$685	No	Yes	0	0.0%
					3BR / 2BA	22	30.6%	1,239	@60%	\$695	No	Yes	0	0.0%
					<b>72</b>							<b>1</b>	<b>1.4%</b>	
<b>4</b>	Dalton Village Apartments 1809 Shadow Lane Dalton, GA 30720 Whitfield County	0.7 miles	Garden 3-stories 1972 / 2018 Family	Market	1BR / 1BA	N/A	N/A	800	Market	\$990	N/A	Yes	0	N/A
					1BR / 1BA	40	28.6%	800	Market	\$890	N/A	Yes	0	0.0%
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,215	N/A	Yes	5	N/A
					2BR / 2BA	64	45.7%	1,200	Market	\$1,065	N/A	Yes	5	7.8%
					3BR / 2BA	N/A	N/A	1,470	Market	\$1,340	N/A	Yes	2	N/A
					3BR / 2BA	36	25.7%	1,470	Market	\$1,215	N/A	Yes	2	5.6%
					<b>140</b>							<b>14</b>	<b>10.0%</b>	
<b>5</b>	Legacy Of Dalton Apartments 2111 Club Drive Dalton, GA 30720 Whitfield County	1.2 miles	Garden 2-stories 1976 / 2010 Family	Market	1BR / 1BA	24	7.6%	800	Market	\$1,050	N/A	Yes	2	8.3%
					1BR / 1BA	24	7.6%	800	Market	\$985	N/A	Yes	2	8.3%
					2BR / 2BA	81	25.6%	1,100	Market	\$1,217	N/A	Yes	5	6.2%
					2BR / 2BA	81	25.6%	1,100	Market	\$1,177	N/A	Yes	5	6.2%
					3BR / 2BA	53	16.8%	1,300	Market	\$1,410	N/A	Yes	2	3.8%
					3BR / 2BA	53	16.8%	1,300	Market	\$1,350	N/A	Yes	2	3.8%
					<b>316</b>							<b>18</b>	<b>5.7%</b>	
<b>6</b>	Park Canyon Apartments 100 Park Canyon Drive Dalton, GA 30720 Whitfield County	1.1 miles	Garden 3-stories 1988 / 2021 Family	Market	1BR / 1BA	126	35.0%	590	Market	\$965	N/A	N/A	5	4.0%
					1BR / 1BA	126	35.0%	590	Market	\$800	N/A	No	5	4.0%
					2BR / 1.5BA	54	15.0%	1,012	Market	\$1,240	N/A	No	2	3.7%
					2BR / 1.5BA	54	15.0%	1,012	Market	\$1,040	N/A	No	2	3.7%
					<b>360</b>							<b>14</b>	<b>3.9%</b>	
<b>7</b>	Stone Ridge Apartments 1104 Walston Street Dalton, GA 30720 Whitfield County	0.4 miles	Various 2-stories 1973 / n/a Family	Market	1BR / 1BA	28	28.0%	800	Market	\$703	N/A	No	0	0.0%
					2BR / 2BA	24	24.0%	1,251	Market	\$778	N/A	No	0	0.0%
					2BR / 2BA	24	24.0%	1,200	Market	\$750	N/A	No	0	0.0%
					3BR / 2BA	24	24.0%	1,360	Market	\$824	N/A	No	0	0.0%
					<b>100</b>							<b>0</b>	<b>0.0%</b>	
<b>8</b>	The New Georgian 1205 Georgian Place Dalton, GA 30720 Whitfield County	1.2 miles	Garden 2-stories 1968 / 2018 Family	Market	1BR / 1BA	36	32.1%	800	Market	\$895	N/A	No	1	2.8%
					2BR / 1BA	38	33.9%	875	Market	\$1,002	N/A	No	5	13.2%
					3BR / 2BA	38	33.9%	950	Market	\$1,105	N/A	No	1	2.6%
					<b>112</b>							<b>7</b>	<b>6.3%</b>	

# MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.							
	Units Surveyed:	1,308	Weighted Occupancy:	95.9%			
	Market Rate	1,028	Market Rate	94.8%			
	Tax Credit	280	Tax Credit	99.6%			
		One Bedroom One Bath		Two Bedroom One Bath		Three Bedroom One Bath	
		Property		Property		Property	
		Average		Average		Average	
<b>RENT</b>	Dalton Village Apartments (Market)	\$990	Dalton Village Apartments (Market)(2BA)	\$1,215	Dalton Village Apartments (Market)(2BA)	\$1,340	
	<b>Mountain Woods Apartments (Section 8)</b>	<b>\$936</b>	Dalton Village Apartments (Market)(2BA)	\$1,065	Dalton Village Apartments (Market)(2BA)	\$1,215	
	The New Georgian (Market)	\$895	The New Georgian (Market)	\$1,002	<b>Mountain Woods Apartments (Section 8)</b>	<b>\$1,145</b>	
	Dalton Village Apartments (Market)	\$890	<b>Mountain Woods Apartments (Section 8)</b>	<b>\$1,000</b>	The New Georgian (Market)(2BA)	\$1,105	
	Stone Ridge Apartments (Market)	\$703	<b>Mountain Woods Apartments (@60%)</b>	<b>\$804</b>	<b>Mountain Woods Apartments (@60%)</b>	<b>\$914</b>	
	<b>Mountain Woods Apartments (@60%)</b>	<b>\$679</b>	Dawnville Meadows (@60%)(2BA)	\$788	Dawnville Meadows (@60%)(2BA)	\$902	
	Bedford Place (Market)	\$675	Bedford Place (Market)	\$782	Bedford Place (Market)	\$850	
	Bedford Place (@60%)	\$610	Stone Ridge Apartments (Market)(2BA)	\$778	Stone Ridge Apartments (Market)(2BA)	\$824	
	Bedford Place (@50%)	\$575	Stone Ridge Apartments (Market)(2BA)	\$750	Bedford Place (@60%)	\$770	
	Summer Breeze Park (@60%)	\$565	Bedford Place (@60%)	\$692	Bedford Place (@50%)	\$730	
	Summer Breeze Park (@50%)	\$550	Bedford Place (@50%)	\$677	Summer Breeze Park (@60%)(2BA)	\$695	
	Bedford Place (@30%)	\$338	Summer Breeze Park (@60%)(2BA)	\$632	Summer Breeze Park (@50%)(2BA)	\$685	
			Summer Breeze Park (@50%)(2BA)	\$622			
			Bedford Place (@30%)	\$401			
	<b>SQUARE FOOTAGE</b>	Summer Breeze Park (@50%)	866	Stone Ridge Apartments (Market)(2BA)	1,251	Dalton Village Apartments (Market)(2BA)	1,470
Summer Breeze Park (@60%)		866	Dalton Village Apartments (Market)(2BA)	1,200	Dalton Village Apartments (Market)(2BA)	1,470	
Stone Ridge Apartments (Market)		800	Dalton Village Apartments (Market)(2BA)	1,200	Stone Ridge Apartments (Market)(2BA)	1,360	
Dalton Village Apartments (Market)		800	Stone Ridge Apartments (Market)(2BA)	1,200	Dawnville Meadows (@60%)(2BA)	1,248	
Dalton Village Apartments (Market)		800	Summer Breeze Park (@50%)(2BA)	1,069	Summer Breeze Park (@50%)(2BA)	1,239	
The New Georgian (Market)		800	Summer Breeze Park (@60%)(2BA)	1,069	Summer Breeze Park (@60%)(2BA)	1,239	
Bedford Place (@30%)		783	Bedford Place (@30%)	1,025	<b>Mountain Woods Apartments (@60%)</b>	<b>1,215</b>	
Bedford Place (Market)		783	Bedford Place (@50%)	1,025	<b>Mountain Woods Apartments (Section 8)</b>	<b>1,215</b>	
Bedford Place (@50%)		783	Bedford Place (@60%)	1,025	Bedford Place (Market)	1,180	
Bedford Place (@60%)		783	Bedford Place (Market)	1,025	Bedford Place (@60%)	1,180	
<b>Mountain Woods Apartments (Section 8)</b>		<b>780</b>	<b>Mountain Woods Apartments (@60%)</b>	<b>1,000</b>	Bedford Place (@50%)	1,180	
<b>Mountain Woods Apartments (@60%)</b>		<b>780</b>	<b>Mountain Woods Apartments (Section 8)</b>	<b>1,000</b>	Bedford Place (@60%)(2BA)	950	
			Dawnville Meadows (@60%)(2BA)	948			
			The New Georgian (Market)	875			
<b>RENT PER SQUARE FOOT</b>		Dalton Village Apartments (Market)	\$1.24	The New Georgian (Market)	\$1.15	The New Georgian (Market)(2BA)	\$1.16
	<b>Mountain Woods Apartments (Section 8)</b>	<b>\$1.20</b>	Dalton Village Apartments (Market)(2BA)	\$1.01	<b>Mountain Woods Apartments (Section 8)</b>	<b>\$0.94</b>	
	The New Georgian (Market)	\$1.12	<b>Mountain Woods Apartments (Section 8)</b>	<b>\$1.00</b>	Dalton Village Apartments (Market)(2BA)	\$0.91	
	Dalton Village Apartments (Market)	\$1.11	Dalton Village Apartments (Market)(2BA)	\$0.89	Dalton Village Apartments (Market)(2BA)	\$0.83	
	Stone Ridge Apartments (Market)	\$0.88	Dawnville Meadows (@60%)(2BA)	\$0.83	<b>Mountain Woods Apartments (@60%)</b>	<b>\$0.75</b>	
	<b>Mountain Woods Apartments (@60%)</b>	<b>\$0.87</b>	<b>Mountain Woods Apartments (@60%)</b>	<b>\$0.80</b>	Dawnville Meadows (@60%)(2BA)	\$0.72	
	Bedford Place (Market)	\$0.86	Bedford Place (Market)	\$0.76	Bedford Place (Market)	\$0.72	
	Bedford Place (@60%)	\$0.78	Bedford Place (@60%)	\$0.68	Bedford Place (@60%)	\$0.65	
	Bedford Place (@50%)	\$0.73	Bedford Place (@50%)	\$0.66	Bedford Place (@50%)	\$0.62	
	Summer Breeze Park (@60%)	\$0.65	Stone Ridge Apartments (Market)(2BA)	\$0.63	Stone Ridge Apartments (Market)(2BA)	\$0.61	
	Summer Breeze Park (@50%)	\$0.64	Stone Ridge Apartments (Market)(2BA)	\$0.62	Summer Breeze Park (@60%)(2BA)	\$0.56	
	Bedford Place (@30%)	\$0.43	Summer Breeze Park (@60%)(2BA)	\$0.59	Summer Breeze Park (@50%)(2BA)	\$0.55	
			Summer Breeze Park (@50%)(2BA)	\$0.58			
			Bedford Place (@30%)	\$0.39			

