

Market Feasibility Analysis

Silver Lakes
439 West Jefferson Street
Madison, Morgan County, Georgia 30650

Prepared For

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Job Reference Number

14-149 JW/PB



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SECTION A – EXECUTIVE SUMMARY

This report evaluates the market feasibility of the proposed Silver Lakes rental community utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program in Madison, Georgia. Based on the findings contained in this report, we believe a market will exist for the subject development, as long as it is constructed and operated as proposed in this report.

1. Project Description:

Silver Lakes involves the new construction of 44 units at 439 West Jefferson Street in Madison, Georgia. The project will offer 28 one-bedroom and 16 two-bedroom garden-style units in three, two-story, elevator-served residential buildings together with a free-standing community building. Silver Lakes will be developed utilizing funding from the Low-Income Housing Tax Credits (LIHTC) program and will target low-income senior households (age 55 and older) earning up to 50% and 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$435 to \$480 for a one-bedroom unit and \$525 to \$560 for a two-bedroom unit. The proposed project is expected to be complete by June 2016. Additional details regarding the proposed project are included in Section B of this report.

2. Site Description/Evaluation:

The proposed subject development is located within a neighborhood that is part of the Madison Urban Redevelopment Plan, known as the West Washington Street Gateway area. This will involve, but not be limited to, the rehabilitation/demolition of dilapidated structures, construction of infill residential dwellings, creation of an intersection point park and infrastructure improvements in an attempt to create a functional living/working environment. The plan, if it comes to fruition, will significantly improve the immediate site area and create a aesthetically-pleasing neighborhood that will be favorable to the targeted senior demographic. This will positively enhance the proposed development's marketability. Access to the site is considered good and is within 3.3 miles of State Routes 24 and 83, U.S. Highways 129, 278 and 441, as well as Interstate 20. On-call, on-site pickup senior (ages 60+) transportation services are also available. Visibility of the site is considered good for northbound traffic on State Route 83; however, the view is obstructed for southbound traffic. As such, signage is recommended to increase awareness of the proposed development. The site is close to shopping, employment, recreation and entertainment opportunities, and both social and public safety services are all within approximately 2.0 miles. Overall, we anticipate the site's location and proximity to community services to have a positive effect on its marketability.

3. Market Area Definition:

The Madison Site PMA includes all of Morgan County, as well as Greensboro and the surrounding unincorporated areas of Greene County, Georgia. The boundaries of the Site PMA include the Morgan County line and the Oconee National Forest to the north; Cunningham Road, Siloam town limits, State Route 15/77 and White Plains town limits to the east; White Plains-Veazey Road, Leslie Mill Road, Walker Church Road, Wrightsville Church Road, Lake Oconee Parkway, Landing Parkway and the Morgan County line to the south; and the Morgan County line to the west. A map illustrating these boundaries is included on page D-3 of this report and details the furthest boundary is 33.5 miles from the site.

4. Community Demographic Data:

Overall population and households have experienced positive growth since 2000. These trends are projected to remain positive through 2016, increasing by 183 (0.7%) and 96 (1.0%), respectively, from 2014. In addition, population and households ages 55 and older are projected to increase by 284 (3.6%) and 150 (3.2%), respectively, over the same time period. Further, senior renters ages 55 and older are projected to increase by 33, or 4.1%, between 2014 and 2016. This growth indicates an increasing need for senior housing in the market through 2016. It should also be noted that the proposed development will target one- to two-person senior renter households which comprise the majority of such households within the Site PMA. As such, the subject site will be able to accommodate most of the Site PMA's senior renter households based on household size. The preceding factors will have a positive impact on the marketability of the subject site.

5. Economic Data:

According to a local representative with the Madison-Morgan County Chamber of Commerce, the local economy is currently growing. There have been two major announcements of business growth within the county, anticipated to create over 1,700 new jobs within the next several years. Notably, Baxter International is currently constructing a plasma fractionation facility in the western portion of the county in Stanton Springs, which is anticipated to employ approximately 1,500 workers by 2018.

Based on ESRI data and employment data from the Bureau of Labor Statistics, the county's employment base consistently increased between 2010 and 2012, then declined by 1.9% between 2012 and December 2013. On the other hand, the unemployment rate consistently decreased within the preceding five-year period; however, is still considered moderately high, averaging 7.3% through December 2013.

Considering the moderately high unemployment rate and the declining employment base, the need for affordable housing has remained strong, as evidenced by the typically high occupancies of the affordable housing projects in the Site PMA. In addition, a high rate of unemployment contributes to the demand for affordable housing, as households with lower incomes due to unemployment or underemployment may not be able to afford their current housing costs. The subject site will provide a good quality housing option in an economy where lower-wage employees, including seniors in the workforce, are most vulnerable.

6. Project-Specific Affordability and Demand Analysis:

Per GDCA guidelines, projects in rural markets with an overall capture rate of 35% or below are considered acceptable. As such, the project's overall capture rate of 33.6% is considered achievable, especially considering the lack of affordable non-subsidized age-restricted housing within the market. In addition, we also anticipate a sufficient amount of support will originate from senior homeowners due to the lack of non-subsidized senior LIHTC housing within or near the market area. However, per GDCA methodology, demand from senior homeowners is limited to 2% of total demand. We anticipate a greater percentage of support will generate from homeowners looking to downsize from their homes and seeking a maintenance free housing alternative, especially considering that income-qualified senior homeowners do not have an affordable rental housing option currently available to them. As such, the overall capture rate is considered conservative.

7. Competitive Rental Analysis

Given the lack of non-subsidized age-restricted Low-Income Housing Tax Credit (LIHTC) projects within the market, we identified one family (general-occupancy) LIHTC project within the Madison Site PMA that offers first floor entry-level two-bedroom units that likely appeals to seniors and represent a reasonable base of comparison for the senior units at the site. This project, Orchard Grove Apartments (Map I.D. 4) targets households with incomes up to 50% and 60% of Area Median Household Income (AMHI) and, as such, is considered comparable. Given the lack of non-subsidized LIHTC housing within the market, we have also identified and surveyed two additional LIHTC projects that offer at least some units that operate under the LIHTC program outside of the Site PMA, but within the region. These two projects target households with incomes up to 50% and 60% of AMHI and are considered comparable. It should be noted that these two projects are not considered competitive as they derive demographic support from a different geographical area. As such, these properties have been included for comparison purposes only. The three comparable LIHTC properties and the proposed subject project are summarized in the table on the following page.

These three LIHTC properties and the proposed subject development are summarized as follows:

| Map I.D. | Project Name | Year Built | Total Units | Occ. Rate | Distance to Site | Waiting List | Target Market |
|-------------|---------------------|-------------|-------------|-----------|------------------|--------------|--|
| Site | Silver Lakes | 2016 | 44 | - | - | - | Seniors 55+; 50% & 60% AMHI |
| 4 | Orchard Grove Apts. | 2004 | 60 | 100.0% | 2.1 Miles | 20 H.H. | Families; 50% & 60% AMHI |
| 905 | Harristown Park | 2011 | 60 | 100.0% | 25.1 Miles | 1,000 H.H. | Seniors 55+; 50% & 60% AMHI |
| 908 | Skyline Trace | 2010 | 59* | 100.0% | 22.7 Miles | 5 H.H. | Families; 50% & 60% AMHI |

OCC. – Occupancy

H.H. - Households

Map IDs 905 and 908 are located outside Site PMA

*Tax Credit units only

The three LIHTC projects have a combined occupancy rate of 100.0%, indicating pent-up demand for affordable housing in both the market and region. It should be noted that there are no non-subsidized age-restricted LIHTC projects within the market. As such, the subject project will provide a rental housing alternative to low-income senior households which is currently underserved in the Madison Site PMA.

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

| Map I.D. | Project Name | Gross Rent/Percent of AMHI (Number of Units/Vacancies) | | | Rent Special |
|-------------|---------------------|---|---|---------------------------------------|--------------|
| | | One-Br. | Two-Br. | Three-Br. | |
| Site | Silver Lakes | \$533/50% (6) \$533-\$578/60% (22) | \$650/50% (3) \$685/60% (13) | - | - |
| 4 | Orchard Grove Apts. | - | \$602/50% (24/0) \$602/60% (12/0) | \$771/50% (16/0) \$771/60% (8/0) | None |
| 905 | Harristown Park* | \$620/50% (2/0) \$620/60% (10/0) | \$731/50% (7/0) \$741/60% (41/0) | - | None |
| 908 | Skyline Trace | \$729/50% (3/0) \$788/60% (3/0) | \$839/50% (10/0) \$909/60% (19/0) | \$964/50% (8/0) \$1,009/60% (16/0) | None |

Map IDs 905 and 908 are located outside Site PMA

*Age-restricted; 55+

The proposed subject gross rents, ranging from \$533 to \$685, will generally be within the range of gross rents offered at the comparable LIHTC project's one- and two-bedroom units within the region. Given that all affordable LIHTC projects within the region are 100.0% occupied, indicates that the gross rents offered at such projects are achievable. Further, the proposed development will be the only non-subsidized age-restricted LIHTC project and the only LIHTC

project to offer one-bedroom units within the market. As such, the proposed development will be able to provide a rental housing alternative to low-income senior households which is currently underserved within the Site PMA. This will provide the subject site with a competitive advantage.

It should be noted, however, that the proposed subject's two-bedroom gross rents will be the highest when compared with the one LIHTC project in the market, Orchard Grove Apartments (Map I.D. 4). Given that Orchard Grove Apartments is 100.0% occupied and maintains an extensive waiting list, this project may be able to achieve a premium and still maintain a stabilized occupancy. Further, the proposed development will be the newest and only non-subsidized age-restricted affordable community in the market. Therefore, it is also likely that the proposed development will be able to achieve a premium in the market. Initial lease-up of these particular two-bedroom units will likely be slower than the subject's one-bedroom units. Nonetheless, it is recommended that the developer and/or management monitor market conditions during the initial lease-up period. If the development experiences an extended absorption period, it is likely that the project would need to lower its rents in order to reach a stabilized occupancy.

Based on our analysis of the unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market and region, it is our opinion that the proposed development will be appropriately positioned within the market. It should be noted that the subject's proposed rents will be the highest in the market. However, given that the one non-subsidized LIHTC project in the market is 100.0% occupied and the fact that the proposed development will be the only non-subsidized age-restricted LIHTC project in the Madison Site PMA, it is likely that higher rents can be achieved, while maintaining a stabilized occupancy. Additionally, the inclusion of senior-oriented amenities will be very marketable to the targeted population, particularly in a market with limited senior housing alternatives. This will also enable the subject units to get a premium in the market.

8. Absorption/Stabilization Estimates

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow GDCA/GHFA guidelines that assume a 2016 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2016.

Considering the facts contained in the market study and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the subject development. Our absorption projections take into consideration the lack of age-restricted, non-subsidized LIHTC units in the market, the required capture rate, achievable market rents, the

demand for all affordable rental housing and the proposed competitiveness of the subject site. Our absorption projections also take into consideration that the developer and/or management successfully markets the project in Morgan County, as well as the adjacent areas of Greene County. If the development experiences an extended absorption period, it is likely that the project would need to lower its rents in order to reach a stabilized occupancy.

Based on our analysis, it is our opinion that the proposed 44 LIHTC units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately six to seven months. This absorption period is based on a conservative average monthly absorption of approximately six to seven units per month. We believe the proposed one-bedroom units will lease-up at a higher monthly rate than the two-bedroom units.

These absorption projections assume a 2016 opening date. A later opening date may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period.

9. Overall Conclusion:

Based on the findings reported in our market study, it is our opinion that a market exists for the 44 units proposed at the subject site, assuming it is developed as detailed in this report. Changes in the project's site, rent, amenities or opening date may alter these findings.

The one non-subsidized general-occupancy LIHTC community located within the Madison Site PMA, Orchard Grove Apartments (Map I.D. 4), is 100.0% occupied and maintains a wait list. It should be noted that there are no age-restricted non-subsidized LIHTC communities within the market. In addition, the proposed development will be the only non-subsidized LIHTC project to offer one-bedroom units within the market. As such, the subject project will provide a rental housing alternative to low-income senior households which is currently underserved in the market. This will provide the subject site with a competitive advantage.

As indicated in Section H of this report, the subject project will offer gross rents within the range of the comparable LIHTC projects within the region. However, it should be noted that when compared with Orchard Grove Apartments, the proposed development will offer the highest gross rents. Given that the one existing non-subsidized LIHTC community is 100.0% occupied and maintains an extensive waiting list, this project may be able to achieve a rent premium and still

maintain a stabilized occupancy. Further, the proposed development will be the newest community in the market, offering a senior-oriented design that is not readily available and is considered appealing to the targeted demographic. Therefore, it is also likely that the proposed development will be able to achieve a premium in the market. Nonetheless, it is recommended that the developer and/or management market the project throughout Morgan County and the adjacent county of Greene during the initial lease-up period and once the project reaches a stabilized occupancy to ensure the success of the proposed development.

SUMMARY TABLE**(must be completed by the analyst and included in the executive summary)**

| | | | |
|-------------------|---|----------------|----|
| Development Name: | Silver Lakes | Total # Units: | 44 |
| Location: | 439 West Jefferson Street, Madison, GA 30650 | # LIHTC Units: | 44 |
| PMA Boundary: | The Madison Site PMA includes all of Morgan County, as well as Greensboro and the surrounding unincorporated areas of Greene County, Georgia. (Detailed boundaries are located in Section D). | | |
| | Farthest Boundary Distance to Subject: | 33.5 miles | |

RENTAL HOUSING STOCK (found on page Addendum A, pages 4-5)

| Type | # Properties | Total Units | Vacant Units | Average Occupancy |
|---------------------------------------|--------------|-------------|--------------|-------------------|
| All Rental Housing | 12 | 436 | 14 | 96.8% |
| Market-Rate Housing | 5 | 159 | 8 | 95.0% |
| Assisted/Subsidized Housing NO LIHTC | 4 | 161 | 6 | 96.3% |
| LIHTC | 3 | 116 | 0 | 100.0% |
| Stabilized Comps | 1 | 60 | 0 | 100.0% |
| Properties in Construction & Lease Up | N/A | N/A | N/A | N/A |

| Subject Development | | | | | Average Market Rent | | | Highest Unadjusted Comp Rent | |
|---------------------|------------|---------|-----------|----------------------|---------------------|---------------|--------------|------------------------------|---------------|
| # Units | # Bedrooms | # Baths | Size (SF) | Proposed Tenant Rent | Per Unit | Per SF | Advantage | Per Unit | Per SF |
| 6 | One | 1.0 | 711 | \$435 (50%) | \$520 | \$0.73 | 16.3% | \$625 | \$0.85 |
| 2 | One | 1.0 | 711 | \$435 (60%) | \$520 | \$0.73 | 16.3% | \$625 | \$0.85 |
| 20 | One | 1.0 | 711 | \$480 (60%) | \$520 | \$0.73 | 7.7% | \$625 | \$0.85 |
| 3 | Two | 1.0 | 918 | \$525 (50%) | \$582 | \$0.63 | 9.8% | \$725 | \$0.68 |
| 13 | Two | 1.0 | 918 | \$560 (60%) | \$582 | \$0.63 | 3.8% | \$725 | \$0.68 |

DEMOGRAPHIC DATA (found in Sections E & G)

| | 2010 | | 2014 | | 2016 | |
|---|------|-------|------|-------|------|-------|
| Senior Renter Households (55+) | 810 | 32.6% | 805 | 28.9% | 838 | 29.8% |
| Age & Income-Qualified Renter HHs (LIHTC) | N/A | N/A | 224 | 8.0% | 229 | 8.2% |
| Income-Qualified Renter HHs (MR) | N/A | N/A | N/A | N/A | N/A | N/A |

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page G-5)

| Type of Demand | 30% | 50% | 60% | Market-rate | Other: __ | Overall |
|---|-----|-----|-----|-------------|-----------|---------|
| Renter Household Growth | | 5 | 5 | | | 5 |
| Existing Households (Overburd + Substand) | | 92 | 124 | | | 124 |
| Homeowner conversion (Seniors) | | 1 | 2 | | | 2 |
| Total Primary Market Demand | | 98 | 131 | | | 131 |
| Less Comparable/Competitive Supply | | 0 | 0 | | | 0 |
| Net Income-Qualified Renter HHs | | 98 | 131 | | | 131 |

CAPTURE RATES (found on page G-5)

| Targeted Population | 30% | 50% | 60% | Market-rate | Other: __ | Overall |
|---------------------|-----|------|-------|-------------|-----------|---------|
| Capture Rate | | 9.2% | 26.7% | | | 33.6% |

SECTION B - PROJECT DESCRIPTION

The subject project involves the new construction of the 44-unit Silver Lakes rental community on an approximate 3.0-acre site at 439 West Jefferson Street in Madison, Georgia. The project will offer 28 one-bedroom and 16 two-bedroom garden-style units in three, two-story, elevator-served residential buildings together with a free-standing community building. Silver Lakes will be developed utilizing funding from the Low-Income Housing Tax Credits (LIHTC) program and will target low-income senior households (age 55 and older) earning up to 50% and 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$435 to \$480 for a one-bedroom unit and \$525 to \$560 for a two-bedroom unit. The proposed project is expected to be complete by June 2016. Additional details of the subject project are as follows:

A. PROJECT DESCRIPTION

- 1. Project Name:** Silver Lakes

- 2. Property Location:** 439 West Jefferson Street
Madison, Georgia 30650
(Morgan County)

QCT: No DDA: No

- 3. Project Type:** New construction of an age-restricted (55+) LIHTC project

- 4. Unit Configuration and Rents:**

| Total Units | Bedroom Type | Baths | Style | Square Feet | % AMHI | Program Rents | | | Maximum Allowable LIHTC Gross Rent |
|-------------|--------------|-------|--------|-------------|--------|----------------|-------------------|------------|------------------------------------|
| | | | | | | Collected Rent | Utility Allowance | Gross Rent | |
| 6 | One-Br. | 1.0 | Garden | 711 | 50% | \$435 | \$98 | \$533 | \$585 |
| 2 | One-Br. | 1.0 | Garden | 711 | 60% | \$435 | \$98 | \$533 | \$702 |
| 20 | One-Br. | 1.0 | Garden | 711 | 60% | \$480 | \$98 | \$578 | \$702 |
| 3 | Two-Br. | 1.0 | Garden | 918 | 50% | \$525 | \$125 | \$650 | \$702 |
| 13 | Two-Br. | 1.0 | Garden | 918 | 60% | \$560 | \$125 | \$685 | \$843 |
| 44 | Total | | | | | | | | |

Source: The Woda Group
AMHI – Area Median Household Income (Morgan County, GA; 2014)

- 5. Target Market:** Senior Households (age 55 and older)

- 6. Project Design:** Three (3) two-story elevator-equipped residential buildings and one non-residential building

7. Original Year Built: Not Applicable; New Construction

8. Projected Opening Date: June 2016

9. Unit Amenities:

The proposed development will include the following unit amenities:

- Electric Range
- Refrigerator
- Dishwasher
- Garbage Disposal
- Central Air Conditioning
- Emergency Call Buttons
- Carpet
- Window Blinds
- Washer/Dryer Hookups
- Patio/Balcony
- Ceiling Fan

10. Community Amenities:

The proposed development will include the following community amenities:

- On-Site Management
- Club House/Community Room
- Fitness Center
- Computer Center
- Elevator
- Laundry Facility

11. Resident Services:

Not applicable

12. Utility Responsibility:

The cost of cold water, sewer and trash collection will be included in the monthly rent. Tenants will be responsible for all other utilities charges, including the following:

- Electric Heat
- Electric Water Heat
- Electric Cooking
- General Electricity

13. Rental Assistance:

The project will not offer any project-based rental assistance.