**INSERT PROFILES HERE**

## 1. Housing Choice Vouchers

According to the DCA website, the housing authority waiting list was closed and no waitlist information was available. The following table illustrates voucher usage reported by the surveyed comparables.

### TENANTS WITH VOUCHERS

Property Name	Rent Structure	Tenancy	Housing Choice Voucher Tenants
Bedford Place*	LIHTC/ Market	Family	6%
Dawnville Meadows	LIHTC	Family	15%
Summer Breeze Park*	LIHTC	Family	1%
Dalton Village Apartments	Market	Family	0%
Legacy Of Dalton Apartments*	Market	Family	0%
Park Canyon Apartments*	Market	Family	0%
Stone Ridge Apartments	Market	Family	0%
The New Georgian	Market	Family	0%

\*Located outside of the PMA

Housing Choice Voucher usage in this market ranges from zero to 15 percent. The majority of the LIHTC properties report a low reliance on tenants with vouchers. Given that 80 of the Subject’s units will continue to be subsidized and tenants will pay 30 percent of their income towards rent, it is not necessary that qualifying households have a voucher in order to benefit from subsidized rent. However, should the Subject operate without subsidy, it is likely that it would maintain a voucher usage of ten 10 percent post-renovation.

## 2. Phased Developments

### Phased Developments

The Subject is not part of a multi-phase development.

### Rural Areas

The Subject is located in a rural area; however, existing competitive rental supply is sufficient from which to draw conclusions.

### Lease Up History

None of the comparables used in our analysis were able to report recent absorption data. Therefore, we obtained additional absorption information from other properties within 50 miles of the Subject, as detailed below. We included data for the past ten years with a sample of LIHTC and market rate properties and all tenancies; however, the most weight was placed on the most recent family deliveries.

### ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Forest Cove Apartments	Market	Family	2014	120	10
Hunters Point Apartments	Market	Family	2014	260	19
Integra Hilla Preserve	Market	Family	2013/2015	498	19
The Legends at White Oak	Market	Family	2014	312	20
Lone Mountain Village I and II	LIHTC	Senior	2008	120	14

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Thus, if the Subject was hypothetically 100 percent vacant and had to re-lease units, we would estimate an absorption rate of approximately 15 units per month, which results in an absorption period of approximately six months. It should be noted that this absorption analysis is hypothetical, as the Subject is currently 98 percent occupied and negligible turnover is anticipated as a result of the renovation. As an unrestricted development, we estimate the absorption period would be longer, at a pace of approximately 20 units per month, which equates to an absorption rate of approximately five months.

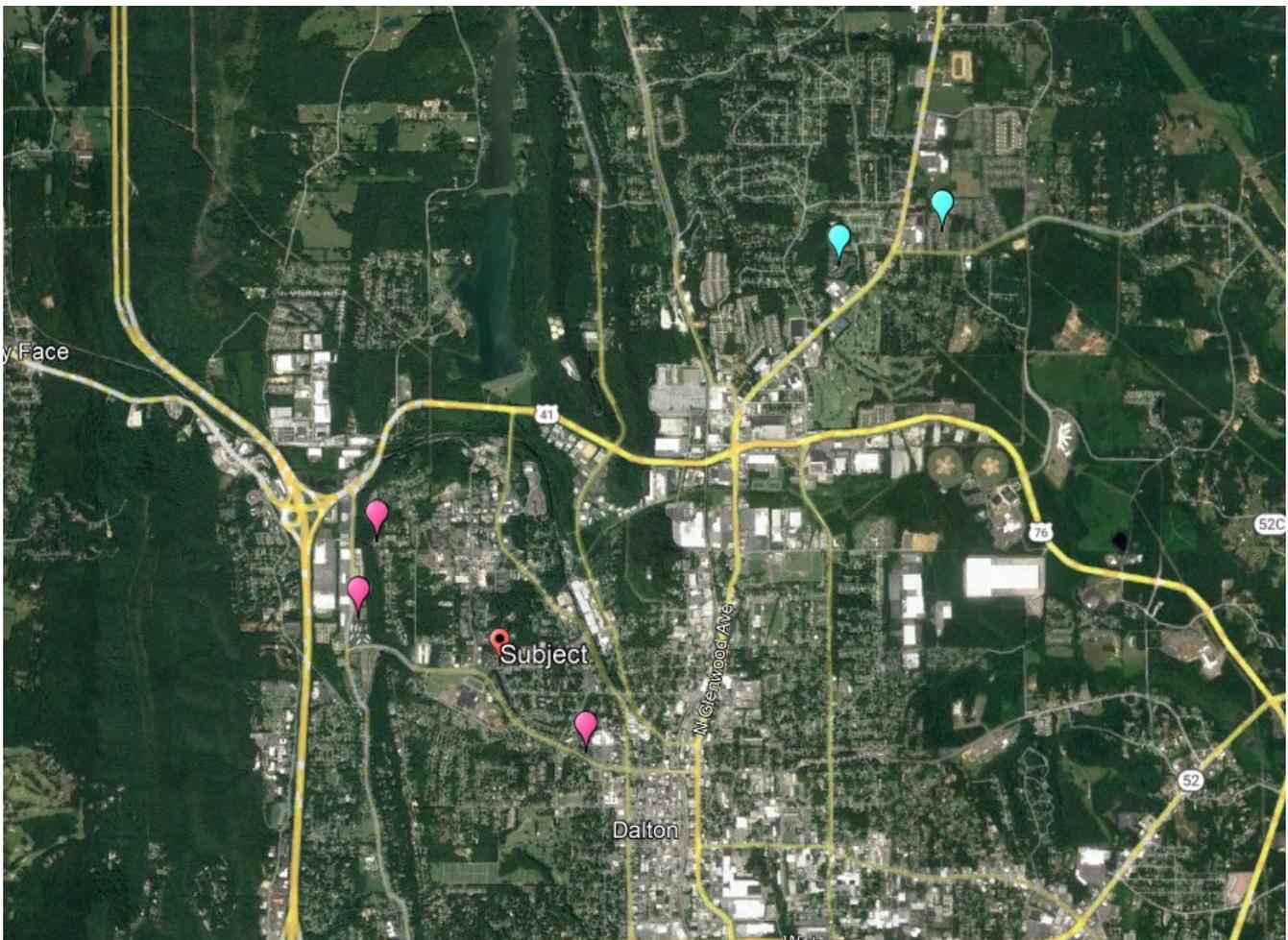
**MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY**

The Subject is a proposed renovation of an existing affordable property. According to the Subject's rent roll, dated August 24, 2022, the Subject is currently 98 percent occupied. All of the tenants in the Subject's units are expected to continue to qualify to remain in place.

**3. Competitive Project Map**

Property Name	Rent Structure	Tenancy	Total Units	Map Color
Subject	S	Family	100	S
Danville Meadows	LIHTC	Family	120	Light Blue
Autumn Ridge	LIHTC	Family	130	
Crow Valley Heights*	LIHTC	Family	80	Magenta
Whitfield Commons	Section 8	Senior	40	
The Cliffs Apartments	Section 8	Family	120	
Whitfield Place	Section 8	Senior	48	

\*under construction



### 4. Amenities

The features listed in the table below are not offered by the Subject, As Is; however, these amenities will be added to the Subject as part of the scope of renovations. The following amenity matrix provides a detailed description of the amenity packages offered by both the Subject, post-rehab, and the comparable properties.

AMENITY MATRIX									
	Subject	Bedford Place	Dawnville Meadows	Summer Breeze Park	Dalton Village Apartments	Legacy Of Dalton	Park Canyon Apartments	Stone Ridge Apartments	The New Georgian
<b>Rent Structure</b>	LIHTC/ Section 8	LIHTC/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market
<b>Building</b>									
Property Type	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Various	Garden
# of Stories	2-stories	2-stories	2-stories	3-stories	3-stories	2-stories	3-stories	2-stories	2-stories
Year Built	1974	2004	2000	2016	1972	1976	1988	1973	1968
Year Renovated	2024	n/a	2019	n/a	2018	2010	2021	n/a	2018
<b>Utility Structure</b>									
Cooking	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	yes	no
Other Electric	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	no	yes	no	yes	yes	no
Sewer	yes	no	yes	no	yes	no	yes	yes	no
Trash	yes	yes	yes	yes	no	no	yes	yes	yes
<b>Unit Amenities</b>									
Balcony/Patio	no	yes	yes	yes	yes	yes	yes	yes	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	no	yes	yes	yes	yes	yes	yes	yes
Hardwood	no	yes	no	no	no	no	no	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	yes	no	yes	yes	yes	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	no	yes
Exterior Storage	no	no	yes	yes	yes	yes	yes	no	no
Furnishing	no	no	no	no	no	no	no	no	yes
Vaulted Ceilings	no	no	no	no	no	no	yes	no	no
Walk-In Closet	no	no	no	no	yes	yes	yes	no	no
Washer/Dryer	yes	no	yes	no	no	no	no	no	no
W/D Hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Kitchen</b>									
Dishwasher	no	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	no	yes	yes	yes	yes	yes	no	no	no
Microwave	no	no	no	yes	no	no	no	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Community</b>									
Business Center	no	yes	no	yes	no	no	no	no	no
Community Room	yes	yes	yes	yes	no	yes	yes	no	yes
Central Laundry	no	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	no	yes
<b>Recreation</b>									
Basketball Court	no	yes	no	no	no	yes	no	no	no
Exercise Facility	no	yes	yes	no	yes	yes	yes	no	yes
Playground	yes	yes	yes	yes	yes	yes	no	yes	yes
Swimming Pool	no	no	yes	no	yes	yes	yes	yes	yes
Picnic Area	yes	yes	yes	yes	yes	yes	yes	yes	yes
Sport Court	no	no	yes	no	no	no	no	no	no
Tennis Court	no	no	no	no	no	yes	no	yes	no
Jacuzzi	no	no	no	no	no	no	yes	no	no
Recreational Area	no	no	no	no	no	yes	yes	no	no
Volleyball Court	no	no	yes	no	no	no	no	no	no
Adult Education	no	no	no	yes	no	no	no	no	no
<b>Security</b>									
Patrol	no	no	no	no	no	yes	no	no	no
Perimeter Fencing	no	yes	no	no	no	no	no	no	no
Video Surveillance	no	yes	no	no	no	no	no	no	no
<b>Parking</b>									
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notable unit amenities the Subject offers include central air conditioning and washer/dryers. The majority of the surveyed comparables offer unit amenities ranging from slightly superior to superior relative to the Subject. These properties offer features such as dishwashers, balconies/patios, exterior storage, disposals, walk-in closets, and microwaves, none of which are included in the Subject's proposed amenity scheme. Post renovations, the Subject will offer stainless steel appliances and stone countertops, which are superior to the comparables. The comparables offer generally slightly superior amenities have been taken into consideration in our determination of achievable rents.

Notable property amenities the Subject offers include a community room, on-site management, and a playground. The majority of the surveyed comparables offer superior property amenities relative to the Subject. These properties offer features such as a fitness center, a swimming pool, a business center, basketball courts, tennis courts, and recreational areas, none of which are included in the Subject's amenity scheme and no new amenities will be offered, post renovations. Overall, we believe the Subject's property amenities are competitive in the market, but slightly superior to the majority of the comparables.

## 5. Comparable Tenancy

All of the comparable properties target a general tenancy, similar to the Subject.

## 6. Vacancy

The following table illustrates the vacancy rates reported in the market.