14. Parking:

The subject site will offer 53 open lot parking spaces at no additional charge to tenants.

15. Current Project Status: Not applicable; New construction

16. Statistical Area: Morgan County, Georgia (2014)

A state map, area map and map illustrating the site neighborhood are on the following pages.



Madison, GA
State of Georgia

Site
State of Georgia

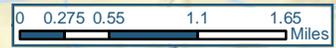
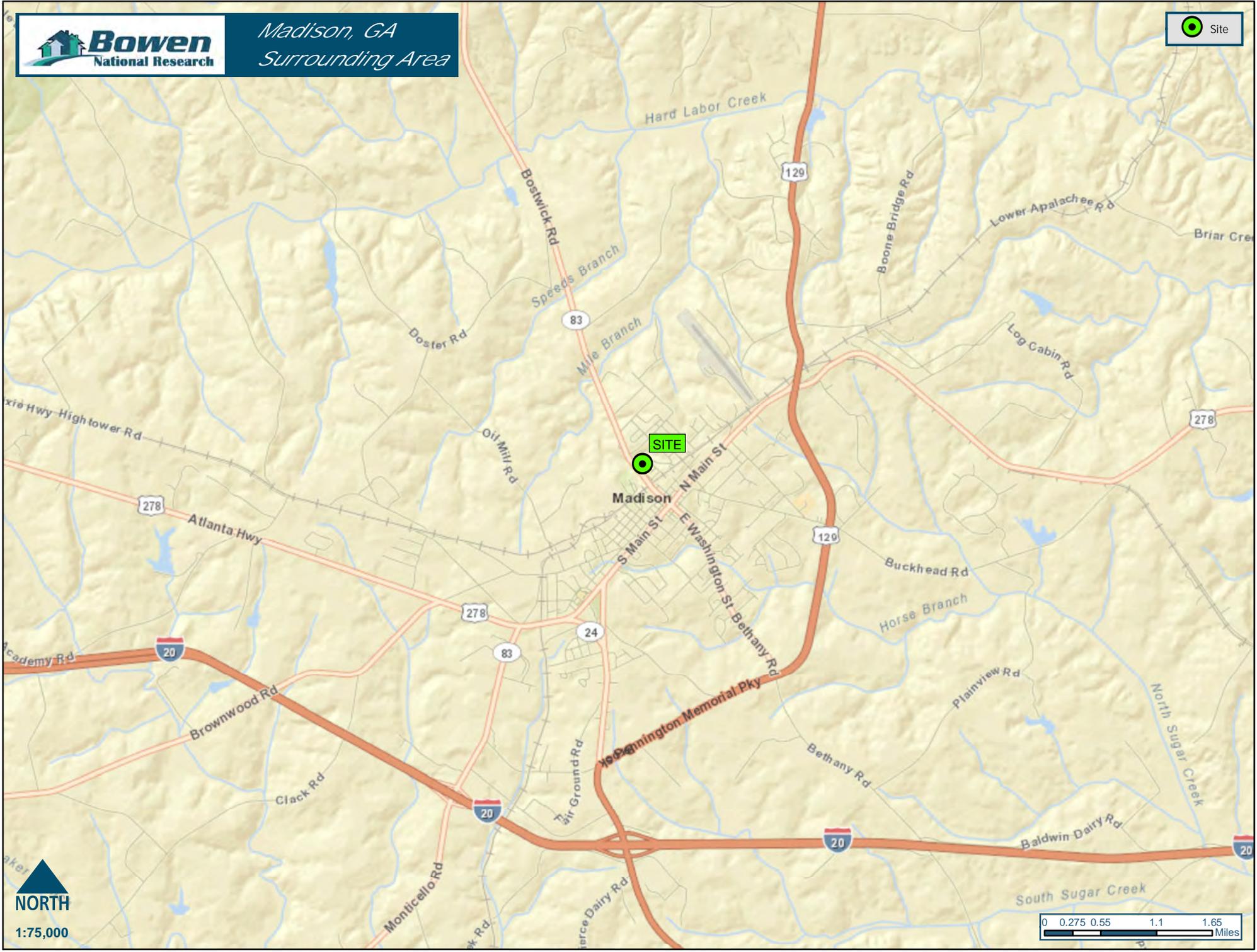


NORTH
1:3,700,000

0 12.5 25 50 75 Miles



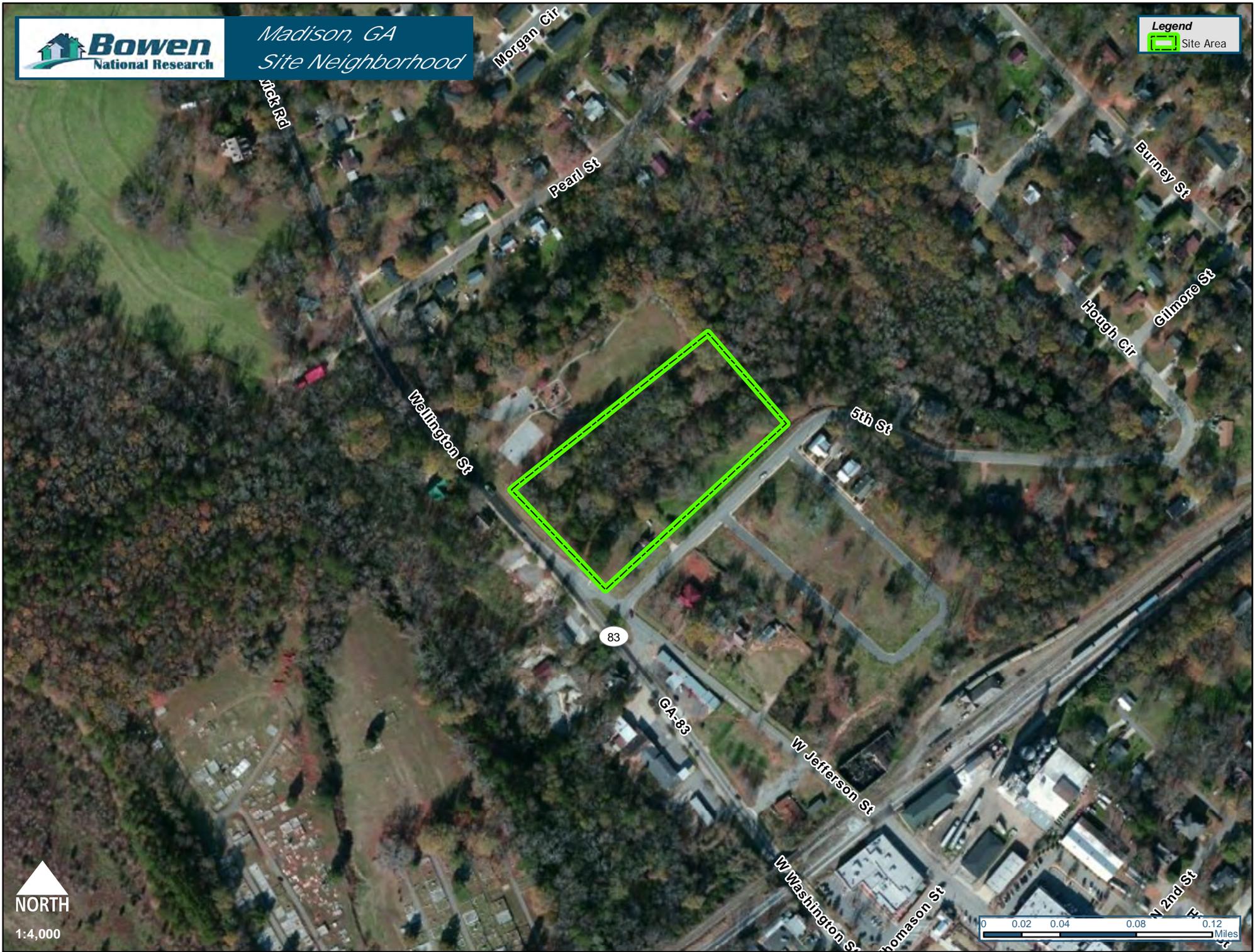
*Madison, GA
Surrounding Area*





Madison, GA
Site Neighborhood

Legend
Site Area



NORTH
1:4,000

0 0.02 0.04 0.08 0.12 Miles

SECTION C – SITE DESCRIPTION AND EVALUATION

1. LOCATION

The subject site consists of undeveloped, wooded land located at 439 West Jefferson Street in the northwestern portion of Madison, Morgan County, Georgia. The subject site is located approximately 28.0 miles south of Athens, Georgia and approximately 60.0 miles west of Atlanta, Georgia. Kyle Ludlow, an employee of Bowen National Research, inspected the site and area apartments during the week of February 3, 2014.

2. SURROUNDING LAND USES

The subject site is within a developing residential/commercial area of Madison. Surrounding land uses include multi- and single-family homes, a vacant lot, wooded land, retail shops and small local businesses. Adjacent land uses are detailed as follows:

| | |
|----------------|---|
| North - | Wellington Park, which includes a walking path, basketball court and playground, and undeveloped, wooded land border the site to the north. Continuing north are single family homes considered to be satisfactory condition. Morgan County Middle School and multifamily dwellings extend beyond. |
| East - | Scattered single-family homes and undeveloped, wooded land border the site to the east. Continuing east are railroad tracks that run perpendicular to West Washington Street. |
| South - | Fifth Street borders the site to the south, immediately followed by blighted vacant and occupied residential/commercial buildings. It should be noted that according to the Madison Urban Redevelopment Plan, all historic structures will be renovated and all non-historic structures will be demolished. Additional homes and a park will be developed in place of the non-historic structures. Continuing south is the Godfrey Seed mill, various other businesses extending into the downtown area of Madison. |
| West - | Wellington Street/State Route 83 and West Jefferson Street border the site to the west. Continuing west is the historic Richter Cottage, the Historic Madison cemetery and undeveloped, wooded land. Undeveloped land and Mason Lake extend further west. |

The site location is part of the Madison Urban Redevelopment Plan, known as the West Washington Street Gateway area, which will involve, but not be limited to, the rehabilitation/demolition of dilapidated structures, construction of infill residential dwellings, creation of an intersection point park and infrastructure improvements in an attempt to create a functional living/working environment. The redevelopment plan will significantly improve the immediate site area and create an aesthetically-pleasing neighborhood that will be favorable to the targeted senior demographic. Overall, if it comes to fruition, the redevelopment will have a positive impact on the site's marketability.

3. VISIBILITY AND ACCESS

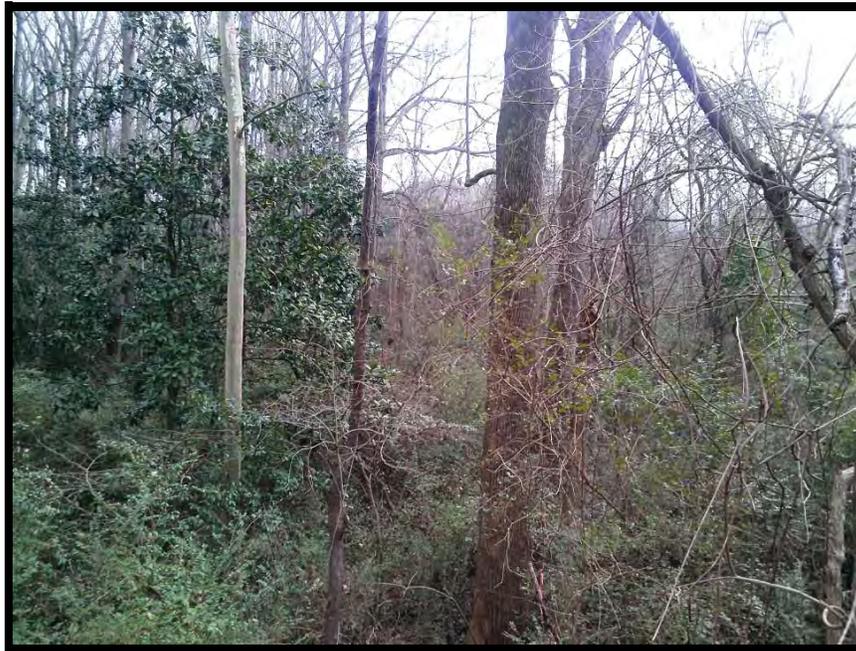
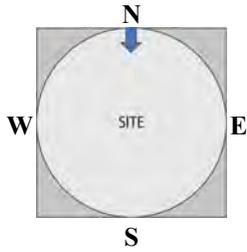
The subject property is located on the east side of Wellington Street/State Route 83 and West Jefferson Street, both two-lane roadways. Vehicular traffic is light to moderate, increasing during peak traveling hours. Access to the site is convenient for both east and westbound traffic along these roadways, with clear lines of sight provided in both directions. The site is within 3.3 miles of State Routes 24 and 83, U.S. Highways 129, 278 and 441, as well as Interstate 20. On-call, on-site pickup senior (ages 60+) transportation services are also available. Overall, access is considered good. Visibility of the site traveling north on State Route 83 is considered good; however, the site is obstructed from view by the surrounding wooded land for southbound traffic. Therefore, signage is recommended near the site's entrance to increase awareness of the proposed development.

According to area planning and zoning officials, as part of the Madison Urban Redevelopment Plan noted on the preceding page, the West Washington Street Gateway area will involve various infrastructure improvements including, but not limited to, the realignment of intersections near Fifth Street to alleviate traffic and the establishment of a public sidewalk system. If implemented, this will enhance the proposed development's marketability.

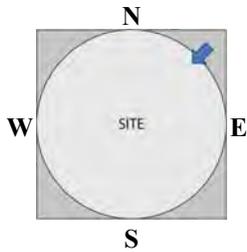
4. SITE PHOTOGRAPHS

Photographs of the subject site are on located on the following pages.

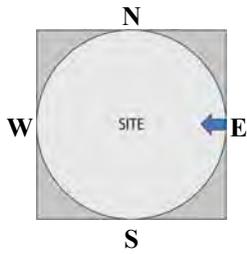
SITE PHOTOGRAPHS



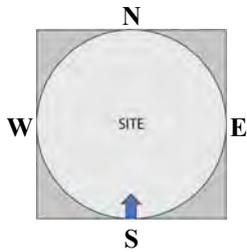
View of site from the north



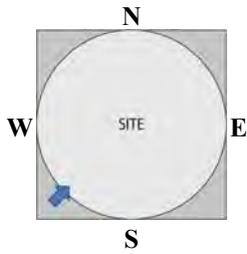
View of site from the northeast



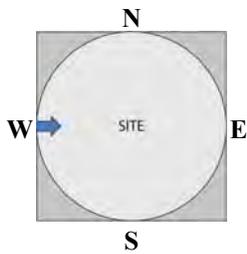
View of site from the east



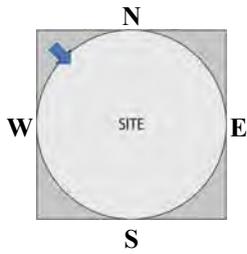
View of site from the south



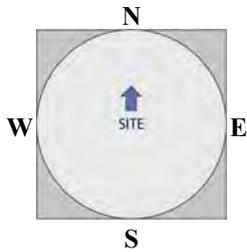
View of site from the southwest



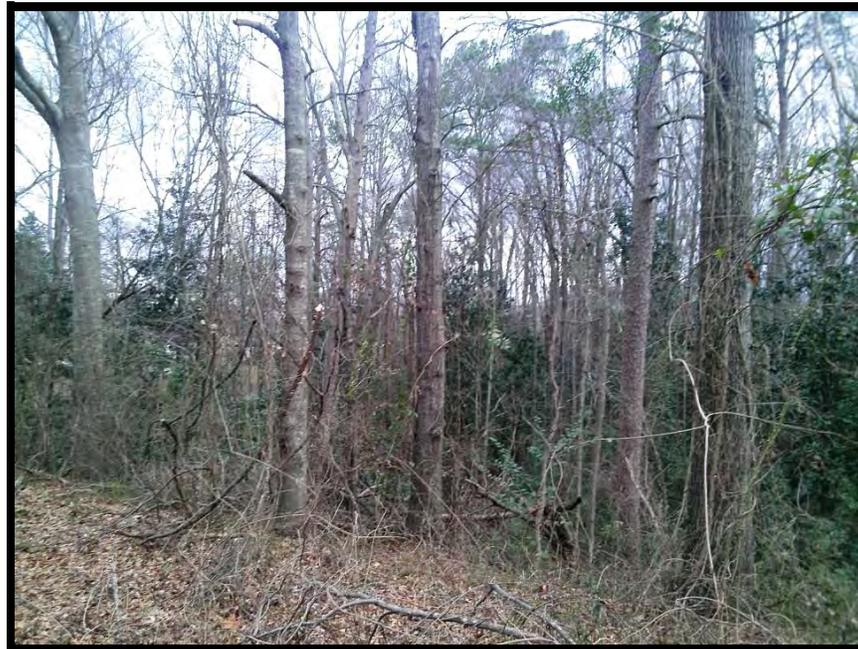
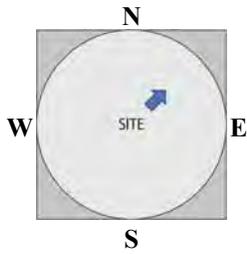
View of site from the west



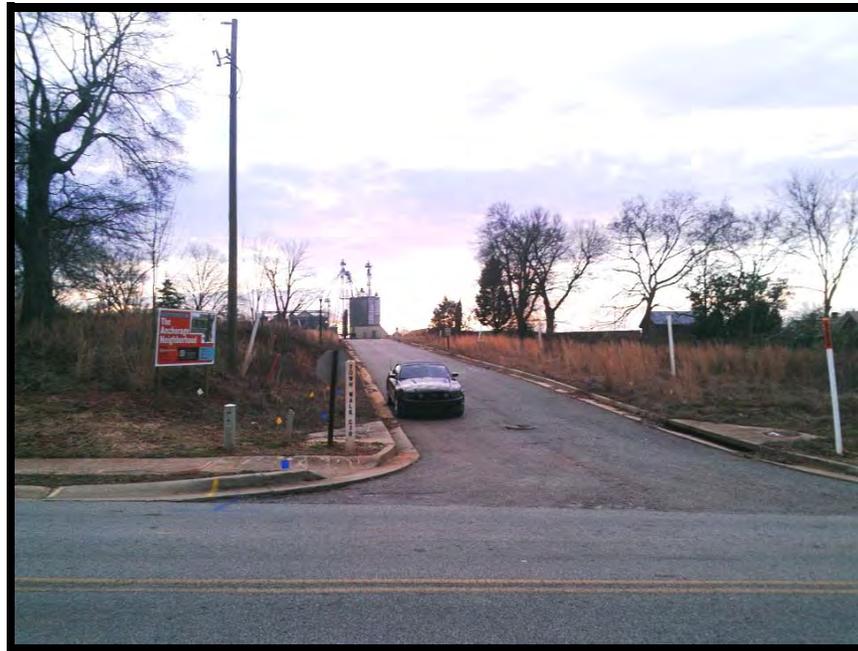
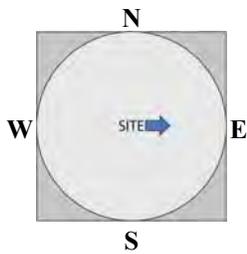
View of site from the northwest



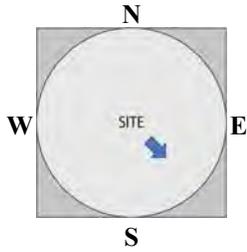
North view from site



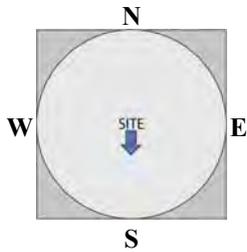
Northeast view from site



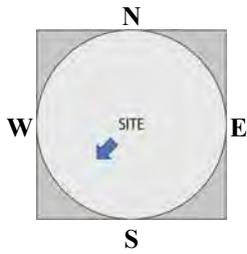
East view from site



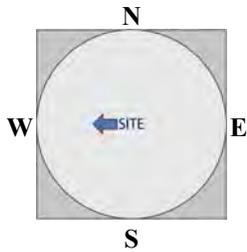
Southeast view from site



South view from site



Southwest view from site



West view from site



Streetscape: North view on Wellington Street/State Route 83



Streetscape: South view on Wellington Street/State Route 83



Historic Building (Located on Site property)

5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

The site is served by the community services detailed in the following table:

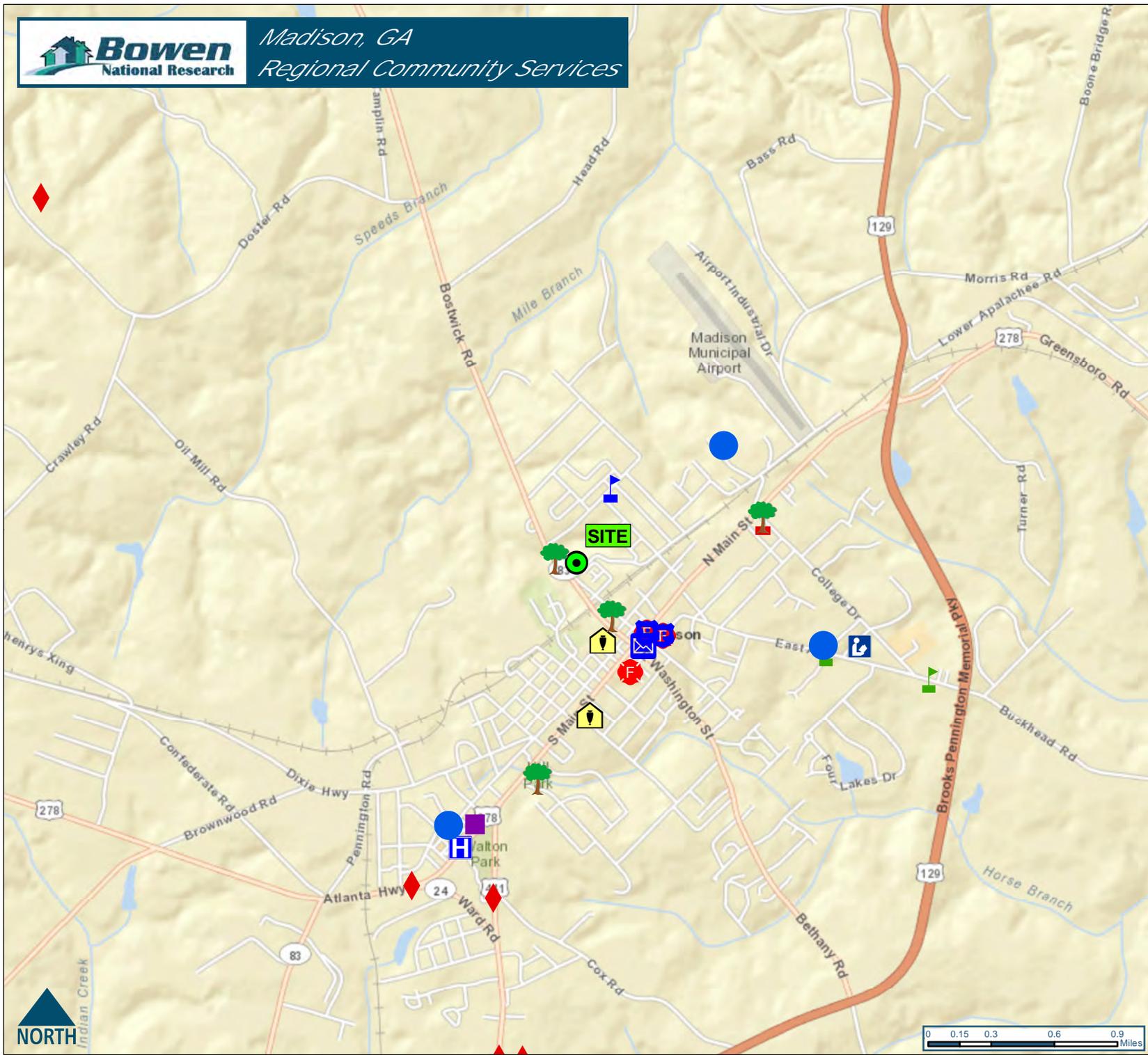
| Community Services | Name | Driving Distance From Site (Miles) |
|------------------------------------|---|------------------------------------|
| Major Highways | State Route 83 | Adjacent West |
| | State Route 24/U.S. Highway 129/278/441 | 0.4 South |
| | Interstate 20 | 3.3 South |
| Public Bus Stop | Morgan County Transit | On-Site |
| Major Employers/Employment Centers | Morgan Charter County School System | 1.2 East |
| | Morgan Memorial Hospital | 1.7 South |
| | Walmart Supercenter | 3.1 South |
| Convenience Store | Golden Pantry | 1.2 East |
| | Sunflower Foodmart | 2.0 South |
| Grocery | Madison Produce Company | 0.3 East |
| | Ingles Market | 2.3 South |
| | Walmart Supercenter | 3.1 South |
| Discount Department Store | Family Dollar Store | 1.8 South |
| | Dollar Tree | 2.4 South |
| | Dollar General | 2.5 South |
| | Walmart Supercenter | 3.1 South |
| Hospital | Morgan Memorial Hospital | 1.7 South |
| Police | Madison Police Department | 0.6 Southeast |
| Fire | Madison Fire Department | 0.6 Southeast |
| Post Office | U.S. Post Office | 0.6 Southeast |
| Bank | Bank Of Madison | 0.6 Southeast |
| | Suntrust Bank | 0.7 Southeast |
| Senior Center | Morgan County Senior Center | 1.6 South |
| Gas Station | Sunflower Foodmart | 2.0 South |
| | Citgo Foodmart | 3.4 South |
| | Madison Chevron Shop | 3.5 South |
| Pharmacy | Thrifty Mac Discount Drugs Inc. | 0.7 Southeast |
| | Madison Drug Company | 0.7 Southeast |
| | Ingles Market Pharmacy | 2.3 South |
| Restaurant | Adrian's Place | 0.4 Southeast |
| | Amici Italian Cafe | 0.6 Southeast |
| | Ye Olde Colonial Restaurant | 0.6 Southeast |
| Library | Morgan County Library | 1.2 Southeast |
| Park | Wellington Park | 0.1 West |
| | Madison Town Park | 0.1 East |
| | Hill Park | 1.1 Southeast |
| Church | Faith Baptist Church | 0.6 Southeast |
| | Calvary Baptist Church | 0.6 South |
| | Cornerstone Christian Center | 0.7 South |

Many community services are located along Main Street, approximately 0.8 miles southeast of the subject site. Services along Main Street include the Madison Drug Company, Ye Olde Colonial Restaurant, Bank of Madison and several churches. Note the closest grocery store, Madison Produce Company, is located approximately 0.3 miles east of the subject site.

The Morgan County Senior Center is located 1.6 miles south of the site on South Main Street, adjacent to the Morgan Memorial Hospital. The Morgan County Senior Center provides services including, but not limited to, enrichment courses, nutrition services, education programs, activities and transportation services. The transportation system provided is for seniors 60 years and older and is an on-call, on-site pickup service ranging from \$1.25 (inside city limits) to \$1.50 (outside city limits) one way.

Overall, the proximity of the most basic community services and all public safety services are anticipated to contribute to the marketability of the subject project.

Maps illustrating the location of community services are on the following pages.



- Legend*
-  Site
 -  elementary school
 -  fire
 -  high school
 -  hospital
 -  library
 -  middle school
 -  museum
 -  park
 -  police
 -  post office
 -  senior services
 -  shopping
 -  employers_1000_5000



6. CRIME ISSUES

The primary source for Crime Risk data is the FBI Uniform Crime Report (UCR). The FBI collects data from each of roughly 16,000 separate law enforcement jurisdictions across the country and compiles this data into the UCR. The most recent update showed an overall coverage rate of 95% of all jurisdictions nationwide with a coverage rate of 97% of all jurisdictions in metropolitan areas.

Applied Geographic Solutions uses the UCR at the jurisdictional level to model each of the seven crime types at other levels of geography. Risk indexes are standardized based on the national average. A Risk Index value of 100 for a particular risk indicates that, for the area, the relative probability of the risk is consistent with the average probability of that risk across the United States.

It should be noted that aggregate indexes for total crime, personal crime and property crime are not weighted, and murder is no more significant statistically in these indexes than petty theft. Thus, caution should be exercised when using them.

Total crime risk (65) for the Site PMA is below the national average with an overall personal crime index of 43 and a property crime index of 77. Total crime risk (54) for Morgan County is below the national average with indexes for personal and property crime of 34 and 67, respectively.

| | Crime Risk Index | |
|-----------------------|------------------|---------------|
| | Site PMA | Morgan County |
| Total Crime | 65 | 54 |
| Personal Crime | 43 | 34 |
| Murder | 52 | 45 |
| Rape | 40 | 27 |
| Robbery | 24 | 20 |
| Assault | 61 | 48 |
| Property Crime | 77 | 67 |
| Burglary | 112 | 103 |
| Larceny | 77 | 64 |
| Motor Vehicle Theft | 44 | 37 |

Source: Applied Geographic Solutions

As the preceding table illustrates, the crime risk index for the Site PMA is significantly below the national average. As such, the low crime rate is anticipated to have a positive impact on the site's marketability.

A map illustrating crime risk is on the following page.



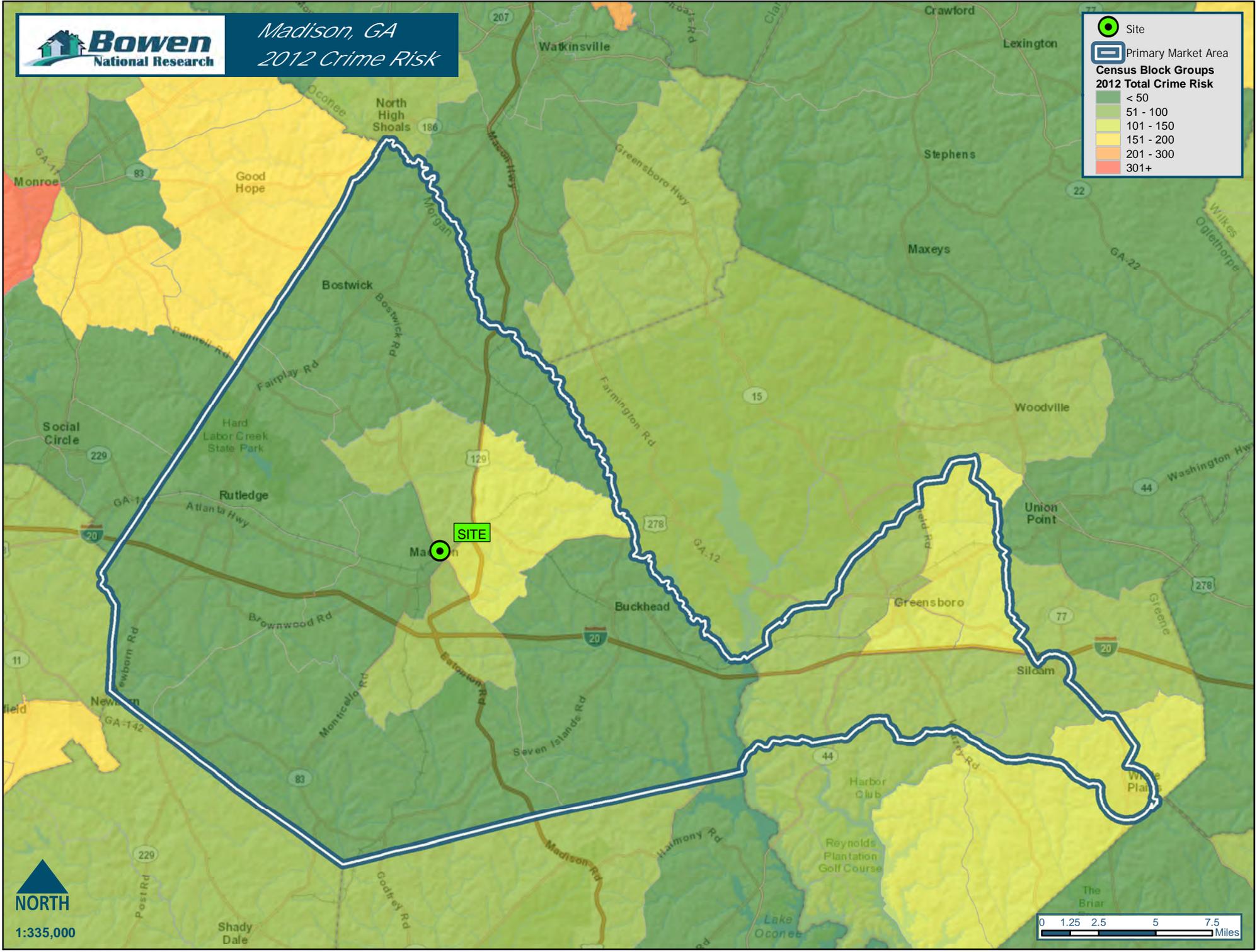
Madison, GA
2012 Crime Risk

● Site

▭ Primary Market Area

Census Block Groups
2012 Total Crime Risk

- < 50
- 51 - 100
- 101 - 150
- 151 - 200
- 201 - 300
- 301+




NORTH
1:335,000



7. OVERALL SITE EVALUATION

The proposed subject development is located within a neighborhood that is part of the Madison Urban Redevelopment Plan, known as the West Washington Street Gateway area. This will involve, but not be limited to, the rehabilitation/demolition of dilapidated structures, construction of infill residential dwellings, creation of an intersection point park and infrastructure improvements in an attempt to create a functional living/working environment. The plan, if it comes to fruition, will significantly improve the immediate site area and create a aesthetically-pleasing neighborhood that will be favorable to the targeted senior demographic. This will positively enhance the proposed development's marketability. Access to the site is considered good and is within 3.3 miles of State Routes 24 and 83, U.S. Highways 129, 278 and 441, as well as Interstate 20. On-call, on-site pickup senior (ages 60+) transportation services are also available. Visibility of the site is considered good for northbound traffic on State Route 83; however, the view is obstructed for southbound traffic. As such, signage is recommended to increase awareness of the proposed development.

The site is close to shopping, employment, recreation and entertainment opportunities, and both social and public safety services are all within approximately 2.0 miles. Overall, we anticipate the site's location and proximity to community services to have a positive effect on its marketability.

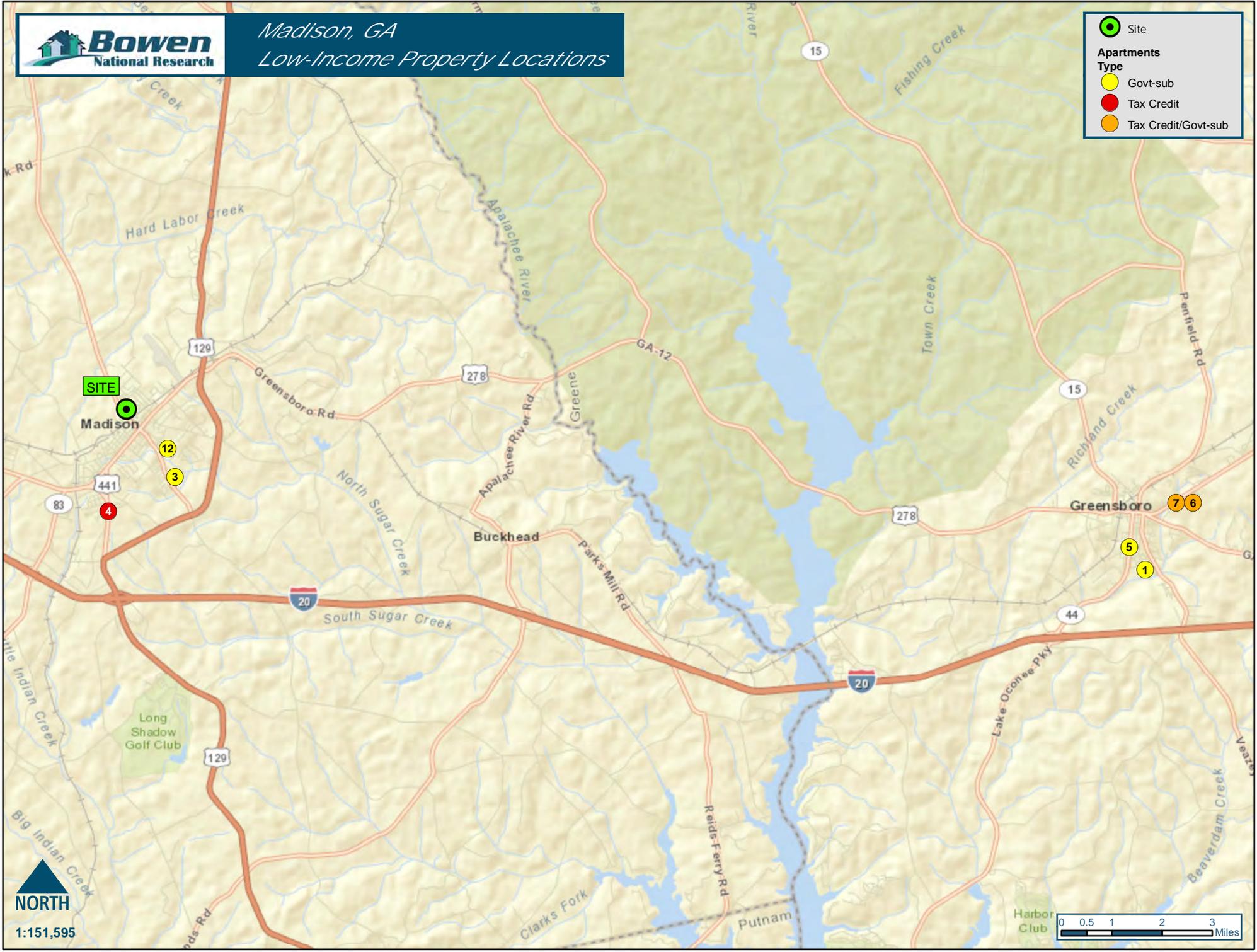
8. MAP OF LOW-INCOME RENTAL HOUSING

A map illustrating the location of low-income rental housing (4% and 9% Tax Credit Properties, Tax Exempt Bond Projects, Rural Development Properties, HUD Section 8 and Public Housing, etc.) identified in the Site PMA is included on the following page.



Madison, GA
Low-Income Property Locations

● Site
● Apartments
Type
● Govt-sub
● Tax Credit
● Tax Credit/Govt-sub



1:151,595



SECTION D – PRIMARY MARKET AREA DELINEATION

The Site Primary Market Area (PMA) is the geographical area from which comparable properties and potential renters are expected to be drawn. The Madison Site PMA was determined through interviews with property managers and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The Madison Site PMA includes all of Morgan County, as well as Greensboro and the surrounding unincorporated areas of Greene County, Georgia. The boundaries of the Site PMA include the Morgan County line and the Oconee National Forest to the north; Cunningham Road, Siloam town limits, State Route 15/77 and White Plains town limits to the east; White Plains-Veazey Road, Leslie Mill Road, Walker Church Road, Wrightsville Church Road, Lake Oconee Parkway, Landing Parkway and the Morgan County line to the south; and the Morgan County line to the west.