<b>OVERALL VACANCY</b>					
<b>Property Name</b>	<b>Rent Structure</b>	<b>Tenancy</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Vacancy Rate</b>
Bedford Place*	LIHTC/ Market	Family	88	0	0.0%
Dawnville Meadows	LIHTC	Family	120	0	0.0%
Summer Breeze Park*	LIHTC	Family	72	1	1.4%
Dalton Village Apartments	Market	Family	140	14	10.0%
Legacy Of Dalton Apartments*	Market	Family	316	18	5.7%
Park Canyon Apartments*	Market	Family	360	14	3.9%
Stone Ridge Apartments	Market	Family	100	0	0.0%
The New Georgian	Market	Family	112	7	6.2%
<b>Total LIHTC</b>			<b>280</b>	<b>1</b>	<b>0.4%</b>
<b>Total Market Rate</b>			<b>1,028</b>	<b>53</b>	<b>5.2%</b>
<b>Overall Total</b>			<b>1,308</b>	<b>54</b>	<b>4.1%</b>

\*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 10 percent, with an overall weighted average of 4.1 percent. The LIHTC comparables reported a vacancy rate of 0.4 percent while the overall average for the market rate properties is higher at 5.2 percent. The average vacancy rate of 0.4 percent for the affordable comparables is considered exceptionally low, and indicative of supply constrained conditions.

The Subject property is currently operating as a Section 8 development. According to the historical financial statements in 2021 and T-12 August 2022, the Subject operated with an economic vacancy and collection loss ranging from 3.2 to 11.03 percent. According to the client, the elevated vacancy and collection losses indicated in the T-12 is from collection losses due to Covid. Furthermore, according to the most recent roll, dated August 24, 2022, the Subject is currently 98 percent occupied with a waiting list. Based on the market and historical data, we believe the Subject will operate with a vacancy rate of three percent as a restricted property. Based on the performance of the LIHTC comparables, we expect the Subject will operate a vacancy rate of approximately three percent or less, both absent subsidy and as proposed.

**7. Properties Under Construction and Proposed**

We made numerous attempts to contact the Whitfield County Planning and Zoning Department. However, as of the date of this report, our calls have not been returned. We conducted additional online research utilizing LIHTC allocation lists provided by the Georgia Department of Community Affairs and a CoStar new construction report. The following section details properties currently planned, proposed or under construction. As illustrated there are no units under construction that will directly compete with the Subject, post rehab.

PLANNED DEVELOPMENT				
Property Name	Rent Structure	Total Units	Competitive Units	Construction Status
Lofts at Hamilton	Market	218	0	Under Construction
307 S Hamilton St	Market	18	0	Under Construction
<b>Totals</b>		<b>236</b>	<b>0</b>	

Source: CoStar, October 2022

According to the DCA Program Awards Database, there has been only one property allocated tax credits from 2019 to 2021 within the Subject’s PMA. Crow Valley Heights is an 80-unit development proposed to offer one, two, and three-bedroom units at the 50 and 60 percent AMI levels, was allocated LIHTCs in 2019. This property may compete with the 20 LIHTC units at the Subject, post renovations. A construction timeline was not available.

**8. Rental Advantage**

The following table illustrates the Subject’s similarity to the comparable properties. We inform the reader that other users of this document may underwrite LIHTC rents to a different standard than contained in this report.

**SIMILARITY MATRIX**

#	Property Name	Program	Tenancy	Property Amenities	Unit Features	Location	Age / Condition	Overall Comparison
1	Bedford Place	LIHTC/Market	Family	Superior	Superior	Slightly Superior	Inferior	15
2	Dawnville Meadows	LIHTC	Family	Superior	Superior	Slightly Inferior	Similar	10
3	Summer Breeze Park	LIHTC	Family	Superior	Superior	Slightly Superior	Slightly Inferior	20
4	Dalton Village Apartments	Market	Family	Superior	Superior	Similar	Similar	20
5	Legacy Of Dalton	Market	Family	Superior	Superior	Similar	Slightly Inferior	15
6	Park Canyon Apartments	Market	Family	Superior	Superior	Similar	Similar	20
7	Stone Ridge Apartments	Market	Family	Superior	Superior	Similar	Inferior	10
8	The New Georgian	Market	Family	Superior	Slightly Superior	Similar	Similar	15

**Achievable Tax Credit Rents**

The Subject currently offers 100 units, 80 of which are covered under the Subject’s HAP contract. The remaining units are conventional units. As such, tenants for the Section 8 units pay just 30 percent of their income as rent. Post-renovation, all tenants in the subsized units will continue to pay just 30 percent of their income as rent. As such, tenants will continue to pay 30 percent of their income as rent with a minimum income of essentially \$0 for the Section 8 units. However, the remaining 20 units will be restricted at 60 percent of AMI or less. 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.

**LIHTC RENT COMPARISON @60%**

Property Name	County	1BR	2BR	3BR	Rents at Max?
Mountain Woods Apartments	Whitfield	\$679	\$804	\$914	No
<b>LIHTC Maximum Rent (Net)</b>	<b>Whitfield County</b>	<b>\$759</b>	<b>\$900</b>	<b>\$1,025</b>	
Bedford Place	Catoosa	\$610	\$692	\$770	No
Dawnville Meadows	Whitfield	-	\$788	\$902	Yes
Summer Breeze Park	Catoosa	\$565	\$632	\$695	No
<b>Average</b>		<b>\$588</b>	<b>\$704</b>	<b>\$789</b>	
<b>Achievable LIHTC Rent</b>		<b>\$675</b>	<b>\$785</b>	<b>\$900</b>	

The Subject’s proposed rents are below the 2022 maximum rent and income limits. As shown in the previous table, one of the LIHTC comparables reported operating with rents set at the maximum allowable levels. However, due to differences in property-specific utility allowance adjustments, rents may appear to fall either above or below the maximum allowable levels shown above. The comparable properties reported strong

demand for affordable housing in the market. Additionally, vacancy rates in the market are low as all of the current LIHTC vacancies are pre-leased or expected to be leased from their properties’ respective waiting lists.

The Subject will offer one, two, and three-bedroom units at the 60 percent AMI levels, post renovations. The comparable LIHTC properties are located in Whitfield and Catoosa Counties and were built and most recently renovated between 2004 and 2019. Dawnville Meadows is the most similar LIHTC comparable and is located within Dalton, GA. This property offers a slightly inferior location and was most recently renovated in 2019 and therefore, will be considered generally similar to the Subject in terms of condition as the Subject, post renovations. Overall, we believe the Subject could achieve rents inline with this comparable, post renovation for the two- and three-bedroom units. While there is no direct competition in the Subject’s immediate area for the one-bedroom units at 60 percent, we believe that rents slightly above the two comparables that offer this unit type at this set aside is reasonable given the Subject’s anticipated condition and amenities relative to these properties. Further, as shown in the previous table, the Subject’s proposed post-renovation rents will be competitive with the existing LIHTC supply. Therefore, we concluded to achievable LIHTC rents in line with the developer’s proposed post-renovation rents at 60 percent of AMI.

**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.”

Based on the quality of the surveyed comparable properties and the anticipated quality of the renovated Subject, we conclude that the Subject’s achievable LIHTC rental rates are below the achievable market rates for the Subject’s area. The table below illustrates the comparison of the market rents to the contract rents and achievable LIHTC rents as proposed. The following conclusions are based on the grids provided at the beginning of the competitive rental analysis section.