The following interviews were conducted in order to accurately determine the Site PMA:

- Laurie Aguilar, Property Manager of the Orchard Grove Apartments (Map I.D. 4), a general-occupancy LIHTC community, stated that a majority of their tenants come from the immediate Madison area and surrounding areas of Morgan County. Mrs. Aguilar explained that seniors from the Bostwick area would consider moving to Madison as they typically commute to this area for community services such as medical care and basic shopping needs. Mrs. Aguilar went on to say that there are currently no senior affordable housing projects in Madison or Bostwick which would further indicate that if seniors living Bostwick were looking for affordable housing it would be logical that they would look to Madison for their housing needs. Ms. Aguilar further stated that she receives significant amount of inquiries from the Greensboro area. She noted that the Greensboro area lacks senior housing and, given the convenient commute between the two towns, a new affordable senior community in Madison would encourage mobility among senior households in search of available affordable housing.
- Thelma Fureny, Property Manager of Madison Villas (Map I.D. 3), a general-occupancy government-subsidized community, stated that the majority of her tenants are from the local Madison area, as well as the remaining areas of Morgan County. Ms. Fureny also mentioned that she receives traffic from the Greensboro area. Given the lack of available age-restricted affordable housing within the Greensboro area and the relatively ease of commute between the two towns, it is anticipated that a new senior affordable development will draw a significant amount of support from Greensboro.

- Emma Reed, Property Manager of Greensboro Village Apartments (Map I.D. 1), a general-occupancy government-subsidized community, stated that there is significant tenant migration from Greensboro to Madison. Madison is an attractive area for the residents of Greensboro, as Madison offers more shopping and employment opportunities (including a Walmart). If a senior housing complex were to be built in Madison, Ms. Reed anticipates that it would entice seniors in Greensboro to relocate to Madison because of the aforementioned factors, as well as the lack of age-restricted housing in Greensboro.

It should be emphasized that it is recommended that the developer and/or management market the project throughout Morgan County and the adjacent county of Greene during the initial lease-up period and once the project reaches a stabilized occupancy to ensure the success of the proposed development. The inability of the project to attract sufficient support from the entire PMA may adversely impact its initial lease-up and ability to reach a stabilized occupancy.

The Greensboro area in Green County which is located to the east of Madison was included in the Site PMA because of a significant population migration as well as a strong tenant migration from Greensboro to Madison. Greensboro is connected to Madison through Interstate 20, which makes for a convenient move if seniors relocated to Madison for housing. Madison also offers some community services that Greensboro does not offer such as job opportunities, big box stores, and a better school system.

The area to the north of the Site PMA was excluded due to its proximity to Athens, a large city with existing senior affordable housing options and numerous community services. The areas to the east and south of the Site PMA are predominantly rural, consisting of owner households that will typically not support affordable rental housing. Areas to the west of the Site PMA were excluded due to its distance to the site and proximity to Covington, a city with existing affordable housing options and numerous community services. Therefore, we have not considered a secondary market area in this report.

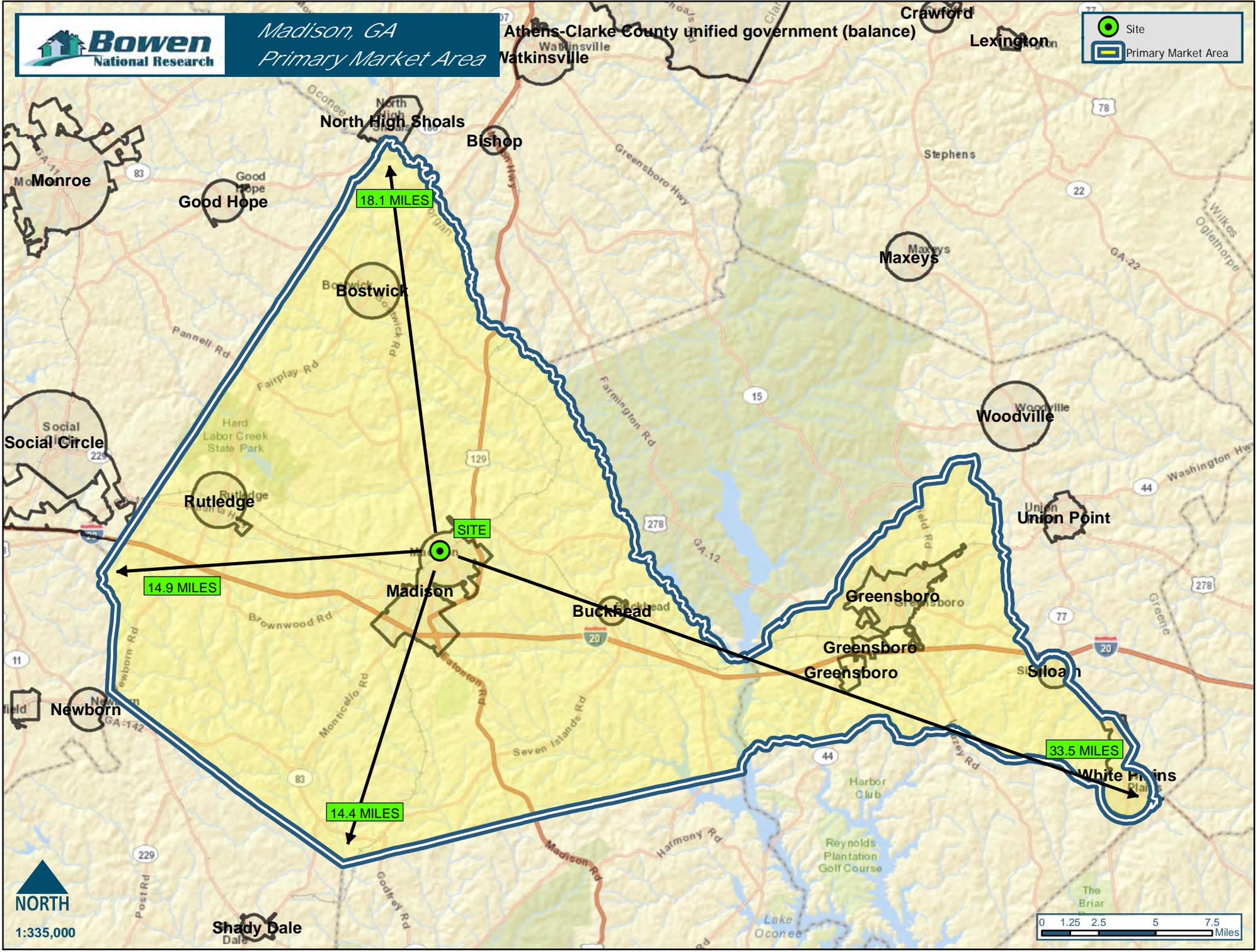
A map delineating the boundaries of the Site PMA is included on the following page.



*Madison, GA
Primary Market Area*

Athens-Clarke County unified government (balance)
Watkinsville

Site
Primary Market Area



NORTH
1:335,000



SECTION E - COMMUNITY DEMOGRAPHIC DATA

1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2014 (estimated) and 2016 (projected) are summarized as follows:

| | Year | | | |
|-------------------|------------------|------------------|---------------------|---------------------|
| | 2000 (Census) | 2010 (Census) | 2014 (Estimated) | 2016 (Projected) |
| Population | 21,409 | 24,137 | 24,693 | 24,876 |
| Population Change | - | 2,728 | 556 | 183 |
| Percent Change | - | 12.7% | 2.3% | 0.7% |

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The Madison Site PMA population base increased by 2,728 between 2000 and 2010. This represents a 12.7% increase over the 2000 population, or an annual rate of 1.2%. Between 2010 and 2014, the population increased by 556, or 2.3%. It is projected that the population will increase by 183, or 0.7%, between 2014 and 2016.

The Site PMA population bases by age are summarized as follows:

| Population by Age | 2010 (Census) | | 2014 (Estimated) | | 2016 (Projected) | | Change 2014-2016 | |
|-------------------|---------------|---------|------------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 19 & Under | 6,550 | 27.1% | 6,317 | 25.6% | 6,266 | 25.2% | -51 | -0.8% |
| 20 to 24 | 1,166 | 4.8% | 1,354 | 5.5% | 1,347 | 5.4% | -8 | -0.6% |
| 25 to 34 | 2,638 | 10.9% | 2,754 | 11.2% | 2,813 | 11.3% | 59 | 2.1% |
| 35 to 44 | 3,107 | 12.9% | 2,968 | 12.0% | 2,939 | 11.8% | -29 | -1.0% |
| 45 to 54 | 3,599 | 14.9% | 3,502 | 14.2% | 3,429 | 13.8% | -72 | -2.1% |
| 55 to 64 | 3,305 | 13.7% | 3,561 | 14.4% | 3,596 | 14.5% | 35 | 1.0% |
| 65 to 74 | 2,239 | 9.3% | 2,560 | 10.4% | 2,731 | 11.0% | 171 | 6.7% |
| 75 & Over | 1,535 | 6.4% | 1,678 | 6.8% | 1,755 | 7.1% | 77 | 4.6% |
| Total | 24,139 | 100.0% | 24,693 | 100.0% | 24,876 | 100.0% | 183 | 0.7% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, nearly 32% of the population is expected to be age 55 and older in 2014. Nearly 33% of the population is projected to be age 55 and older in 2016, increasing by 283, or 3.6%. This indicates that the population is aging within the market, which will bode well for the proposed project.

The following compares the PMA's elderly (age 55+) and non-elderly population.

| Population Type | Year | | |
|-------------------|------------------|---------------------|---------------------|
| | 2010 (Census) | 2014 (Estimated) | 2016 (Projected) |
| Elderly (Age 55+) | 7,079 | 7,799 | 8,082 |
| Non-Elderly | 17,060 | 16,895 | 16,794 |
| Total | 24,139 | 24,693 | 24,876 |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The elderly population is projected to increase by 283, or 3.6%, between 2014 and 2016. This increase among the targeted age cohort will likely increase the demand of senior-oriented housing.

2. HOUSEHOLD TRENDS

Household trends within the Madison Site PMA are summarized as follows:

| | Year | | | |
|------------------|------------------|------------------|---------------------|---------------------|
| | 2000 (Census) | 2010 (Census) | 2014 (Estimated) | 2016 (Projected) |
| Households | 7,691 | 9,045 | 9,308 | 9,403 |
| Household Change | - | 1,354 | 263 | 96 |
| Percent Change | - | 17.6% | 2.9% | 1.0% |
| Household Size | 2.78 | 2.67 | 2.63 | 2.62 |

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Within the Madison Site PMA, households increased by 1,354 (17.6%) between 2000 and 2010. Between 2010 and 2014, households increased by 263 or 2.9%. By 2016, there will be 9,403 households, an increase of 96 households, or 1.0% from 2014. This is an increase of approximately 48 households annually over the next two years.

The Site PMA household bases by age are summarized as follows:

| Households by Age | 2010 (Census) | | 2014 (Estimated) | | 2016 (Projected) | | Change 2014-2016 | |
|----------------------|---------------|---------|------------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Under 25 | 232 | 2.6% | 242 | 2.6% | 239 | 2.5% | -3 | -1.3% |
| 25 to 34 | 1,040 | 11.5% | 1,082 | 11.6% | 1,099 | 11.7% | 17 | 1.6% |
| 35 to 44 | 1,530 | 16.9% | 1,448 | 15.6% | 1,427 | 15.2% | -21 | -1.4% |
| 45 to 54 | 1,939 | 21.4% | 1,864 | 20.0% | 1,817 | 19.3% | -46 | -2.5% |
| 55 to 64 | 1,837 | 20.3% | 1,953 | 21.0% | 1,962 | 20.9% | 10 | 0.5% |
| 65 to 74 | 1,416 | 15.7% | 1,586 | 17.0% | 1,681 | 17.9% | 95 | 6.0% |
| 75 to 84 | 763 | 8.4% | 846 | 9.1% | 868 | 9.2% | 23 | 2.7% |
| 85 & Over | 288 | 3.2% | 289 | 3.1% | 310 | 3.3% | 22 | 7.6% |
| Total | 9,045 | 100.0% | 9,309 | 100.0% | 9,404 | 100.0% | 96 | 1.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Between 2014 and 2016, the greatest growth among household age groups is projected to be among the households ages 55 and older, increasing by 150, or 3.2%. This demonstrates that there will be an increasing need for housing for seniors in the market.

Households by tenure are distributed as follows:

| Distribution of Households | 2010 (Census) | | 2014 (Estimated) | | 2016 (Projected) | |
|----------------------------|---------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Owner-Occupied (<Age 55) | 3,063 | 33.9% | 2,649 | 28.5% | 2,609 | 27.7% |
| Owner-Occupied (Age 55+) | 3,494 | 38.6% | 3,868 | 41.6% | 3,984 | 42.4% |
| Renter-Occupied (<Age 55) | 1,678 | 18.6% | 1,985 | 21.3% | 1,972 | 21.0% |
| Renter-Occupied (Age 55+) | 810 | 9.0% | 805 | 8.7% | 838 | 8.9% |
| Total | 9,045 | 100.0% | 9,308 | 100.0% | 9,403 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, renter households age 55 and older are projected to increase by 33, or 4.1%, between 2014 and 2016. This provides further evidence of the increasing need for senior housing within the market.

Households by tenure for the general demographic, as well as those ages 55 and older are distributed in the following tables:

| Tenure | 2010 (Census) | | 2014 (Estimated) | | 2016 (Projected) | |
|-----------------|---------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Owner-Occupied | 6,557 | 72.5% | 6,518 | 70.0% | 6,593 | 70.1% |
| Renter-Occupied | 2,488 | 27.5% | 2,790 | 30.0% | 2,811 | 29.9% |
| Total | 9,045 | 100.0% | 9,308 | 100.0% | 9,403 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

| Tenure Age 55+ | 2010 (Census) | | 2014 (Estimated) | | 2016 (Projected) | |
|-----------------|---------------|---------|------------------|---------|------------------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| Owner-Occupied | 3,494 | 81.2% | 3,868 | 82.8% | 3,984 | 82.6% |
| Renter-Occupied | 810 | 18.8% | 805 | 17.2% | 838 | 17.4% |
| Total | 4,304 | 100.0% | 4,673 | 100.0% | 4,822 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

A total of 805 (17.2%) of all households age 55 and older within the Site PMA were renters in 2014.

The household sizes by tenure for age 55 and older within the Site PMA, based on the 2014 estimates and 2016 projections, were distributed as follows:

| Persons Per Renter Household Age 55+ | 2014 (Estimated) | | 2016 (Projected) | | Change 2014-2016 | |
|---|------------------|---------|------------------|---------|------------------|---------|
| | Households | Percent | Households | Percent | Households | Percent |
| 1 Person | 449 | 55.7% | 466 | 55.6% | 18 | 4.0% |
| 2 Persons | 102 | 12.7% | 113 | 13.5% | 11 | 10.5% |
| 3 Persons | 56 | 7.0% | 56 | 6.7% | 0 | -0.4% |
| 4 Persons | 62 | 7.7% | 64 | 7.6% | 2 | 3.5% |
| 5 Persons+ | 136 | 16.9% | 138 | 16.5% | 3 | 1.9% |
| Total | 805 | 100.0% | 838 | 100.0% | 33 | 4.1% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

| Persons Per Owner Household Age 55+ | 2014 (Estimated) | | 2016 (Projected) | | Change 2014-2016 | |
|--|------------------|---------|------------------|---------|------------------|---------|
| | Households | Percent | Households | Percent | Households | Percent |
| 1 Person | 995 | 25.7% | 1,035 | 26.0% | 40 | 4.0% |
| 2 Persons | 2,103 | 54.4% | 2,145 | 53.8% | 42 | 2.0% |
| 3 Persons | 459 | 11.9% | 480 | 12.1% | 21 | 4.6% |
| 4 Persons | 195 | 5.0% | 205 | 5.1% | 10 | 5.1% |
| 5 Persons+ | 116 | 3.0% | 119 | 3.0% | 3 | 2.7% |
| Total | 3,868 | 100.0% | 3,984 | 100.0% | 116 | 3.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The subject site will target one- to two-person senior renter households, which comprise more than 68% of the Site PMA's senior renter households in 2014. As such, the subject site will be able to accommodate the majority of senior renter households based on household size within the market. This will have a positive impact on the proposed development.

The distribution of households by income age 55 and older within the Madison Site PMA is summarized as follows:

| Household Income 55+ | 2010 (Census) | | 2014 (Estimated) | | 2016 (Projected) | |
|-------------------------|---------------|---------|------------------|---------|------------------|---------|
| | Households | Percent | Households | Percent | Households | Percent |
| Less Than \$10,000 | 482 | 11.2% | 524 | 11.2% | 532 | 11.0% |
| \$10,000 to \$19,999 | 722 | 16.8% | 789 | 16.9% | 799 | 16.6% |
| \$20,000 to \$29,999 | 547 | 12.7% | 555 | 11.9% | 568 | 11.8% |
| \$30,000 to \$39,999 | 415 | 9.6% | 466 | 10.0% | 470 | 9.7% |
| \$40,000 to \$49,999 | 521 | 12.1% | 589 | 12.6% | 598 | 12.4% |
| \$50,000 to \$59,999 | 347 | 8.1% | 364 | 7.8% | 383 | 7.9% |
| \$60,000 to \$74,999 | 255 | 5.9% | 324 | 6.9% | 349 | 7.2% |
| \$75,000 to \$99,999 | 380 | 8.8% | 423 | 9.1% | 436 | 9.0% |
| \$100,000 to \$124,999 | 178 | 4.1% | 178 | 3.8% | 197 | 4.1% |
| \$125,000 to \$149,999 | 110 | 2.6% | 100 | 2.1% | 109 | 2.3% |
| \$150,000 to \$199,999 | 161 | 3.8% | 156 | 3.3% | 161 | 3.3% |
| \$200,000 & Over | 185 | 4.3% | 205 | 4.4% | 221 | 4.6% |
| Total | 4,304 | 100.0% | 4,673 | 100.0% | 4,822 | 100.0% |
| Median Income | \$39,653 | | \$40,039 | | \$40,704 | |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2010, the median household income for households age 55 and older was \$39,653. This increased by 1.0% to \$40,039 in 2014. By 2016, it is projected that the median household income will be \$40,704, an increase of 1.7% from 2014.