**COMPARABLE PROPERTY RENT SUMMARY - AS PROPOSED**

Unit Type	Subject's		Surveyed	Surveyed	Achievable	Subject
	Achievable LIHTC	Rent				
	Rent		Average	Proposed	Proposed	Advantage
1BR / 1BA – Garden – 780-SF	\$675	\$829	\$984	\$891	\$885	24%
2BR / 1BA – Garden – 1000-SF	\$785	\$838	\$1,127	\$1,004	\$1,010	22%
3BR / 1BA – Garden – 1215-SF	\$900	\$901	\$1,304	\$1,127	\$1,125	20%

The Subject offers a generally similar location relative to the market rate comparables. Additionally, the Subject offers similar to slightly inferior condition, inferior unit amenities, similar to slightly inferior property amenities, and generally inferior unit sizes. Overall, we have concluded to achievable market rents based on the previously provided rent grids. It should be noted that we have generally placed the most weight on the least adjusted comparables. Based on the scope of work for the proposed renovations, the Subject will be in good condition, post renovations. As such, we have concluded to achievable market rents of **\$885, \$1,010, and \$1,125** for the Subject’s one-, two-, and three-bedroom units, respectively. These rents are generally below or inline to the adjusted average of the comparables and appear reasonable. The developer is intending to renew the Subject’s Section 8 contract under a Mark-Up-To-Market (MUTM) transaction

**9. LIHTC Competition – DCA Funded Properties within the PMA**

According to the DCA Program Awards Database, there has been only one property allocated tax credits from 2019 to 2021 within the Subject’s PMA. Crow Valley Heights is an 80-unit development proposed to offer one, two, and three-bedroom units at the 50 and 60 percent AMI levels, was allocated LIHTCs in 2019. This property may compete with the 20 LIHTC units at the Subject, post renovations. A construction timeline was not available.

**10. Rental Trends in the PMA**

The following table is a summary of the tenure patterns of the housing stock in the PMA and MSA.

**TENURE PATTERNS PMA**

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	8,925	64.0%	5,010	36.0%
2010	9,460	56.5%	7,282	43.5%
2021	10,460	61.4%	6,563	38.6%
2026	10,811	62.4%	6,515	37.6%

Source: Esri Demographics 2021, Novogradac Consulting LLP, October 2022

As the table illustrates, 38.6 percent of households reside in renter-occupied units as of 2021. This percentage is projected to decrease through market entry and 2026, while the number of renters is expected slightly decrease as well.

**Change in Rental Rates**

The following table illustrates rental rate increases as reported by the comparable properties.

RENT GROWTH			
Property Name	Rent Structure	Tenancy	Rent Growth
Bedford Place*	LIHTC/ Market	Family	Increased up to 4.5 percent
Dawnville Meadows	LIHTC	Family	Increased 3-4% since 2Q 2021
Summer Breeze Park*	LIHTC	Family	Increased five to seven percent
Dalton Village Apartments	Market	Family	Increased 6-20% since 2Q 2021
Legacy Of Dalton Apartments*	Market	Family	increased by 2-6% since 3Q 2021
Park Canyon Apartments*	Market	Family	Changes daily
Stone Ridge Apartments	Market	Family	Increased 16%-18%
The New Georgian	Market	Family	Increased 2-3% since 3Q 2021

\*Located outside of the PMA

All of the affordable comparables reported recent rent growth on their tax credit units. Similarly, all of the market rate comparables reported rent increases. Were the Subject to lose its subsidy, we anticipate that the Subject would be able to achieve moderate rent growth in the future as a LIHTC property but would remain limited by growth in the AMI as well as market conditions. However, with project-based Section 8 rental assistance in place at the Subject, rent increases at the Subject should not directly impact tenants, as they will continue to pay 30 percent of their income towards rent.

**11. Primary Housing Void**

Overall vacancy in the market is significantly low at 0.4 percent, and property managers reported high demand for additional rental housing in the current market. The average LIHTC vacancy rate of 0.4 percent is considered very low, and indicative of supply constrained conditions. Further, all affordable comparables and the majority of the market rate comparable maintain waiting lists. The low vacancy rates among all of the LIHTC comparables and waiting lists maintained at all of the LIHTC comparables indicate demand for additional rental housing in the Subject’s PMA. The low vacancy rates reported in the market, as well as the presence of long waiting lists at both affordable and conventional comparables indicate noteworthy demand for additional rental housing in the Subject’s PMA. Based on the previous demand analysis, performance of the comparable properties, and conversations with local property managers, we believe there is continuing, pent-up demand for affordable rental housing in the local market. As such, we believe the Subject will help fill a void in the market for good quality affordable rental housing. It should be noted that the Subject is a rehabilitation of an existing stabilized property, and the Subject will not add any new units to the market; thus, this analysis is hypothetical.

**12. Effect of Subject on Other Affordable Units in Market**

There are currently two existing LIHTC properties in the PMA targeted to families, one of which we were able to survey and include as a comparable. Further, only one competitive LIHTC and no market rate properties were identified in the development pipeline in the PMA. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The existing LIHTC properties are reporting low vacancy rates and all six of the affordable comparables are reporting lengthy waiting lists. As a rehabilitation of an existing stabilized property, the Subject will not add any new units to the market. Based on these factors, we do not believe that the Subject will impact the performance of the existing LIHTC properties, if allocated. The low vacancy rates, presence of waiting lists, and percentage of income-qualified renters in the PMA indicate there is demand for affordable housing in the market that is currently unmet.

**Conclusions**

Based upon our market research, demographic calculations and analysis, we believe the Subject would need to offer rents below the maximum allowable levels in order to compete in the market in the hypothetical event of a loss of Section 8 subsidies. The comparables reported vacancy rates ranging from zero to 10 percent,

with an overall weighted average of 4.1 percent. The LIHTC comparables reported a vacancy rate of 0.4 percent while the overall average for the market rate properties is higher at 5.2 percent. The average vacancy rate of 0.4 percent for the affordable comparables is considered exceptionally low, and indicative of supply constrained conditions. The low vacancy rates among all of the LIHTC comparables and waiting lists maintained at all of the LIHTC comparables indicate demand for additional rental housing in the Subject's PMA. The low vacancy rates reported in the market, as well as the presence of long waiting lists at both affordable and conventional comparables indicate noteworthy demand for rental housing in the Subject's PMA.

Additionally, the Subject's achievable LIHTC rents are below the range of the comparables for all unit types. As noted above, the indicated Subject rent advantage is based on the surveyed average as defined by Georgia DCA application guidelines and is not consistent with achievable market rent. Our achievable market rents are indicated in the rent grids provided in the addenda of this report.

Overall, we believe the Subject's proposed rents, which are slightly below the maximum allowable levels, are too high and would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should also be noted that 80 of the Subject's units will continue to receive project-based Section 8 rental assistance, post renovations; thus, this analysis is hypothetical.

The Subject will offer one, two, and three-bedroom units at the 60 percent AMI levels, post renovations. The comparable LIHTC properties are located in Whitfield and Catoosa Counties and were built and most recently renovated between 2004 and 2019. Dawnville Meadows is the most similar LIHTC comparable and is located within Dalton, GA. This property offers a slightly inferior location and was most recently renovated in 2019 and therefore, will be considered generally similar to the Subject in terms of condition as the Subject, post renovations. Overall, we believe the Subject could achieve rents inline with this comparable, post renovation for the two- and three-bedroom units. While there is no direct competition in the Subject's immediate area for the one-bedroom units at 60 percent, we believe that rents slightly above the two comparables that offer this unit type at this set aside is reasonable given the Subject's anticipated condition and amenities relative to these properties.

We have concluded to achievable LIHTC rents of **\$675, \$785, and \$900** for the Subject's one-, two-, and three-bedroom units at 60 percent of AMI, respectively. Our conclusions are within the range or slightly above the comparables but appear reasonable based on the strong performance of the affordable properties. It should also be noted that 80 of the Subject's units will continue to receive project-based Section 8 rental assistance, post renovations.