The following tables illustrate renter household income by household size for age 55 and older for 2010, 2014 and 2016 for the Madison Site PMA:

| Renter Age 55+ Households | 2010 (Census) | | | | | |
|---------------------------|---------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 88 | 37 | 0 | 0 | 2 | 127 |
| \$10,000 to \$19,999 | 185 | 16 | 13 | 30 | 10 | 254 |
| \$20,000 to \$29,999 | 30 | 15 | 1 | 31 | 39 | 116 |
| \$30,000 to \$39,999 | 13 | 7 | 0 | 0 | 39 | 59 |
| \$40,000 to \$49,999 | 54 | 7 | 34 | 3 | 2 | 101 |
| \$50,000 to \$59,999 | 17 | 2 | 0 | 2 | 3 | 25 |
| \$60,000 to \$74,999 | 10 | 5 | 1 | 1 | 2 | 20 |
| \$75,000 to \$99,999 | 14 | 1 | 2 | 1 | 23 | 41 |
| \$100,000 to \$124,999 | 3 | 1 | 3 | 0 | 0 | 8 |
| \$125,000 to \$149,999 | 2 | 1 | 1 | 0 | 13 | 17 |
| \$150,000 to \$199,999 | 9 | 5 | 3 | 0 | 0 | 17 |
| \$200,000 & Over | 14 | 3 | 3 | 2 | 2 | 25 |
| Total | 439 | 100 | 63 | 71 | 137 | 810 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

| Renter Age 55+ Households | 2014 (Estimated) | | | | | |
|---------------------------|------------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 95 | 34 | 0 | 0 | 2 | 130 |
| \$10,000 to \$19,999 | 190 | 20 | 13 | 20 | 13 | 256 |
| \$20,000 to \$29,999 | 33 | 16 | 1 | 32 | 39 | 121 |
| \$30,000 to \$39,999 | 10 | 7 | 0 | 0 | 39 | 57 |
| \$40,000 to \$49,999 | 52 | 8 | 33 | 3 | 2 | 98 |
| \$50,000 to \$59,999 | 22 | 2 | 1 | 1 | 3 | 30 |
| \$60,000 to \$74,999 | 13 | 4 | 1 | 2 | 3 | 22 |
| \$75,000 to \$99,999 | 13 | 1 | 1 | 0 | 11 | 27 |
| \$100,000 to \$124,999 | 4 | 3 | 2 | 0 | 9 | 18 |
| \$125,000 to \$149,999 | 2 | 4 | 2 | 0 | 11 | 19 |
| \$150,000 to \$199,999 | 7 | 1 | 2 | 0 | 0 | 10 |
| \$200,000 & Over | 7 | 3 | 0 | 3 | 3 | 17 |
| Total | 449 | 102 | 56 | 62 | 136 | 805 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

| Renter Age 55+ Households | 2016 (Projected) | | | | | |
|---------------------------|------------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 98 | 34 | 1 | 0 | 1 | 134 |
| \$10,000 to \$19,999 | 196 | 21 | 14 | 19 | 14 | 265 |
| \$20,000 to \$29,999 | 34 | 18 | 1 | 33 | 37 | 123 |
| \$30,000 to \$39,999 | 11 | 8 | 0 | 1 | 40 | 59 |
| \$40,000 to \$49,999 | 54 | 9 | 32 | 4 | 3 | 102 |
| \$50,000 to \$59,999 | 24 | 3 | 1 | 2 | 4 | 33 |
| \$60,000 to \$74,999 | 14 | 5 | 2 | 3 | 2 | 26 |
| \$75,000 to \$99,999 | 14 | 2 | 1 | 0 | 12 | 28 |
| \$100,000 to \$124,999 | 5 | 4 | 1 | 0 | 10 | 21 |
| \$125,000 to \$149,999 | 1 | 3 | 2 | 0 | 11 | 18 |
| \$150,000 to \$199,999 | 7 | 1 | 2 | 0 | 1 | 11 |
| \$200,000 & Over | 8 | 4 | 0 | 3 | 4 | 19 |
| Total | 466 | 113 | 56 | 64 | 138 | 838 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

The following tables illustrate owner household income by household size for age 55 and older for 2010, 2014 and 2016 for the Madison Site PMA:

| Owner Age 55+ Households | 2010 (Census) | | | | | |
|--------------------------|---------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 207 | 120 | 17 | 1 | 10 | 355 |
| \$10,000 to \$19,999 | 237 | 169 | 21 | 18 | 23 | 468 |
| \$20,000 to \$29,999 | 111 | 263 | 47 | 3 | 8 | 432 |
| \$30,000 to \$39,999 | 87 | 210 | 50 | 9 | 1 | 356 |
| \$40,000 to \$49,999 | 51 | 257 | 69 | 38 | 6 | 421 |
| \$50,000 to \$59,999 | 67 | 171 | 67 | 17 | 1 | 322 |
| \$60,000 to \$74,999 | 31 | 174 | 17 | 11 | 2 | 235 |
| \$75,000 to \$99,999 | 51 | 186 | 49 | 29 | 23 | 338 |
| \$100,000 to \$124,999 | 18 | 113 | 26 | 7 | 7 | 170 |
| \$125,000 to \$149,999 | 9 | 49 | 12 | 22 | 1 | 93 |
| \$150,000 to \$199,999 | 11 | 126 | 2 | 2 | 2 | 144 |
| \$200,000 & Over | 27 | 114 | 8 | 8 | 3 | 160 |
| Total | 907 | 1,953 | 383 | 164 | 88 | 3,494 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

| Owner Age 55+ Households | 2014 (Estimated) | | | | | |
|--------------------------|------------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | Total |
| Less Than \$10,000 | 226 | 136 | 19 | 2 | 11 | 394 |
| \$10,000 to \$19,999 | 257 | 186 | 32 | 23 | 35 | 533 |
| \$20,000 to \$29,999 | 115 | 245 | 64 | 6 | 5 | 434 |
| \$30,000 to \$39,999 | 100 | 238 | 57 | 10 | 3 | 409 |
| \$40,000 to \$49,999 | 73 | 280 | 80 | 52 | 6 | 491 |
| \$50,000 to \$59,999 | 67 | 175 | 68 | 22 | 3 | 334 |
| \$60,000 to \$74,999 | 35 | 226 | 24 | 11 | 6 | 302 |
| \$75,000 to \$99,999 | 50 | 215 | 64 | 35 | 32 | 396 |
| \$100,000 to \$124,999 | 16 | 109 | 18 | 6 | 11 | 160 |
| \$125,000 to \$149,999 | 9 | 39 | 15 | 19 | 0 | 81 |
| \$150,000 to \$199,999 | 14 | 124 | 4 | 2 | 1 | 146 |
| \$200,000 & Over | 33 | 131 | 16 | 6 | 2 | 189 |
| Total | 995 | 2,103 | 459 | 195 | 116 | 3,868 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

| Owner Age 55+ Households | 2016 (Projected) | | | | | Total |
|--------------------------|------------------|----------|----------|----------|-----------|-------|
| | 1-Person | 2-Person | 3-Person | 4-Person | 5-Person+ | |
| Less Than \$10,000 | 232 | 131 | 20 | 3 | 11 | 398 |
| \$10,000 to \$19,999 | 262 | 182 | 31 | 24 | 35 | 534 |
| \$20,000 to \$29,999 | 120 | 249 | 65 | 5 | 6 | 445 |
| \$30,000 to \$39,999 | 101 | 236 | 59 | 11 | 4 | 411 |
| \$40,000 to \$49,999 | 75 | 281 | 83 | 52 | 5 | 496 |
| \$50,000 to \$59,999 | 73 | 184 | 67 | 25 | 2 | 350 |
| \$60,000 to \$74,999 | 39 | 240 | 26 | 12 | 5 | 322 |
| \$75,000 to \$99,999 | 52 | 217 | 68 | 37 | 34 | 408 |
| \$100,000 to \$124,999 | 19 | 118 | 20 | 7 | 12 | 176 |
| \$125,000 to \$149,999 | 12 | 41 | 17 | 20 | 0 | 91 |
| \$150,000 to \$199,999 | 13 | 128 | 5 | 3 | 2 | 150 |
| \$200,000 & Over | 36 | 139 | 17 | 7 | 3 | 202 |
| Total | 1,035 | 2,145 | 480 | 205 | 119 | 3,984 |

Source: Ribbon Demographics; ESRI; Urban Decision Group

Overall population and households have experienced positive growth since 2000. These trends are projected to remain positive through 2016, increasing by 183 (0.7%) and 96 (1.0%), respectively, from 2014. In addition, population and households ages 55 and older are projected to increase by 284 (3.6%) and 150 (3.2%), respectively, over the same time period. Further, senior renters ages 55 and older are projected to increase by 33, or 4.1%, between 2014 and 2016. This growth indicates an increasing need for senior housing in the market through 2016. It should also be noted that the proposed development will target one- to two-person senior renter households which comprise the majority of such households within the Site PMA. As such, the subject site will be able to accommodate most of the Site PMA's senior renter households based on household size. The preceding factors will have a positive impact on the marketability of the subject site.

SECTION F - ECONOMIC TRENDS

1. LABOR FORCE PROFILE

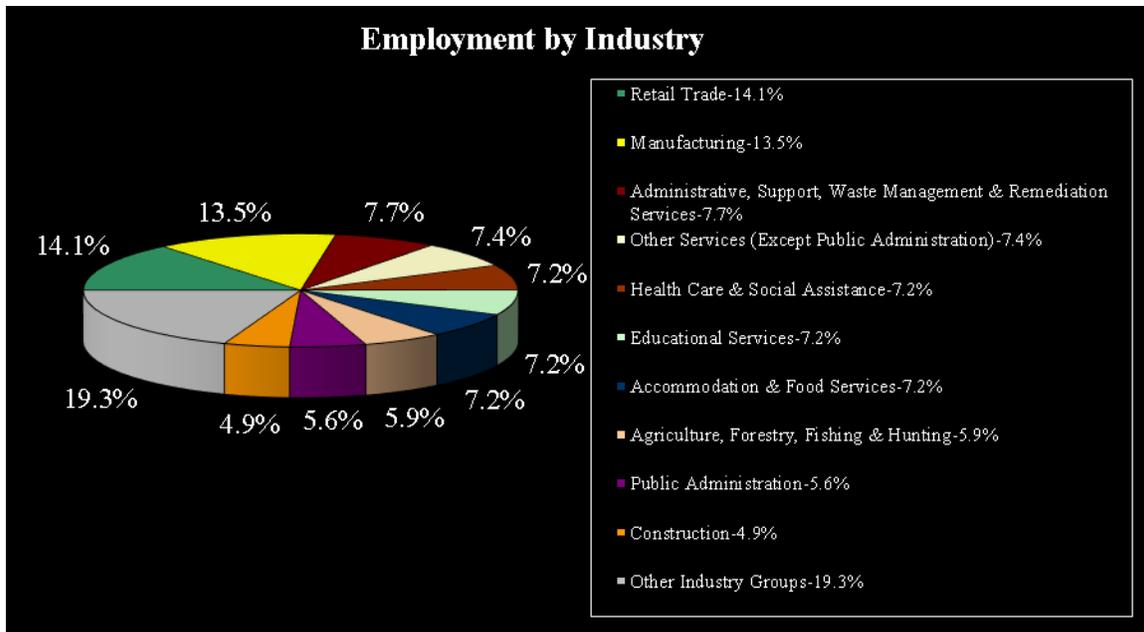
The labor force within the Madison Site PMA is based primarily in two sectors. Retail Trade (which comprises 14.1%) and Manufacturing comprise nearly 28% of the Site PMA labor force. Employment in the Madison Site PMA, as of 2014, was distributed as follows:

| NAICS Group | Establishments | Percent | Employees | Percent | E.P.E. |
|--|----------------|---------------|--------------|---------------|------------|
| Agriculture, Forestry, Fishing & Hunting | 137 | 7.2% | 586 | 5.9% | 4.3 |
| Mining | 1 | 0.1% | 23 | 0.2% | 23.0 |
| Utilities | 5 | 0.3% | 124 | 1.3% | 24.8 |
| Construction | 173 | 9.1% | 483 | 4.9% | 2.8 |
| Manufacturing | 59 | 3.1% | 1,335 | 13.5% | 22.6 |
| Wholesale Trade | 62 | 3.3% | 266 | 2.7% | 4.3 |
| Retail Trade | 209 | 11.0% | 1,397 | 14.1% | 6.7 |
| Transportation & Warehousing | 68 | 3.6% | 392 | 4.0% | 5.8 |
| Information | 19 | 1.0% | 180 | 1.8% | 9.5 |
| Finance & Insurance | 59 | 3.1% | 226 | 2.3% | 3.8 |
| Real Estate & Rental & Leasing | 76 | 4.0% | 200 | 2.0% | 2.6 |
| Professional, Scientific & Technical Services | 166 | 8.8% | 436 | 4.4% | 2.6 |
| Management of Companies & Enterprises | 7 | 0.4% | 17 | 0.2% | 2.4 |
| Administrative, Support, Waste Management & Remediation Services | 381 | 20.1% | 763 | 7.7% | 2.0 |
| Educational Services | 25 | 1.3% | 711 | 7.2% | 28.4 |
| Health Care & Social Assistance | 79 | 4.2% | 712 | 7.2% | 9.0 |
| Arts, Entertainment & Recreation | 18 | 1.0% | 49 | 0.5% | 2.7 |
| Accommodation & Food Services | 89 | 4.7% | 710 | 7.2% | 8.0 |
| Other Services (Except Public Administration) | 213 | 11.3% | 734 | 7.4% | 3.4 |
| Public Administration | 46 | 2.4% | 558 | 5.6% | 12.1 |
| Total | 1,892 | 100.0% | 9,902 | 100.0% | 5.2 |

*Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

E.P.E. - Average Employees Per Establishment

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within the Site PMA. These employees, however, are included in our labor force calculations because their places of employment are located within the Site PMA.



Typical wages by job category for the North Georgia Nonmetropolitan Area are compared with those of Georgia in the following table:

| Typical Wage by Occupation Type | | |
|--|---------------------------------------|-----------|
| Occupation Type | North Georgia Nonmetropolitan Area | Georgia |
| Management Occupations | \$82,370 | \$106,520 |
| Business and Financial Occupations | \$54,280 | \$69,720 |
| Computer and Mathematical Occupations | \$66,470 | \$76,060 |
| Architecture and Engineering Occupations | \$57,400 | \$73,630 |
| Community and Social Service Occupations | \$36,130 | \$41,880 |
| Art, Design, Entertainment and Sports Medicine Occupations | \$38,230 | \$48,400 |
| Healthcare Practitioners and Technical Occupations | \$59,700 | \$69,400 |
| Healthcare Support Occupations | \$24,020 | \$26,160 |
| Protective Service Occupations | \$31,610 | \$33,690 |
| Food Preparation and Serving Related Occupations | \$18,770 | \$19,810 |
| Building and Grounds Cleaning and Maintenance Occupations | \$23,420 | \$23,550 |
| Personal Care and Service Occupations | \$22,030 | \$22,160 |
| Sales and Related Occupations | \$28,280 | \$35,520 |
| Office and Administrative Support Occupations | \$29,770 | \$33,110 |
| Construction and Extraction Occupations | \$34,450 | \$38,120 |
| Installation, Maintenance and Repair Occupations | \$36,830 | \$41,750 |
| Production Occupations | \$29,870 | \$31,340 |
| Transportation and Moving Occupations | \$26,600 | \$34,260 |

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

Most annual blue-collar salaries range from \$18,770 to \$38,230 within the MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$64,044. It is important to note that most occupational types within the nonmetropolitan area have lower typical wages than the State of Georgia's typical wages.

While the subject project will target senior households, many of which will likely be retired, there appears to a sufficient base of wage-appropriate jobs in the market from which seniors seeking employment could choose.

2. MAJOR EMPLOYERS

Despite numerous attempts to obtain current major employer information, such information was not provided at the time this report was issued. The following table summarizes the major employers and employment numbers within Morgan County as of December 2012:

| Business | Business Type | Total Employed |
|----------------------------------|--|----------------|
| Georgia Pacific | Manufacturer: Paper Products | 450 |
| Morgan County Board of Education | Education | 425 |
| Pennington Seed | Grass Seed Producer | 250 |
| Walmart | Retail | 200 |
| Anthony International | Specialty Glass Manufacturer | 200 |
| Morgan Memorial Hospital | Health Care | 175 |
| Flambeau Manufacturing | Plastic Injection Molding Manufacturer | 150 |
| Lowe's Home Store | Retail | 140 |
| Bard Manufacturing | HVAC Units Manufacturing | 130 |
| Rema Tip Top | Auto & Industrial Products Distributor | 80 |
| Total | | 2,200 |

Source: Madison-Morgan County Chamber of Commerce (Dec. 2012)

According to a representative with the Madison-Morgan County Chamber of Commerce, the local economy is experiencing growth. A summary of key factors impacting the local economy are as follows:

- Mannington Mills, a vinyl-tile manufacturer, announced that it is expanding its Madison facility, expected to add 219 jobs by 2015. Construction began in October 2013 and will double the size of the existing facility.
- Baxter International, a global health care company, plans to open a plasma-based treatment fractionation facility in Stanton Springs, located in the western portion of Morgan County. It will consist of a one million square-foot facility. The company is expected to create approximately 1,500 jobs by 2018.

According to the Georgia Department of Labor website, there have been no WARN notices of large-scale layoffs/closures reported for Morgan County within the past 12 months.

3. EMPLOYMENT TRENDS

The following tables were generated from the U.S. Department of Labor, Bureau of Labor Statistics and reflect employment trends of the county in which the site is located.

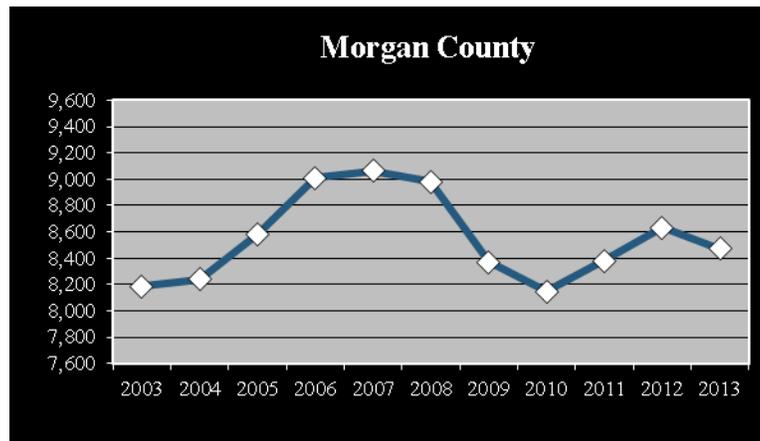
Excluding 2013, the employment base has declined by 3.9% over the past five years in Morgan County, more than the Georgia state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Morgan County, Georgia and the United States.

| Year | Total Employment | | | | | |
|-------|------------------|----------------|--------------|----------------|---------------|----------------|
| | Morgan County | | Georgia | | United States | |
| | Total Number | Percent Change | Total Number | Percent Change | Total Number | Percent Change |
| 2003 | 8,186 | - | 4,173,787 | - | 137,936,674 | - |
| 2004 | 8,240 | 0.7% | 4,249,007 | 1.8% | 138,386,944 | 0.3% |
| 2005 | 8,584 | 4.2% | 4,375,178 | 3.0% | 139,988,842 | 1.2% |
| 2006 | 9,011 | 5.0% | 4,500,150 | 2.9% | 142,328,023 | 1.7% |
| 2007 | 9,066 | 0.6% | 4,587,739 | 1.9% | 144,990,053 | 1.9% |
| 2008 | 8,983 | -0.9% | 4,540,706 | -1.0% | 146,397,529 | 1.0% |
| 2009 | 8,372 | -6.8% | 4,289,819 | -5.5% | 146,068,824 | -0.2% |
| 2010 | 8,149 | -2.7% | 4,241,718 | -1.1% | 140,721,369 | -3.7% |
| 2011 | 8,378 | 2.8% | 4,295,113 | 1.3% | 140,483,185 | -0.2% |
| 2012 | 8,632 | 3.0% | 4,371,608 | 1.8% | 141,748,955 | 0.9% |
| 2013* | 8,470 | -1.9% | 4,396,459 | 0.6% | 141,772,241 | 0.0% |

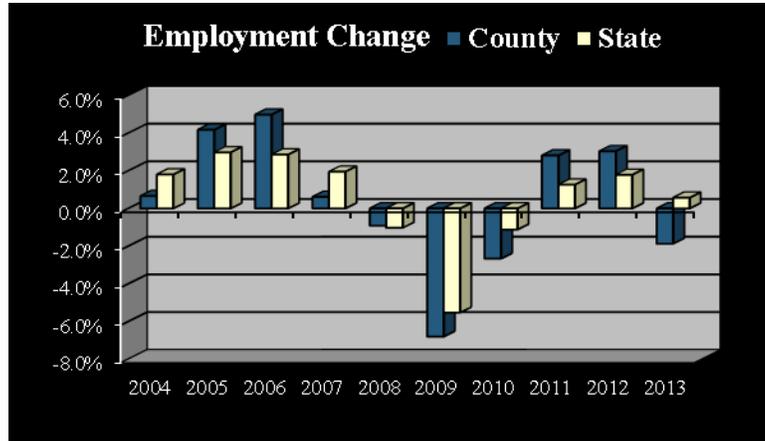
Source: Department of Labor; Bureau of Labor Statistics

*Through December



As the preceding illustrates, the Morgan County employment base experienced positive growth between 2003 and 2007, then experienced a significant decline between 2008 and 2010, mirroring national trends during the recession that impacted much of the country. Between 2010 and 2012, the County's employment base increased, then declined by 162 employees, or 1.9%, between 2012 and December of 2013.