Our concluded achievable LIHTC rents offer a rent advantage ranging from 20 to 24 percent relative to the adjusted average comparable rent. We believe that the Subject will maintain a vacancy rate of three percent or less as proposed. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The existing LIHTC properties are reporting low vacancy rates and all of the LIHTC comparables are reporting waiting lists. As a rehabilitation of an existing stabilized property, the Subject will not add any new units to the market. Based on these factors, we do not believe that the Subject will impact the performance of the existing LIHTC properties, if allocated. The low vacancy rates, presence of waiting lists, and percentage of income-qualified renters in the PMA indicate there is demand for affordable housing in the market that is currently unmet. Overall, based on the performance of the LIHTC comparables, we believe the Subject is feasible, absent subsidy, however the LIHTC asking rents would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should be noted that the Subject will continue to operate with project-based Section 8 rental assistance on 80 units, post renovations.

# **I. ABSORPTION AND STABILIZATION RATES**

**ABSORPTION AND STABILIZATION RATES**

We were unable to obtain absorption information from the comparables, however, we expanded our search to nearby areas for absorption information as illustrated in the table below.

**ABSORPTION**

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Forest Cove Apartments	Market	Family	2014	120	10
Hunters Point Apartments	Market	Family	2014	260	19
Integra Hilla Preserve	Market	Family	2013/2015	498	19
The Legends at White Oak	Market	Family	2014	312	20
Lone Mountain Village I and II	LIHTC	Senior	2008	120	14

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Thus, if the Subject was hypothetically 100 percent vacant and had to re-lease units, we would estimate an absorption rate of approximately 15 units per month, which results in an absorption period of approximately six months. It should be noted that this absorption analysis is hypothetical, as the Subject is currently 98 percent occupied and negligible turnover is anticipated as a result of the renovation. As an unrestricted development, we estimate the absorption period would be longer, at a pace of approximately 20 units per month, which equates to an absorption rate of approximately five months.

The Subject is a proposed renovation of an existing affordable property. According to the Subject's rent roll, dated August 24, 2022, the Subject is currently 98 percent occupied. All of the tenants in the Subject's units are expected to continue to qualify to remain in place.

# **J. INTERVIEWS**

**Georgia Department of Community Affairs**

We were unable to reach a representative of the Georgia Department of Community Affairs, despite multiple attempts. According to the DCA’s website, the application process for Housing Choice Vouchers was opened from January 1, 2022 to January 1, 2023. The payment standards for Whitfield County are listed below.

**WHITFIELD COUNTY PAYMENT STANDARDS**

Unit Type	Standard
One-Bedroom	\$664
Two-Bedroom	\$823
Three-Bedroom	\$1,128

Source: Georgia Department of Community Affairs, effective January 1st, 2022

The Subject’s proposed rents are set above the current payment standards. The maximum allowable LIHTC rents are above the 2022 payment standards and tenants with Housing Choice Vouchers would have to pay additional rent out of pocket to be able to reside at the Subject.

**Planning**

We attempted to contact Jean Garland with Whitfield County Planning and Zoning; however, our calls have not been returned as of the date of this report. According to information retrieved from CoStar and from the Georgia Department of Community Affairs, there are no new, planned, or under construction affordable rate properties within the PMA or MSA.

**Dalton-Whitfield Development Authority**

We spoke with Carl Campbell, executive director with the Dalton Whitfield County Joint Development Authority. Mr. Campbell was able to highlight some major economic developments in the area. Mr. Campbell mentioned a handful of other small to medium sized operations opening in the City of Dalton in the near future. Healthier Choice Flooring will be the anchor tenant of a new 70-acre commercial business park being developed in the southern portion of Dalton. The company is planning to hire 25 employees for a new 200,000-square foot facility. Mr. Campbell reported that Reagent Chemical and Research, Inc. will be another tenant entering the new business park. Reagent Chemical and Research, Inc. plans to employ approximately 40 workers to operate their business. The business park is to be located approximately 10 miles south of the Subject, and at the time of our survey did not have an estimated completion date.

*Additional interviews can be found in the comments section of the property profiles.*

# **K. CONCLUSIONS AND RECOMMENDATIONS**

## CONCLUSIONS

### Demographics

The population in the PMA is projected to increase slightly through market entry and through 2023, at an average annual increase of 0.3 percent, which is similar to the projected growth rate in the MSA during the same period. However, growth rates in both geographic areas are expected to trail the nation's projected 0.7 percent rate of population growth over the same period. Approximately 56 percent of the population is concentrated in age cohorts under age 40, which indicates a relatively even population distribution. The number of total households in the PMA is expected to increase slightly through the Subject's projected date of market entry and through 2023, similar to projected growth in the MSA. However, household growth in both geographic areas is expected to trail the nation over the same period. The Subject will target families and offer a unit mix with one, two, and three, -bedroom unit types, which is well-suited in the market considering the average household size in the PMA. Through the projected date of market entry and 2023, the number of renter-occupied households in the PMA is expected to decrease by 48 household units, respectively.

The Subject will target family households earning between \$25,440 and \$31,371, absent subsidy. As of 2021, the percentage of renter households in the PMA and MSA in 2021 with annual incomes between \$20,000 and \$40,000 is 33.5 and 35.3 percent, respectively. For the projected market-entry date of December 2022, these percentages are expected to remain stable in both the PMA and MSA. It should be noted that the Subject is currently operating as a stabilized property with Project-Based Section 8 rental assistance for all units, and the overlay will continue on all units post-rehab. However, as proposed, the Subject will target households earning between \$0 and \$31,371. This income band comprises a significantly larger portion of renter households, with 61.2 percent of renter households in the PMA earning less than \$40,000 annually. It should be noted that the Subject will target households between one and six persons in size; thus, the vast majority of renter households in the PMA will be eligible to reside at the Subject. Overall, the generally stable population in the PMA coupled with a high concentration of renter households earning less than \$40,000 annually in the PMA indicates significant demand for affordable rental housing in the market.

### Employment Trends

The largest industries in the PMA are manufacturing, retail, accommodation/food services, and healthcare. When compared to the nation, the manufacturing sector is overrepresented in the PMA, while the retail, healthcare, education, and professional/scientific/tech services sectors are underrepresented. While the manufacturing, retail trade, and accommodation/food services industries are more susceptible to periods of economic contraction, the educational services and healthcare/social assistance sectors are traditionally more stable. Annual job growth in the MSA lagged overall in the nation. The effects of the housing recession (2007 - 2009) were exaggerated in the MSA, which experienced a 14.3 percent contraction in employment, compared to a 4.8 percent decline across the nation. During the period preceding the onset of COVID-19 (2012 - 2019), employment growth in the MSA lagged the nation in all but three years. Employment in the MSA declined sharply by 4.4 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. Total employment in the MSA currently remains similar to the pre-COVID level reached in 2019. As of August 2022, employment in the MSA is increasing at an annualized rate of 0.5 percent, compared to 3.6 percent growth across the nation. Several employers announced expansions in the region, which is positive for the local economy, while there have been only two WARN notices filed in Whitfield County since 2020, affecting approximately 708 individuals. Overall, the economy appears to be in an expansionary phase that has been ongoing since 2019. This suggests that demand for all housing types should be trending positively as the areas employment base grows. The growing local economy is a positive indicator of demand for rental housing and the Subject's renovated units.

## Capture Rates

The following table illustrates the demand and capture rates for the Subject's proposed units.