The following table illustrates the percent change in employment for Morgan County and Georgia.

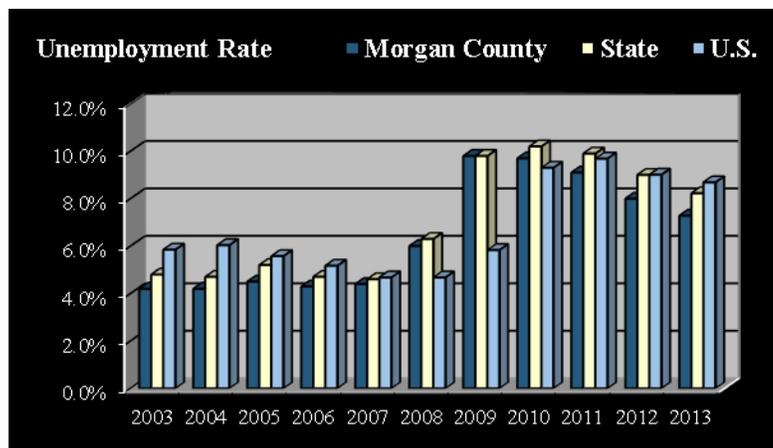


Unemployment rates for Morgan County, Georgia and the United States are illustrated as follows:

| Year | Unemployment Rate | | |
|-------|-------------------|---------|---------------|
| | Morgan County | Georgia | United States |
| 2003 | 4.2% | 4.8% | 5.8% |
| 2004 | 4.2% | 4.7% | 6.0% |
| 2005 | 4.5% | 5.2% | 5.6% |
| 2006 | 4.3% | 4.7% | 5.2% |
| 2007 | 4.4% | 4.6% | 4.7% |
| 2008 | 6.0% | 6.3% | 4.7% |
| 2009 | 9.8% | 9.8% | 5.8% |
| 2010 | 9.7% | 10.2% | 9.3% |
| 2011 | 9.1% | 9.9% | 9.7% |
| 2012 | 8.0% | 9.0% | 9.0% |
| 2013* | 7.3% | 8.2% | 8.7% |

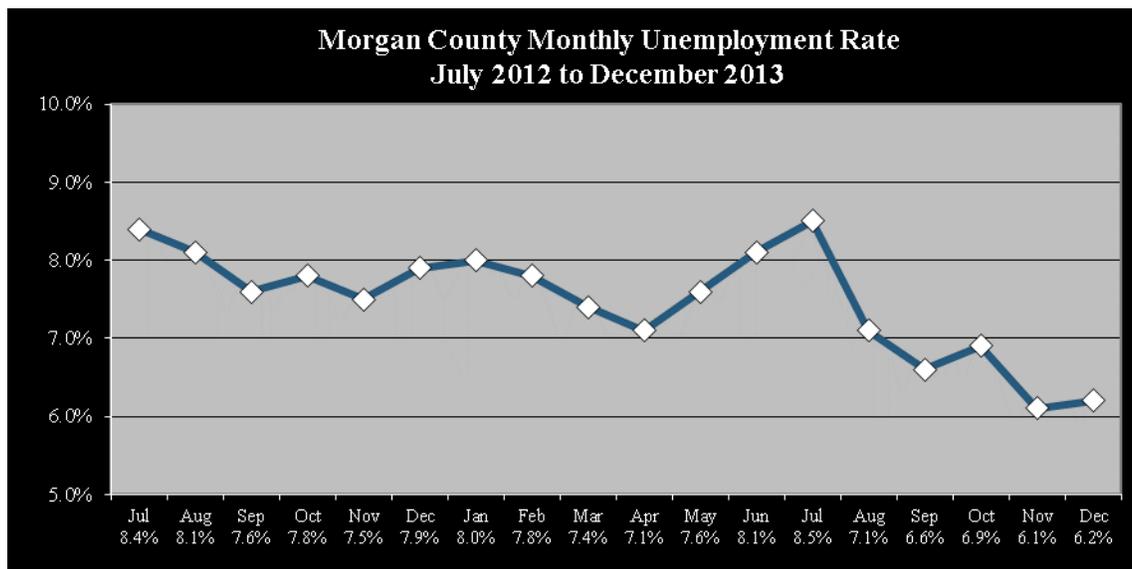
Source: Department of Labor, Bureau of Labor Statistics

*Through December



The unemployment rate in Morgan County has ranged between 4.2% and 9.8%, generally below the state average since 2003. As the preceding table illustrates, the County's unemployment rate increased by over five percentage points between 2007 and 2009, similar to trends experienced by much of the nation during this time period. On a positive note, the County's unemployment rate consistently decreased within the preceding five-year period; however, the December 2013 rate is considered moderately high at 7.3%.

The following table illustrates the monthly unemployment rate in Morgan County for the most recent 18-month period for which data is currently available.



Despite fluctuations in the County's unemployment rate within the preceding 18 months, it has generally trended downward from 8.4% reported in July 2012 to 6.2% in December 2013. It should be noted that the 6.2% unemployment rate reported in December 2013 is 1.7 percentage points lower than December 2012.

In-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The following illustrates the total in-place employment base for Morgan County.

| In-Place Employment Morgan County | | | |
|-----------------------------------|------------|--------|----------------|
| Year | Employment | Change | Percent Change |
| 2003 | 5,916 | - | - |
| 2004 | 5,946 | 30 | 0.5% |
| 2005 | 6,219 | 273 | 4.6% |
| 2006 | 6,369 | 150 | 2.4% |
| 2007 | 6,380 | 11 | 0.2% |
| 2008 | 6,314 | -66 | -1.0% |
| 2009 | 5,821 | -493 | -7.8% |
| 2010 | 5,639 | -182 | -3.1% |
| 2011 | 5,868 | 229 | 4.1% |
| 2012 | 5,919 | 51 | 0.9% |
| 2013* | 5,854 | -65 | -1.1% |

Source: Department of Labor, Bureau of Labor Statistics

*Through June

Data for 2012, the most recent year that year-end figures are available, indicates in-place employment in Morgan County to be 68.6% of the total Morgan County employment. This means that Morgan County has more employed persons staying in the county for daytime employment than those who work outside the county. This will have a positive impact on the proposed development, as senior households still within the workforce typically have relatively short commute times to their place of employment.

4. ECONOMIC FORECAST

According to a local representative with the Madison-Morgan County Chamber of Commerce, the local economy is currently growing. There have been two major announcements of business growth within the county, anticipated to create over 1,700 new jobs within the next several years. Notably, Baxter International is currently constructing a plasma fractionation facility in the western portion of the county in Stanton Springs, which is anticipated to employ approximately 1,500 workers by 2018.

Based on ESRI data and employment data from the Bureau of Labor Statistics, the county's employment base consistently increased between 2010 and 2012, then declined by 1.9% between 2012 and December 2013. On the other hand, the unemployment rate consistently decreased within the preceding five-year period; however, is still considered moderately high, averaging 7.3% through December 2013.

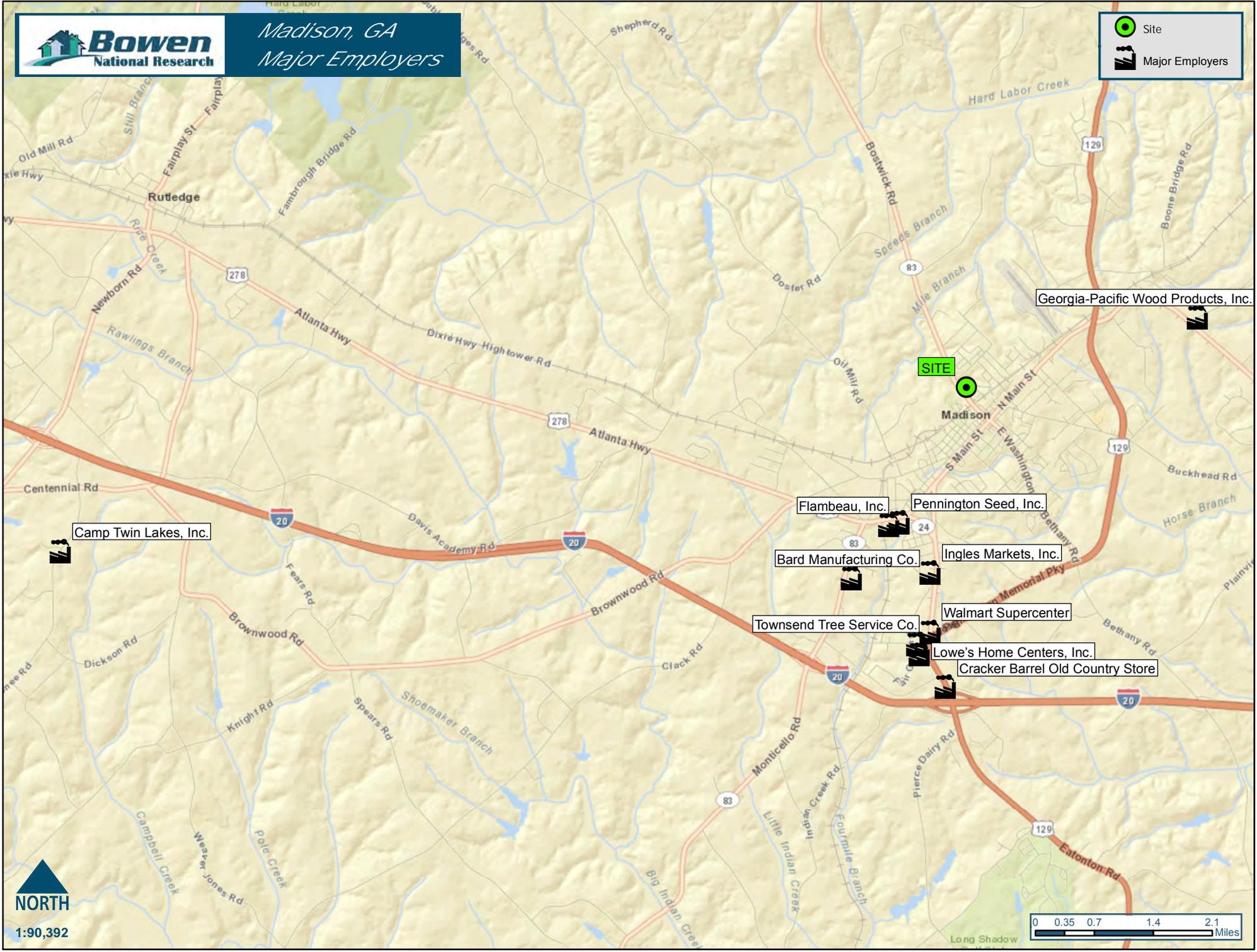
Considering the moderately high unemployment rate and the declining employment base, the need for affordable housing has remained strong, as evidenced by the typically high occupancies of the affordable housing projects in the Site PMA. In addition, a high rate of unemployment contributes to the demand for affordable housing, as households with lower incomes due to unemployment or underemployment may not be able to afford their current housing costs. The subject site will provide a good quality housing option in an economy where lower-wage employees, including seniors in the workforce, are most vulnerable.

A map illustrating notable employment centers is on the following page.

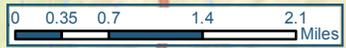


Madison, GA Major Employers

 Site
 Major Employers



1:90,392



SECTION G – PROJECT-SPECIFIC DEMAND ANALYSIS

1. DETERMINATION OF INCOME ELIGIBILITY

The number of income-eligible households necessary to support the project from the Site PMA is an important consideration in evaluating the proposed project's potential.

Under the Low-Income Housing Tax Credit program, household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

The subject site is within Morgan County, which has a four-person median household income of \$62,400 for 2014. The subject property will be restricted to senior households with incomes of up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size and targeted income level:

| Household Size | Maximum Allowable Income | |
|----------------|--------------------------|----------|
| | 50% | 60% |
| One-Person | \$21,850 | \$26,220 |
| Two-Person | \$25,000 | \$30,000 |

a. Maximum Income Limits

The largest proposed units (two-bedroom) at the subject site are expected to house up to two-person senior households. As such, the maximum allowable income at the subject site is **\$30,000**.

b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to GDCA/GHFA market study guidelines, the maximum rent-to-income ratio permitted for family projects is 35%, while older person (age 55 and older) and elderly (age 62 and older) projects should utilize a 40% rent-to-income ratio.

The proposed Low-Income Housing Tax Credit units will have a lowest gross rent of \$533 (at 50% and 60% of AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,396.

Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of **\$15,990**.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate range required to live at the proposed project by AMHI level is as follows:

| Unit Type | Income Range | |
|-------------------------------------|--------------|----------|
| | Minimum | Maximum |
| Tax Credit (Limited to 50% of AMHI) | \$15,990 | \$25,000 |
| Tax Credit (Limited to 60% of AMHI) | \$15,990 | \$30,000 |
| Overall LIHTC Demand | \$15,990 | \$30,000 |

2. METHODOLOGY

Demand

The following are the demand components as outlined by the Georgia Department of Community Affairs/Georgia Housing and Finance Authority:

- a. **Demand from New Household: New units required in the market area due to projected household growth from migration into the market and growth from existing households in the market should be determined.** *This should be determined using 2010 renter household data and projecting forward to the anticipated placed in service date of the project using a growth rate established from a reputable source such as ESRI or the State Data Center. This household projection must be limited to the target population, age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately. In instances where a significant number (more than 20%) of proposed units comprise three- and four-bedroom units, please refine the analysis by factoring in the number of large households (generally 5+ persons). A demand analysis that does not account for this may overestimate demand. Note that our calculations have been reduced to only include **renter-qualified** households*

- b. **Demand from Existing Households:** The second source of demand should be projected from:
 - **Rent overburdened households, if any, within the age group, income groups and tenure (renters) targeted for the subject development.** *In order to achieve consistency in methodology, all analysts should assume that the rent overburdened analysis includes households paying greater than 35% (Family), or greater than 40% (Senior) of their incomes toward gross rent. Based on Table B25074 of the American Community Survey (ACS) 2006-2010 5-year estimates, approximately 52.1% to 53.2% (depending upon the targeted income level) of renter households within the market were rent overburdened. These households have been included in our demand analysis.*

- **Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded).** *Households in substandard housing should be determined based on the age, the income bands, and the tenure that apply. The analyst should use his/her own knowledge of the market area and project to determine whether households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both rent overburdened households and from those living in substandard housing. Based on Table B25016 of the American Community Survey (ACS) 2006-2010 5-year estimates, 3.3% of all households in the market were living in substandard housing (lacking complete indoor plumbing and overcrowded households/1+ persons per room).*
 - **Elderly Homeowners likely to convert to renters:** *GDCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. This segment should not account for more than 2% of total demand. Due to the difficulty of extrapolating elderly (age 62 and older) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. A narrative of the steps taken to arrive at this demand figure must be included and any figure that accounts for more than 2% of total demand must be based on actual market conditions, as documented in the study. Due to the lack of non-subsidized age-restricted affordable product within the market, we believe that the proposed development will attract a significant share of income-qualified senior homeowners who are looking to downsize from their home and seek a maintenance free housing alternative. However, conservatively, we limited demand from senior homeowners to account for only 2% of total demand per GDCA guidelines.*
- c. **Other:** *DCA does not consider household turnover to be a source of market demand. However, if an analyst firmly believes that demand exists that is not captured by the above methods, he/she may use other indicators to estimate demand if they are fully justified (e.g. an analysis of an under built market in the base year). Any such additional indicators should be calculated separately from the demand analysis above. Such additions should be well documented by the analyst with documentation included in the Market Study.*

Net Demand

The overall demand components illustrated above are added together and the competitive supply of developments awarded and/or constructed from 2012 to the present is subtracted to calculate Net Demand. Vacancies in projects placed in service prior to 2012 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of supply. **DCA requires analysts to include ALL projects that have been funded, are proposed for funding and/or received a bond allocation from DCA, in the demand analysis, along with ALL conventional rental properties existing or planned in the market as outlined above. 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.**

To determine the Net Supply number for each bedroom and income category, the analyst will prepare a Competitive Analysis Chart that will provide a unit breakdown of the competitive properties and list each unit type. All properties determined to be competitive with the proposed development will be included in the Supply Analysis to be used in determining Net Supply in the Primary Market Area. In cases where the analyst believes the projects are not competitive with the subject units, the analyst will include a detailed description for each property and unit type explaining why the units were excluded from the market supply calculation. (e.g., the property is on the periphery of the market area, is a market-rate property; or otherwise only partially compares to the proposed subject).

Considering that there are no non-subsidized age-restricted LIHTC properties that exist or were funded and/or built during the projection period (2012 to current) in the market, there were no LIHTC units included in this demand analysis.

The following is a summary of our demand calculations:

| Demand Component | Percent Of Median Household Income | | |
|---|------------------------------------|------------------------------|----------------------------------|
| | 50% (\$15,990 - \$25,000) | 60% (\$15,990 - \$30,000) | Overall (\$15,990 - \$30,000) |
| Demand From New Households (Age- And Income-Appropriate) | 168 - 163 = 5 | 229 - 224 = 5 | 229 - 224 = 5 |
| + | | | |
| Demand From Existing Households (Rent Overburdened) | 163 X 53.2% = 87 | 224 X 52.1% = 117 | 224 X 52.1% = 117 |
| + | | | |
| Demand From Existing Households (Renters In Substandard Housing) | 163 X 3.3% = 5 | 224 X 3.3% = 7 | 224 X 3.3% = 7 |
| = | | | |
| Demand Subtotal | 97 | 129 | 129 |
| + | | | |
| Demand From Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2% | 1 | 2 | 2 |
| = | | | |
| Total Demand | 98 | 131 | 131 |
| - | | | |
| Supply (Directly Comparable Units Built And/Or Funded Since 2012) | 0 | 0 | 0 |
| = | | | |
| Net Demand | 98 | 131 | 131 |
| Proposed Units / Net Demand | 9 | 35 | 44 |
| Capture Rate | 9.2% | 26.7% | 33.6% |

*Given that demand from existing homeowners cannot exceed 2% of total demand, these numbers were utilized to calculate total demand

Per GDCA guidelines, projects in rural markets with an overall capture rate of 35% or below are considered acceptable. As such, the project's overall capture rate of 33.6% is considered achievable, especially considering the lack of affordable non-subsidized age-restricted housing within the market. In addition, we also anticipate a sufficient amount of support will originate from senior homeowners due to the lack of non-subsidized senior LIHTC housing within or near the market area. However, per GDCA methodology, demand from senior homeowners is limited to 2% of total demand. We anticipate a greater percentage of support will generate from homeowners looking to downsize from their homes and seeking a maintenance free housing alternative, especially considering that income-qualified senior homeowners do not have an affordable rental housing option currently available to them. As such, the overall capture rate is considered conservative.

Based on the distribution of households by household size, our survey of conventional apartments and the distribution of bedroom types in balanced markets, the estimated shares of demand by bedroom type for the Site PMA are distributed as follows:

| Estimated Demand By Bedroom | |
|-----------------------------|---------|
| Bedroom Type | Percent |
| One-Bedroom | 55% |
| Two-Bedroom | 45% |
| Total | 100.0% |

Applying these shares to the income-qualified senior households yields demand and capture rates for the proposed units by bedroom type and AMHI level as follows:

| Bedroom Size (Share Of Demand) | Target % of AMHI | Subject Units | Total Demand* | Supply** | Net Demand | Capture Rate | Absorption | Average Market Rent | Subject Collected Rents |
|--------------------------------|------------------|---------------|---------------|----------|------------|--------------|-------------------|---------------------|-------------------------|
| One-Bedroom (55%) | 50% | 6 | 54 | 0 | 54 | 11.1% | 1-2 Months | \$520 | \$435 |
| One-Bedroom (55%) | 60% | 22 | 72 | 0 | 72 | 30.6% | 5-6 Months | \$520 | \$476*** |
| One-Bedroom | Total | 28 | 126 | 0 | 126 | 22.2% | 5-6 Months | \$520 | \$467*** |
| | | | | | | | | | |
| Two-Bedroom (45%) | 50% | 3 | 44 | 0 | 44 | 6.8% | 1-2 Months | \$582 | \$525 |
| Two-Bedroom (45%) | 60% | 13 | 59 | 0 | 59 | 22.0% | 5-6 Months | \$582 | \$560 |
| Two-Bedroom | Total | 16 | 103 | 0 | 103 | 15.5% | 6-7 Months | \$582 | \$553*** |

*Includes overlap between the targeted income levels at the subject site.

**Directly comparable units built and/or funded in the project market over the projection period.

***Weighted average

Average Market Rent is the weighted average collected rent reported at comparable market-rate properties in the Site PMA as identified in Addendum E

The capture rates by bedroom type, ranging from 6.8% to 30.6%, are considered achievable, especially given the fact that the proposed project will be the newest and only age-restricted non-subsidized LIHTC community in the market.

SECTION H – RENTAL HOUSING ANALYSIS (SUPPLY)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Madison Site PMA in 2010 and 2014 (estimated) are summarized in the following table:

| Housing Status | 2010 (Census) | | 2014 (Estimated) | |
|-----------------|---------------|---------|------------------|---------|
| | Number | Percent | Number | Percent |
| Total-Occupied | 9,045 | 88.3% | 9,308 | 88.0% |
| Owner-Occupied | 6,557 | 72.5% | 6,518 | 70.0% |
| Renter-Occupied | 2,488 | 27.5% | 2,790 | 30.0% |
| Vacant | 1,202 | 11.7% | 1,268 | 12.0% |
| Total | 10,247 | 100.0% | 10,576 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2014 update of the 2010 Census, of the 10,576 total housing units in the market, 12.0% were vacant. This is considered a high rate and could indicate a softening housing market. However, the vacancy status of the 1,268 units is estimated in the following table and illustrates that most vacant units are not long term rentals.

| Vacancy Status | Percent of Vacant Units |
|---|-------------------------|
| For Rent | 17.5% |
| For Sale Only | 15.8% |
| Rented/Sold, Not Occupied | 2.4% |
| For Seasonal, recreational, or occasional use | 33.0% |
| Other Vacant | 31.3% |

Source: U.S. Census Bureau, 2006-2010 American Community Survey (ACS)

As reported in the 2006-2010 ACS, 17.5% of the vacant housing units are long-term rentals. As the previous table indicates, the largest share of vacant units is classified as “For Seasonal, recreational, or occasional use”. The second largest share of vacant units is classified as “Other Vacant”, which encompasses foreclosed, dilapidated and abandoned housing. Regardless, in order to determine if the overall vacancy rate increase is the reflection of a decline in long-term rental housing, we conducted a field survey of area apartments.

In addition, while we acknowledge that there are 2,790 renter-occupied units in the market in 2014, we believe that most of these rentals are located in non-conventional rental housing units including single-family/mobile home rentals, duplex, etc. The estimated distribution of occupied housing by units in a structure and tenure is detailed in the table on the following page.

| Units in Structure | Owner | | Renter | |
|--------------------|--------|---------|--------|---------|
| | Number | Percent | Number | Percent |
| 1, Detached | 5,260 | 80.7% | 1,668 | 59.8% |
| 1, Attached | 20 | 0.3% | 48 | 1.7% |
| 2 to 4 | 6 | 0.1% | 254 | 9.1% |
| 5 to 9 | 0 | 0.0% | 103 | 3.7% |
| 10 or more | 85 | 1.3% | 117 | 4.2% |
| Mobile Homes | 1,147 | 17.6% | 600 | 21.5% |
| Total | 6,518 | 100.0% | 2,790 | 100.0% |

Source: U.S. Census Bureau, 2007-2011 American Community Survey (ACS)

As the preceding table illustrates, approximately 83.0% of renter-occupied housing consists of single-family/mobile home rentals, whereas only 4.2% consist of structures with 10 or more units. As such, this demonstrates that there is a lack of conventional rental housing units and that the subject project will be able to provide a new, quality rental housing alternative that is currently lacking in the market.

Conventional Apartments

We identified and personally surveyed 12 conventional housing projects containing a total of 436 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 96.8%, a good rate for rental housing. Among these projects, six are non-subsidized (market-rate and Tax Credit) projects containing 219 units. These non-subsidized units are 96.3% occupied. The remaining six projects contain 217 government-subsidized units, which are 97.2% occupied.

| Project Type | Projects Surveyed | Total Units | Vacant Units | Occupancy Rate |
|----------------------------------|-------------------|-------------|--------------|----------------|
| Market-rate | 5 | 159 | 8 | 95.0% |
| Tax Credit | 1 | 60 | 0 | 100.0% |
| Tax Credit/Government-Subsidized | 2 | 56 | 0 | 100.0% |
| Government-Subsidized | 4 | 161 | 6 | 96.3% |
| Total | 12 | 436 | 14 | 96.8% |

All rental housing segments are performing with occupancies at or above 95.0%. As such, there do not appear to be any deficiencies within the rental housing market. It is important to note that the one non-subsidized LIHTC community within the Site PMA is 100.0% occupied, demonstrating pent up demand exists for LIHTC housing within the Madison Site PMA.

The following table summarizes the breakdown of market-rate and Tax Credit units surveyed within the Site PMA.

| Market-rate | | | | | | |
|----------------------------|-------|------------|---------------|----------|-------------|-------------------|
| Bedroom | Baths | Units | Distribution | Vacancy | % Vacant | Median Gross Rent |
| One-Bedroom | 1.0 | 1 | 0.6% | 0 | 0.0% | \$730 |
| Two-Bedroom | 1.0 | 19 | 11.9% | 2 | 10.5% | \$811 |
| Two-Bedroom | 1.5 | 24 | 15.1% | 4 | 16.7% | \$861 |
| Two-Bedroom | 2.0 | 48 | 30.2% | 2 | 4.2% | \$856 |
| Two-Bedroom | 2.5 | 39 | 24.5% | 0 | 0.0% | \$842 |
| Three-Bedroom | 2.0 | 28 | 17.6% | 0 | 0.0% | \$966 |
| Total Market-rate | | 159 | 100.0% | 8 | 5.0% | - |
| Tax Credit, Non-Subsidized | | | | | | |
| Bedroom | Baths | Units | Distribution | Vacancy | % Vacant | Median Gross Rent |
| Two-Bedroom | 2.0 | 36 | 60.0% | 0 | 0.0% | \$602 |
| Three-Bedroom | 2.0 | 24 | 40.0% | 0 | 0.0% | \$771 |
| Total Tax Credit | | 60 | 100.0% | 0 | 0.0% | - |

Based on this distribution by bedroom types, there was only one (1) one-bedroom market-rate unit identified and surveyed within the Madison Site PMA. Further, there are no one-bedroom non-subsidized LIHTC units in the market. Although relatively rural markets tend to have a significantly higher share of larger unit types available compared to urban markets, a 0.5% share of non-subsidized one-bedroom units is considered underserved. The proposed development's one-bedroom units will be able to accommodate a portion of the unmet demand within the market.

It should also be noted that while the proposed gross rents at the subject project, ranging from \$533 to \$685 depending on unit size, are higher than that of the one non-subsidized LIHTC project in the market, it is likely that the existing LIHTC project could achieve a premium and still remain stabilized. This is based on the fact that it is 100.0% occupied and maintains a wait list. Further, the median gross market-rate rents are 18.4% to 37.0% higher than the corresponding proposed development's gross rents. Therefore, the proposed gross rents at the subject site will likely represent a value within the market.

We rated each property surveyed on a scale of "A" through "F". All non-subsidized properties were rated based on quality and overall appearance (i.e. aesthetic appeal, building appearance, landscaping and grounds appearance). Following is a distribution by quality rating, units and vacancies.

| Market-rate | | | |
|----------------|----------|-------------|--------------|
| Quality Rating | Projects | Total Units | Vacancy Rate |
| B | 1 | 17 | 0.0% |
| B- | 2 | 80 | 2.5% |
| C+ | 2 | 62 | 9.7% |

| Non-Subsidized Tax Credit | | | |
|---------------------------|----------|-------------|--------------|
| Quality Rating | Projects | Total Units | Vacancy Rate |
| A | 1 | 60 | 0.0% |

Vacancies are the highest among the two market-rate properties with a quality rating of a "C+". It should be further noted that all non-subsidized properties with a quality rating of a "B" or higher contain no vacancies. As such, it can be concluded that quality has had an impact on vacancies. The subject project is anticipated to have a quality rating of an "A". This high quality rating is anticipated to enhance the subject project's marketability.

2. SUMMARY OF ASSISTED PROJECTS

There are a total of seven federally subsidized and/or Tax Credit apartment developments in the Madison Site PMA. These projects were surveyed in February 2014. They are summarized as follows:

| Map I.D. | Project Name | Type | Year Built/ Renovated | Total Units | Occup. | Gross Rent (Unit Mix) | | | |
|--------------|--------------------------|-----------------|--------------------------|-------------|--------------|--------------------------|-----------------------|----------------------|-------------|
| | | | | | | One-Br. | Two-Br. | Three-Br. | Four-Br. |
| 1 | Greensboro Village Apts. | RD 515 | 1990 | 33 | 97.0% | \$596 - \$781 (10) | \$662 - \$837 (23) | - | - |
| 3 | Madison Villas | RD 515 | 1996 | 48 | 89.6% | \$516 - \$637 (16) | \$597 - \$741 (32) | - | - |
| 4 | Orchard Grove Apts. | TAX | 2004 | 60 | 100.0% | - | \$602 (36) | \$771 (24) | - |
| 5 | Park Place Apts. | P.H. | 1952 | 14 | 100.0% | \$419 (2) | \$499 (6) | \$559 (4) | \$632 (2) |
| 6 | Fox Chase One | TAX & RD 515 | 1992 | 24 | 100.0% | \$571 - \$698 (2) | \$647 - \$770 (18) | \$714 - \$855 (4) | - |
| 7 | Fox Chase Two | TAX & RD 515 | 1992 | 32 | 100.0% | \$571 - \$698 (32) | - | - | - |
| 12 | Madison Public Housing | P.H. | 1959 / 1995 | 66 | 100.0% | SUB (12) | SUB (20) | SUB (24) | SUB (10) |
| Total | | | | 277 | 97.8% | | | | |

Note : Contact names and method of contact, as well as amenities and other features are listed in the field survey

OCCUP. - Occupancy

TAX - Tax Credit

P.H. - Public Housing

RD - Rural Development

SUB – Tenants pay up to 30% of their incomes toward gross rent

The overall occupancy is 97.8% for these projects, indicating that demand likely exists for affordable housing. It should be noted that nearly all of the vacancies (five out of six) among these affordable rental projects are located at Madison Villas (Map I.D. 3), which has an 89.6% occupancy rate. According to management at this property, they have recently conducted an eviction sweep, resulting in four vacancies at once. Based on historical data obtained by Bowen National Research, this property was 95.8% occupied in April 2013. We anticipate that this property will become stabilized again within the near future. When excluding this one property, the overall occupancy increases to 99.6%.

This is a strong occupancy and indicates that pent-up demand likely exists for additional affordable housing within the market.

HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia DCA-Athens Regional Office, which has jurisdiction over Morgan County, there are approximately 46 Housing Choice Voucher holders within the housing authority’s jurisdiction. There are currently no households on the waiting list for additional Vouchers. It should be noted that the DCA will only place households on the waiting list if they feel they can serve them within one year. Due to the lack of funding from HUD, there is no time table as to when the waiting list will reopen. Annual turnover of households in the Voucher program is estimated at five to ten households. This reflects the continuing need for Housing Choice Voucher assistance.

It should be noted that there was only one non-subsidized LIHTC comparable project identified within the market. As such, we identified and surveyed two additional non-subsidized LIHTC projects outside of the Site PMA, but within the region. All comparable LIHTC properties accept Housing Choice Vouchers. The following table summarizes the properties that accept Housing Choice Vouchers, as well as the approximate number of units occupied by residents utilizing Housing Choice Vouchers:

| Map I.D. | Project Name | Total Units | Number of Vouchers | Share of Vouchers |
|----------|---------------------|-------------|--------------------|-------------------|
| 4 | Orchard Grove Apts. | 60 | 15 | 25.0% |
| 905 | Harristown Park | 60 | 2 | 3.3% |
| 908 | Skyline Trace | 59* | 7 | 11.9% |
| Total | | 179 | 24 | 13.4% |

900 series Map IDs located outside of Site PMA

*Tax Credit units only

As the preceding table illustrates, approximately 24 of the 179 total comparable units are occupied by voucher holders, comprising 13.4% of the total comparable LIHTC units in the region. Specifically, the one LIHTC project in the market has 60 units with 15 occupied by voucher holders, comprising 25.0% of the total comparable LIHTC units in the market. This indicates that 75.0% of the comparable LIHTC units in the market are occupied by tenants which are not currently receiving rental assistance. Given that this one comparable LIHTC project in the market is 100.0% occupied, illustrates that the gross rents being charged at this property are achievable.

The following table outlines the HUD 2013 Fair Market Rents for Morgan County, Georgia:

| Bedroom Type | Fair Market Rents | Proposed Tax Credit Gross Rents (AMHI) |
|--------------|-------------------|--|
| One-Bedroom | \$543 | \$533 (50%) |
| | | \$533-\$578 (60%) |
| Two-Bedroom | \$644 | \$650 (50%) |
| | | \$685 (60%) |

As the preceding table illustrates, the one-bedroom units at 50% of AMHI, as well as the two (2) one-bedroom units at 60% of AMHI proposed gross rents are below the current Fair Market Rent for a one-bedroom unit. As such, Voucher holders are able to reside at the proposed development's eight (8) one-bedroom units at 50% and 60% of AMHI. However, the proposed gross rents at the remaining units (36) are above current Fair Market Rents. As such, the project will not be eligible to accept Housing Choice Voucher holders on the majority of the units, unless Voucher holders were willing to pay the difference between Fair Market Rents and the gross rents that will be charged at the subject site. This has been considered in our absorption estimates in Section I.

3. PLANNED MULTIFAMILY DEVELOPMENT

Based on our interviews with local building and planning representatives within the market, it was determined that there are two multifamily projects planned for the area and are summarized as follows:

- Mary-Leila Mill Lofts is a proposed Tax Credit community for family (general-occupancy) households to be located at 316 North West Street in Greensboro. This project, developed by TRV Development, will involve the adaptive reuse of a vacant mill and was allocated Tax Credit financing in 2013. This project will contain 71 one-, two- and three-bedroom units. At this time no building permits have been issued and it is unknown as to when development will begin.
- Greene Pointe is a proposed general-occupancy Tax Credit community to be located at 1031 Park Court in Greensboro. This project, developed by Jan Roush, was also allocated Tax Credit financing in 2013. This project will contain 56 one-, two- and three-bedroom units. Currently, this project is in litigation and it is uncertain as to when it may break ground.

Considering that both of these Tax Credit projects will target family (general-occupancy) households, they will not be considered directly competitive with the proposed senior subject project if developed. As such, none of the aforementioned pipeline units have been factored in our demand estimates.

Building Permit Data

The following table illustrates single-family and multifamily building permits issued within Morgan County for the past ten years:

| Housing Unit Building Permits for Morgan County: | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Permits | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Multifamily Permits | 60 | 38 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Single-Family Permits | 172 | 211 | 279 | 229 | 173 | 68 | 34 | 33 | 34 | 15 |
| Total Units | 232 | 249 | 283 | 229 | 173 | 68 | 34 | 33 | 34 | 15 |

Source: SOCDS Building Permits Database at <http://socds.huduser.org/permits/index.html>

As the preceding table indicates, there have been no multifamily building permits issued within Morgan County since 2005, which is not considered unusual within rural markets. Given that the combined occupancy rate of all rental projects identified and surveyed in the market is 96.8% and based on the limited number of multifamily building permits issued, it is likely that there is greater demand for additional rental housing units within the Site PMA.

4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Given the lack of non-subsidized age-restricted Low-Income Housing Tax Credit (LIHTC) projects within the market, we identified one family (general-occupancy) LIHTC project within the Madison Site PMA that offers first floor entry-level two-bedroom units that likely appeals to seniors and represent a reasonable base of comparison for the senior units at the site. This project, Orchard Grove Apartments (Map I.D. 4) targets households with incomes up to 50% and 60% of Area Median Household Income (AMHI) and, as such, is considered comparable. Given the lack of non-subsidized LIHTC housing within the market, we have also identified and surveyed two additional LIHTC projects that offer at least some units that operate under the LIHTC program outside of the Site PMA, but within the region. These two projects target households with incomes up to 50% and 60% of AMHI and are considered comparable. It should be noted that these two projects are not considered competitive as they derive demographic support from a different geographical area. As such, these properties have been included for comparison purposes only. The three comparable LIHTC properties and the proposed subject project are summarized in the table on the following page.

These three LIHTC properties and the proposed subject development are summarized as follows:

| Map I.D. | Project Name | Year Built | Total Units | Occ. Rate | Distance to Site | Waiting List | Target Market |
|-------------|---------------------|-------------|-------------|-----------|------------------|--------------|--|
| Site | Silver Lakes | 2016 | 44 | - | - | - | Seniors 55+; 50% & 60% AMHI |
| 4 | Orchard Grove Apts. | 2004 | 60 | 100.0% | 2.1 Miles | 20 H.H. | Families; 50% & 60% AMHI |
| 905 | Harristown Park | 2011 | 60 | 100.0% | 25.1 Miles | 1,000 H.H. | Seniors 55+; 50% & 60% AMHI |
| 908 | Skyline Trace | 2010 | 59* | 100.0% | 22.7 Miles | 5 H.H. | Families; 50% & 60% AMHI |

OCC. – Occupancy

H.H. - Households

Map IDs 905 and 908 are located outside Site PMA

*Tax Credit units only

The three LIHTC projects have a combined occupancy rate of 100.0%, indicating pent-up demand for affordable housing in both the market and region. It should be noted that there are no non-subsidized age-restricted LIHTC projects within the market. As such, the subject project will provide a rental housing alternative to low-income senior households which is currently underserved in the Madison Site PMA.

The map on the following page illustrates the location of the comparable Tax Credit properties relative to the proposed site location.