CAPTURE RATE ANALYSIS CHART												
Unit Type	Minimum Income	Maximum Income	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Average Market Rents	Minimum Market Rent	Maximum Market Rent	Achievable LIHTC Rent
1BR @60% (Section 8)	\$0	\$26,280	4	687	0	687	0.6%	One month	\$732	\$658	\$820	\$475
1BR @60%	\$21,086	\$26,280	4	396	0	396	1.0%	One month	\$732	\$658	\$820	\$475
2BR @60% (Section 8)	\$0	\$29,580	20	721	1	720	2.8%	One month	\$829	\$795	\$880	\$550
2BR @60%	\$25,337	\$29,580	20	416	1	415	4.8%	One month	\$829	\$795	\$880	\$550
3BR @60% (Section 8)	\$0	\$35,460	16	422	3	419	3.8%	One month	\$934	\$850	\$1,004	\$725
3BR @60%	\$29,246	\$35,460	16	243	3	240	6.7%	One month	\$934	\$850	\$1,004	\$725
4BR @60% (Section 8)	\$0	\$38,100	20	253	0	253	7.9%	One month	\$1,022	\$930	\$1,101	\$775
4BR @60%	\$32,640	\$38,100	20	146	0	146	13.7%	One month	\$1,022	\$930	\$1,101	\$775
@60% (Section 8) Overall	\$0	\$38,100	60	2,084	4	2080	2.9%	One month	-	-	-	-
@60% Overall	\$21,086	\$38,100	60	1,201	4	1197	5.0%	One month	-	-	-	-

It should be noted that the Subject is an existing project-based Section 8 property that is fully occupied with no vacant units. As the analysis illustrates, the Subject's overall capture rate at the 60 percent AMI level, as proposed, is 2.9 percent. The Subject's capture rate at the 60 percent AMI level, absent subsidy, is 5.0 percent. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The capture rate for the Subject, as proposed, is within Georgia DCA threshold. Therefore, we believe there is adequate demand for the Subject.

Further, we believe these calculated capture rates are reasonable, particularly as these calculations do not consider demand from outside the PMA or standard rental household turnover.

## Absorption

We were unable to obtain absorption information from the comparables, however, we expanded our search to nearby areas for absorption information as illustrated in the table below.

### ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Forest Cove Apartments	Market	Family	2014	120	10
Hunters Point Apartments	Market	Family	2014	260	19
Integra Hilla Preserve	Market	Family	2013/2015	498	19
The Legends at White Oak	Market	Family	2014	312	20
Lone Mountain Village I and II	LIHTC	Senior	2008	120	14

Per DCA guidelines, we have calculated the absorption to 93 percent occupancy. Thus, if the Subject was hypothetically 100 percent vacant and had to re-lease units, we would estimate an absorption rate of approximately 15 units per month, which results in an absorption period of approximately six months. It should be noted that this absorption analysis is hypothetical, as the Subject is currently 98 percent occupied and negligible turnover is anticipated as a result of the renovation. As an unrestricted development, we estimate the absorption period would be longer, at a pace of approximately 20 units per month, which equates to an absorption rate of approximately five months.

The Subject is a proposed renovation of an existing affordable property. According to the Subject's rent roll, dated August 24, 2022, the Subject is currently 98 percent occupied. All of the tenants in the Subject's units are expected to continue to qualify to remain in place.

## Vacancy Trends

The following table summarizes overall weighted vacancy trends at the surveyed properties.

**OVERALL VACANCY**

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Bedford Place*	LIHTC/ Market	Family	88	0	0.0%
Dawnville Meadows	LIHTC	Family	120	0	0.0%
Summer Breeze Park*	LIHTC	Family	72	1	1.4%
Dalton Village Apartments	Market	Family	140	14	10.0%
Legacy Of Dalton Apartments*	Market	Family	316	18	5.7%
Park Canyon Apartments*	Market	Family	360	14	3.9%
Stone Ridge Apartments	Market	Family	100	0	0.0%
The New Georgian	Market	Family	112	7	6.2%
<b>Total LIHTC</b>			<b>280</b>	<b>1</b>	<b>0.4%</b>
<b>Total Market Rate</b>			<b>1,028</b>	<b>53</b>	<b>5.2%</b>
<b>Overall Total</b>			<b>1,308</b>	<b>54</b>	<b>4.1%</b>

\*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 10 percent, with an overall weighted average of 4.1 percent. The LIHTC comparables reported a vacancy rate of 0.4 percent while the overall average for the market rate properties is higher at 5.2 percent. The average vacancy rate of 0.4 percent for the affordable comparables is considered exceptionally low, and indicative of supply constrained conditions.

The Subject property is currently operating as a Section 8 development. According to the historical financial statements in 2021 and T-12 August 2022, the Subject operated with an economic vacancy and collection loss ranging from 3.2 to 11.03 percent. According to the client, the elevated vacancy and collection losses indicated in the T-12 is from collection losses due to Covid. Furthermore, according to the most recent roll, dated August 24, 2022, the Subject is currently 98 percent occupied with a waiting list. Based on the performance of the LIHTC comparables, we expect the Subject will operate a vacancy rate of approximately three percent.

The low vacancy rates among the LIHTC comparables and presence of waiting lists maintained at all six of the LIHTC comparables indicate demand for additional rental housing in the Subject’s PMA. As the rehabilitation of an existing stabilized property, the Subject will not add any new units to the market. Based on these factors, we do not believe that the Subject will impact the performance of the existing LIHTC properties, if allocated.

**Strengths of the Subject**

Strengths of the Subject include its anticipated good condition upon completion of the renovations as proposed, as well as the site’s proximity to locational amenities and is within five miles of the county’s top nine largest employers. The Subject site is located approximately one mile northwest of downtown Dalton.

**Conclusion**

Based upon our market research, demographic calculations and analysis, we believe the Subject would need to offer rents below the maximum allowable levels in order to compete in the market in the hypothetical event of a loss of Section 8 subsidies. Overall affordable vacancy in the market is significantly low at 0.4 percent, and property managers reported high demand for additional rental housing in the current market. Further, all the affordable comparables and the majority of the market rate comparable maintain waiting lists. The low vacancy rates among all of the LIHTC comparables and waiting lists maintained at all of the LIHTC comparables indicate demand for additional rental housing in the Subject’s PMA. The low vacancy rates reported in the market, as well as the presence of long waiting lists at both affordable and conventional comparables indicate noteworthy demand for additional rental housing in the Subject’s PMA.

Additionally, the Subject’s achievable LIHTC rents are below the range of the comparables for all unit types. As noted above, the indicated Subject rent advantage is based on the surveyed average as defined by Georgia DCA application guidelines and is not consistent with achievable market rent. Our achievable market rents are indicated in the rent grids provided in the addenda of this report.

Overall, we believe the Subject's proposed rents, which are slightly below the maximum allowable levels, are too high and would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should also be noted that 80 of the Subject's units will continue to receive project-based Section 8 rental assistance, post renovations; thus, this analysis is hypothetical.

The Subject will offer one, two, and three-bedroom units at the 60 percent AMI levels, post renovations. The comparable LIHTC properties are located in Whitfield and Catoosa Counties and were built and most recently renovated between 2004 and 2019. Dawnville Meadows is the most similar LIHTC comparable and is located within Dalton, GA. This property offers a slightly inferior location and was most recently renovated in 2019 and therefore, will be considered generally similar to the Subject in terms of condition as the Subject, post renovations. Overall, we believe the Subject could achieve rents inline with this comparable, post renovation for the two- and three-bedroom units. While there is no direct competition in the Subject's immediate area for the one-bedroom units at 60 percent, we believe that rents slightly above the two comparables that offer this unit type at this set aside is reasonable given the Subject's anticipated condition and amenities relative to these properties.

We have concluded to achievable LIHTC rents of **\$675, \$785, and \$900** for the Subject's one-, two-, and three-bedroom units at 60 percent of AMI, respectively. Our conclusions are within the range or slightly above the comparables but appear reasonable based on the strong performance of the affordable properties. It should also be noted that 80 of the Subject's units will continue to receive project-based Section 8 rental assistance, post renovations.

Our concluded achievable LIHTC rents offer a rent advantage ranging from 20 to 24 percent relative to the adjusted average comparable rent. We believe that the Subject will maintain a vacancy rate of three percent or less as proposed. The capture rates for the Subject are considered low for all unit types at 60 percent of AMI. The existing LIHTC properties are reporting low vacancy rates and all of the LIHTC comparables are reporting waiting lists. As a rehabilitation of an existing stabilized property, the Subject will not add any new units to the market. Based on these factors, we do not believe that the Subject will impact the performance of the existing LIHTC properties, if allocated. The low vacancy rates, presence of waiting lists, and percentage of income-qualified renters in the PMA indicate there is demand for affordable housing in the market that is currently unmet. Overall, based on the performance of the LIHTC comparables, we believe the Subject is feasible, absent subsidy, however the LIHTC asking rents would need to be lowered to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should be noted that the Subject will continue to operate with project-based Section 8 rental assistance on 80 units, post renovations.

## Recommendations

Overall, we believe the Subject would need to offer rents below the maximum allowable levels in order to compete in the market in the hypothetical event of a loss of Section 8 subsidies. It should be noted that all of the Subject's units will continue to receive project-based Section 8 rental assistance, post renovations; thus, this analysis is hypothetical.

# **L. SIGNED STATEMENT REQUIREMENTS**

I affirm that I (or one of the persons signing below) have made a physical inspection of the market area and the Subject property and that information has been used in the full study of the need and demand for the proposed units. The report was written according to DCA's market study requirements, the information included is accurate and the report can be relied upon by DCA as a true assessment of the low-income housing rental market. To the best of my knowledge, the market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.



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Brad Weinberg, MAI, CVA, CRE  
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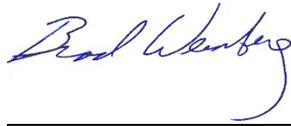
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Lindsey Sutton  
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Date: October 14, 2022

# **M. MARKET STUDY REPRESENTATION**

Novogradac Consulting LLP states that DCA may rely on the representation made in the market study provided and this document is assignable to other lenders that are parties to the DCA loan transaction.



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Date: October 14, 2022

**ADDENDUM A**  
**Assumptions and Limiting Conditions**

## ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the market analyst 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 market analyst 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 market study and are invalid if so used.
11. 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 market analyst. Nor shall the market analyst, firm, or professional organizations of which the market analyst is a member be identified without written consent of the market analyst.
12. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional organization with which the market analyst is affiliated.
13. 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.

14. 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.
15. 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.
16. 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 market study report.
17. 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.
18. On all studies, Subject to satisfactory completion, repairs, or alterations, the report and conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time.
19. 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 market analyst and contained in this report.
20. The party for whom this report is prepared has reported to the market analyst 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.
21. Unless stated otherwise, no percolation tests have been performed on this property. In making the market study, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use.
22. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The market analyst does not warrant the condition or adequacy of such systems.
23. 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 property. The market analyst reserves the right to review and/or modify this market study if said insulation exists on the Subject property.
24. Estimates presented in this report are assignable to parties to the development's financial structure.

**ADDENDUM B**  
**Subject and Neighborhood Photographs**

**PHOTOGRAPHS OF SUBJECT SITE AND SURROUNDING USES**

Mountain Woods Apartments – Dalton, Georgia  
Date: October 10, 2022 – Source: Brendan Boyle, Junior Analyst



**SUBJECT SIGNAGE**



**SUBJECT EXTERIOR**



**SUBJECT EXTERIOR**



**SUBJECT EXTERIOR**



**SUBJECT EXTERIOR**



**SUBJECT LEASING OFFICE**

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY



LEASING OFFICE EXTERIOR



SUBJECT MAILBOX



ON-SITE MANAGEMENT OFFICE KITCHEN



ON-SITE MANAGEMENT OFFICE KITCHEN



ON-SITE MANAGEMENT OFFICE



MAINTENANCE SHED

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY



LEASING OFFICE STORAGE ROOM



SUBJECT PLAYGROUND



TYPICAL DINING AREA



TYPICAL DINING AREA



TYPICAL KITCHEN



TYPICAL KITCHEN

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY



TYPICAL LIVING AREA



TYPICAL LIVING AREA



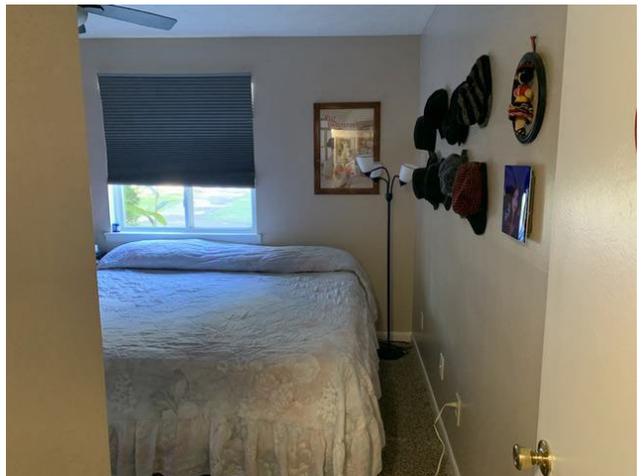
TYPICAL BEDROOM



TYPICAL BEDROOM



TYPICAL BEDROOM



TYPICAL BEDROOM



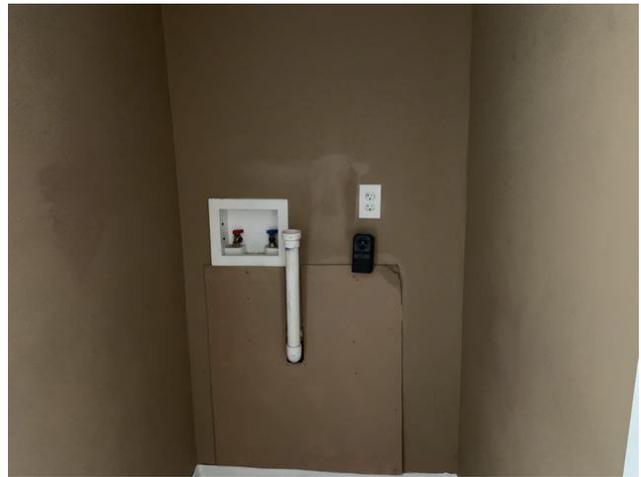
TYPICAL A/C AND WATER HEATER



TYPICAL UTILITY CLOSET



TYPICAL HALLWAY



TYPICAL UTILITY CLOSET



TYPICAL BATHROOM



TYPICAL BATHROOM

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY



TYPICAL SINGLE-FAMILY HOME NEAR SUBJECT



TYPICAL SINGLE-FAMILY HOME NEAR SUBJECT



TYPICAL SINGLE-FAMILY HOME NEAR SUBJECT



HIGH SCHOOL ADJACENT TO SUBJECT



TYPICAL SURROUNDING USE



TYPICAL SURROUNDING USE

MOUNTAIN WOODS APARTMENTS – DALTON, GEORGIA – MARKET STUDY



DALTON UTILITIES TRANSFORMER EAST OF SUBJECT



COVINGTON COURT CONDOMINIUMS EAST OF SUBJECT



TYPICAL SURROUNDING USE



TYPICAL SURROUNDING USE



DALTON MANOR APARTMENTS WEST OF SUBJECT



ROYAL OAKS APARTMENTS NORTH OF SUBJECT

**ADDENDUM C**  
Qualifications

**ADDENDUM D**  
**Summary Matrix and Rent Grids**

**ADDENDUM E**  
**Subject Floor Plans**