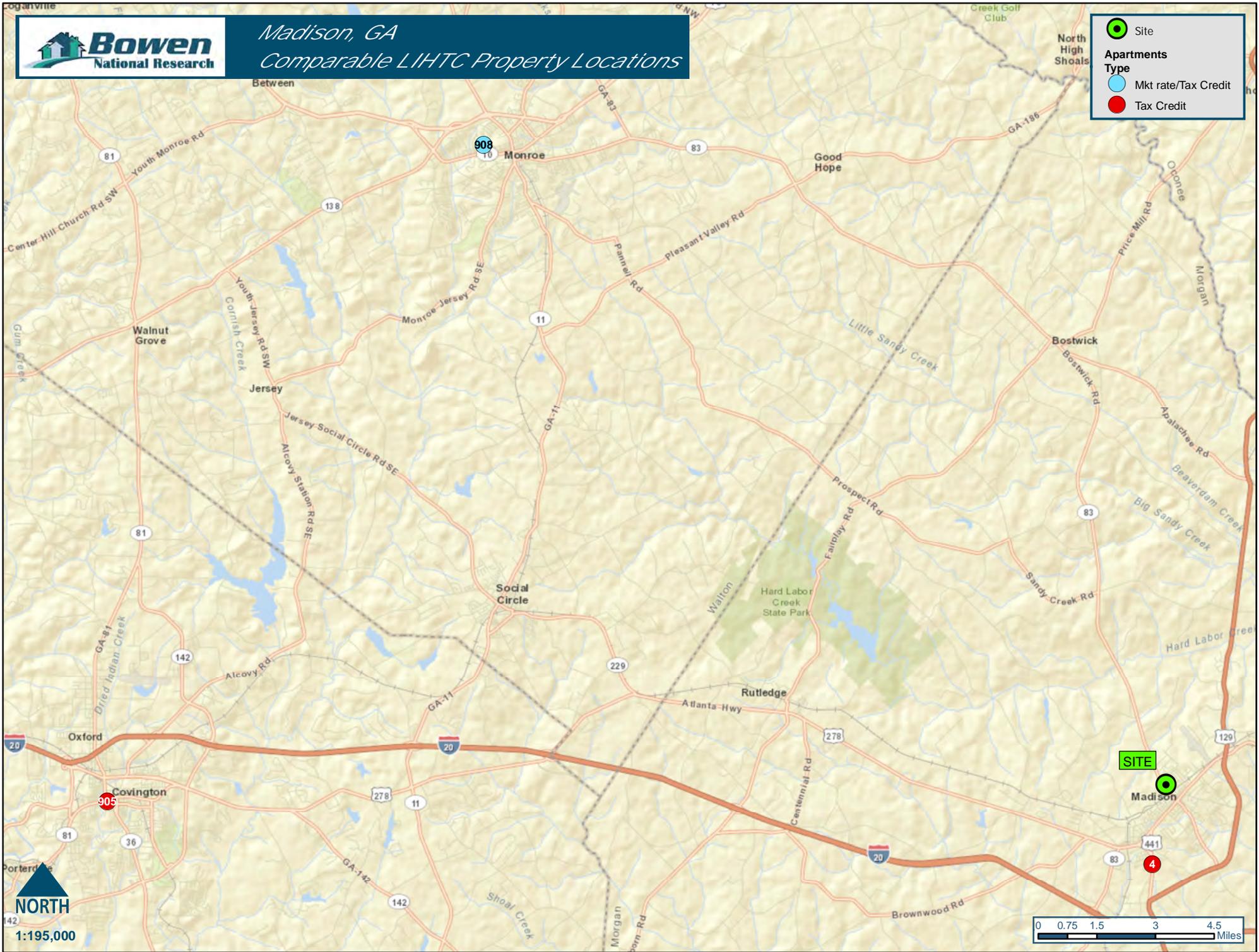


Madison, GA Comparable LIHTC Property Locations

Site
● Site

Apartments Type

- Mkt rate/Tax Credit
- Tax Credit



SITE

Madison

4

NORTH
1:195,000

0 0.75 1.5 3 4.5 Miles

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

| Map I.D. | Project Name | Gross Rent/Percent of AMHI (Number of Units/Vacancies) | | | Rent Special |
|-------------|---------------------|---|---|---------------------------------------|--------------|
| | | One-Br. | Two-Br. | Three-Br. | |
| Site | Silver Lakes | \$533/50% (6) \$533-\$578/60% (22) | \$650/50% (3) \$685/60% (13) | - | - |
| 4 | Orchard Grove Apts. | - | \$602/50% (24/0) \$602/60% (12/0) | \$771/50% (16/0) \$771/60% (8/0) | None |
| 905 | Harristown Park* | \$620/50% (2/0) \$620/60% (10/0) | \$731/50% (7/0) \$741/60% (41/0) | - | None |
| 908 | Skyline Trace | \$729/50% (3/0) \$788/60% (3/0) | \$839/50% (10/0) \$909/60% (19/0) | \$964/50% (8/0) \$1,009/60% (16/0) | None |

Map IDs 905 and 908 are located outside Site PMA

*Age-restricted; 55+

The proposed subject gross rents, ranging from \$533 to \$685, will generally be within the range of gross rents offered at the comparable LIHTC project's one- and two-bedroom units within the region. Given that all affordable LIHTC projects within the region are 100.0% occupied, indicates that the gross rents offered at such projects are achievable. Further, the proposed development will be the only non-subsidized age-restricted LIHTC project and the only LIHTC project to offer one-bedroom units within the market. As such, the proposed development will be able to provide a rental housing alternative to low-income senior households which is currently underserved within the Site PMA. This will provide the subject site with a competitive advantage.

It should be noted, however, that the proposed subject's two-bedroom gross rents will be the highest when compared with the one LIHTC project in the market, Orchard Grove Apartments (Map I.D. 4). Given that Orchard Grove Apartments is 100.0% occupied and maintains an extensive waiting list, this project may be able to achieve a premium and still maintain a stabilized occupancy. Further, the proposed development will be the newest and only non-subsidized age-restricted affordable community in the market. Therefore, it is also likely that the proposed development will be able to achieve a premium in the market. Initial lease-up of these particular two-bedroom units will likely be slower than the subject's one-bedroom units. Nonetheless, it is recommended that the developer and/or management monitor market conditions during the initial lease-up period. If the development experiences an extended absorption period, it is likely that the project would need to lower its rents in order to reach a stabilized occupancy.

The following table illustrates the weighted average collected rents of the three comparable LIHTC projects by bedroom type. It should be noted that the two comparable LIHTC projects located outside of the market, but within the region, were considered in this analysis due to the lack of non-subsidized LIHTC housing in the market.

| Weighted Average Collected Rent Of Comparable LIHTC Units | |
|---|---------|
| One-Br. | Two-Br. |
| \$470 | \$510 |

The rent advantage for the proposed units is calculated as follows (average weighted market rent – proposed rent) / proposed rent.

| Bedrooms | Weighted Avg. Rent | Weighted Avg. Proposed Rent | Difference | Weighted Avg. Proposed Rent | Rent Advantage |
|----------|--------------------|-----------------------------|------------|-----------------------------|----------------|
| One-Br. | \$470 | \$467 | \$3 | / \$467 | 0.6% |
| Two-Br. | \$510 | \$553 | - \$43 | / \$553 | -7.8% |

As the preceding table illustrates, the proposed collected one- and two-bedroom rents represent little to no rent advantage. It should be noted that all comparable LIHTC projects in the region are 100.0% occupied. As such, it is likely that the comparable LIHTC projects could achieve a premium and still maintain a stabilized occupancy. Please note that these are weighted averages of *collected* rents and do not reflect differences in the utility structure that gross rents include. Therefore caution must be used when drawing any conclusions. A complete analysis of the achievable market rent by bedroom type and the rent advantage of the proposed development’s collected rents are available in Addendum E of this report.

The unit sizes (square footage) and number of bathrooms included in each of the different LIHTC unit types offered in the market are compared with the subject development in the following tables.

| Map I.D. | Project Name | Square Footage | | |
|-------------|---------------------|----------------|------------|-----------|
| | | One-Br. | Two-Br. | Three-Br. |
| Site | Silver Lakes | 711 | 918 | - |
| 4 | Orchard Grove Apts. | - | 1,000 | 1,100 |
| 905 | Harristown Park* | 750 | 900 | - |
| 908 | Skyline Trace | 806 | 1,056 | 1,237 |

Map IDs 905 and 908 are located outside Site PMA

*Age-restricted; 55+

| Map I.D. | Project Name | Number of Baths | | |
|-------------|---------------------|-----------------|------------|-----------|
| | | One-Br. | Two-Br. | Three-Br. |
| Site | Silver Lakes | 1.0 | 1.0 | - |
| 4 | Orchard Grove Apts. | - | 2.0 | 2.0 |
| 905 | Harristown Park* | 1.0 | 2.0 | - |
| 908 | Skyline Trace | 1.0 | 2.0 | 2.0 |

Map IDs 905 and 908 are located outside Site PMA

*Age-restricted; 55+

The proposed development will offer smaller one-bedroom unit sizes, based on square footage and number of bathrooms offered, relative to the comparable one-bedroom units in the region. However, the subject site will be the only LIHTC project to offer one-bedroom units within the market. Therefore, the subject project will be able to accommodate a portion of the unmet demand within the Madison Site PMA. The proposed development will offer two-bedroom units within the range of sizes offered at the comparable two-bedroom units within the region. Given that all comparable projects are 100.0% occupied, the subject's two-bedroom unit sizes are appropriately positioned within the region. Although the subject's two-bedroom units will only include one bathroom, this is considered standard among senior affordable apartments.

The following tables compare the amenities of the subject development with the other LIHTC projects in the region.

COMPARABLE PROPERTIES AMENITIES - MADISON, GEORGIA

| MAP ID | APPLIANCES | | | | | | UNIT AMENITIES | | | | | | | | | | | OTHER | | |
|--------|------------|--------------|----------|------------|----------|-----------|----------------|-----------|----------------|------------------|------------|--------------------|-------------|----------|----------|----------|-------------------|-------|----------------|------------------|
| | RANGE | REFRIGERATOR | ICEMAKER | DISHWASHER | DISPOSAL | MICROWAVE | CENTRAL AC | WINDOW AC | FLOOR COVERING | WASHER AND DRYER | W/D HOOKUP | PATIO/DECK/BALCONY | CEILING FAN | BASEMENT | INTERCOM | SECURITY | WINDOW TREATMENTS | | E-CALL BUTTONS | PARKING |
| ◆ SITE | X | X | | X | X | | X | | C | | X | X | X | | | | B | X | S | |
| 908 | X | X | X | X | X | X | X | | C | | X | X | X | | | | B | | S | Exterior Storage |
| 4 | X | X | X | X | X | | X | | C | | X | | | | | | B | | S | |
| ◆ 905 | X | X | X | X | X | X | X | | C | X | X | S | X | | X | | B | S | S | |

| MAP ID | PROJECT AMENITIES | | | | | | | | | | | | | | | | OTHER | | |
|--------|-------------------|--------------|---------|------------|-----------------|----------------|-----------------|------------|--------------|--------------|---------|----------|---------------|--------------|---------|-------------|-------|-----------------|------------------|
| | POOL | ON-SITE MGMT | LAUNDRY | CLUB HOUSE | COMMUNITY SPACE | FITNESS CENTER | JACUZZI / SAUNA | PLAYGROUND | TENNIS COURT | SPORTS COURT | STORAGE | ELEVATOR | SECURITY GATE | COMPUTER LAB | LIBRARY | PICNIC AREA | | SOCIAL SERVICES | BUSINESS CENTER |
| ◆ SITE | | X | X | X | X | X | | | | | | X | | X | | | | | |
| 908 | X | X | X | X | | X | | X | | | | | | X | | X | | | |
| 4 | | X | X | | X | X | | X | | | | | | | | X | | | |
| ◆ 905 | | X | | | A | X | | | | | | X | | X | | X | | | Community Garden |

| |
|--|
| ◆ Senior Restricted |
| ■ Market-rate |
| ■ Market-rate/Tax Credit |
| ■ Market-rate/Government-subsidized |
| ■ Market-rate/Tax Credit/Government-subsidized |
| ■ Tax Credit |
| ■ Tax Credit/Government-subsidized |
| ■ Government-subsidized |

| |
|----------------|
| X - All Units |
| S - Some Units |
| O - Optional |

| |
|-------------------|
| Window Treatments |
| B - Blinds |
| C - Curtains |
| D - Drapes |

| |
|--------------------|
| Parking |
| A - Attached |
| C - Carport |
| D - Detached |
| O - On Street |
| S - Surface |
| G - Parking Garage |
| (o) - Optional |
| (s) - Some |

| |
|-----------------------|
| Sports Courts |
| B - Basketball |
| D - Baseball Diamonds |
| P - Putting Green |
| T - Tennis |
| V - Volleyball |
| X - Multiple |

| |
|----------------|
| Floor Covering |
| C - Carpet |
| H - Hardwood |
| V - Vinyl |
| W - Wood |
| T - Tile |

| |
|---------------------------|
| Community Space |
| A - Activity Room |
| L - Lounge/Gathering Room |
| T - Training Room |

The amenity packages included at the proposed development will be very similar with the existing LIHTC projects within the market and region. The subject development does not appear to lack any amenities that would hinder its ability to operate as a Low-Income Housing Tax Credit project. In fact, the proposed development will be the only non-subsidized age-restricted project in the market and will offer a senior-oriented amenities package, such as an elevator and an emergency call system within the units, that is considered desirable among the aging population. This will provide the proposed development with a competitive advantage.

Based on our analysis of the unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market and region, it is our opinion that the proposed development will be appropriately positioned within the market. It should be noted that the subject's proposed rents will be the highest in the market. However, given that the one non-subsidized LIHTC project in the market is 100.0% occupied and the fact that the proposed development will be the only non-subsidized age-restricted LIHTC project in the Madison Site PMA, it is likely that higher rents can be achieved, while maintaining a stabilized occupancy. Additionally, the inclusion of senior-oriented amenities will be very marketable to the targeted population, particularly in a market with limited senior housing alternatives. This will also enable the subject units to get a premium in the market. Nonetheless, it is recommended that the developer and/or management monitor market conditions during the initial lease-up period. If the development experiences an extended absorption period, it is likely that the project would need to lower its rents in order to reach a stabilized occupancy.

Comparable/Competitive Housing Impact

The anticipated occupancy rate of the one existing comparable Tax Credit development in the market following the first year of completion at the subject site is as follows:

| Map I.D. | Project | Current Occupancy Rate | Anticipated Occupancy Rate Through 2016 |
|----------|---------------------|------------------------|---|
| 4 | Orchard Grove Apts. | 100.0% | 95.0%+ |

Given that the one comparable LIHTC project in the market is 100.0% occupied, maintains an extensive wait list and targets a different demographic than the proposed development, the development of the subject site is not anticipated to have a significant impact on the future occupancy at Orchard Grove Apartments (Map I.D. 4).

One page profiles of the Comparable/Competitive Tax Credit properties are included in Addendum B of this report.

5. SINGLE-FAMILY HOME IMPACT

According to ESRI, the median home value within the Site PMA was \$190,766. At an estimated interest rate of 4.7% and a 30-year term (and 95% LTV), the monthly mortgage for a \$190,766 home is \$1,175, including estimated taxes and insurance.

| Buy Versus Rent Analysis | |
|--|-----------|
| Median Home Price - ESRI | \$190,766 |
| Mortgaged Value = 95% of Median Home Price | \$181,228 |
| Interest Rate - Bankrate.com | 4.7% |
| Term | 30 |
| Monthly Principal & Interest | \$940 |
| Estimated Taxes and Insurance* | \$235 |
| Estimated Monthly Mortgage Payment | \$1,175 |

*Estimated at 25% of principal and interest

In comparison, the proposed collected LIHTC rents for the subject property range from \$435 to \$560 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is approximately \$615 to \$740 greater than the cost of renting at the proposed subject project, depending on unit size and targeted income level. Therefore, it is very unlikely that tenants that would qualify to reside at the subject project would be able to afford the monthly payments required to own a home or who would be able to afford the down payment on such a home. In fact, as the subject project will target senior households, we expect some support from elderly homeowners downsizing from their homes and seeking a maintenance free housing alternative. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

SECTION I – ABSORPTION & STABILIZATION RATES

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow GDCA/GHFA guidelines that assume a 2016 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2016.

Considering the facts contained in the market study and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the subject development. Our absorption projections take into consideration the lack of age-restricted, non-subsidized LIHTC units in the market, the required capture rate, achievable market rents, the demand for all affordable rental housing and the proposed competitiveness of the subject site. Our absorption projections also take into consideration that the developer and/or management successfully markets the project in Morgan County, as well as the adjacent areas of Greene County. If the development experiences an extended absorption period, it is likely that the project would need to lower its rents in order to reach a stabilized occupancy.

Based on our analysis, it is our opinion that the proposed 44 LIHTC units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately six to seven months. This absorption period is based on a conservative average monthly absorption of approximately six to seven units per month. We believe the proposed one-bedroom units will lease-up at a higher monthly rate than the two-bedroom units.

These absorption projections assume a 2016 opening date. A later opening date may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period.

SECTION J – INTERVIEWS

The following are summaries of interviews conducted with various local sources knowledgeable of the local housing market:

Emma Reed, Property Manager of Greensboro Village Apartments (Map I.D. 1), a general-occupancy government-subsidized community, stated that there is a significant need for senior housing within Morgan County. While her property is located in Greensboro, Ms. Reed is familiar with the lack of age-restricted housing within both Morgan and Green counties, and believes that a senior housing project in Madison will be very well-received within the region.

Thelma Fureny, Property Manager of Madison Villas (Map I.D. 3), a general-occupancy government-subsidized property, explained that there is an absolute need for conventional rental housing in general, as most of the housing stock in Madison consists of single-family homes. A multifamily/senior rental development within Madison will help accommodate a portion of the unmet demand for such housing within the market.

Nancy Dove, Section 8 Administrator with Georgia DCA-Athens Regional Office, stated that there is a definite need for additional affordable housing within Morgan County, given the numerous inquiries she receives from individuals looking for housing in the area. Ms. Dove's office does not maintain a waiting list unless they feel they can serve households within 12 months and they have not been able to do so in the past few years. With lack of funds from HUD to serve lower income renters, Ms. Dove stated that it is crucial that developers continue to build/rehab projects in the area.

Laurie Aguilar, Property Manager of Orchard Grove Apartments (Map I.D. 4), a general-occupancy LIHTC community, also believes that there is definite need for affordable housing in Madison, especially for seniors. There are currently no age-restricted projects within the Madison area and Ms. Aguilar receives at least one call a week from seniors asking about age-restricted housing options. Due to the lack of age-restricted housing, she refers such individuals to properties located in Athens or Covington.

SECTION K – CONCLUSIONS & RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market exists for the 44 units proposed at the subject site, assuming it is developed as detailed in this report. Changes in the project's site, rent, amenities or opening date may alter these findings.

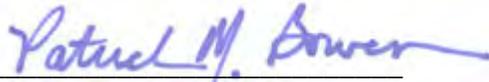
The one non-subsidized general-occupancy LIHTC community located within the Madison Site PMA, Orchard Grove Apartments (Map I.D. 4), is 100.0% occupied and maintains a wait list. It should be noted that there are no age-restricted non-subsidized LIHTC communities within the market. In addition, the proposed development will be the only non-subsidized LIHTC project to offer one-bedroom units within the market. As such, the subject project will provide a rental housing alternative to low-income senior households which is currently underserved in the market. This will provide the subject site with a competitive advantage.

As indicated in Section H of this report, the subject project will offer gross rents within the range of the comparable LIHTC projects within the region. However, it should be noted that when compared with Orchard Grove Apartments, the proposed development will offer the highest gross rents. Given that the one existing non-subsidized LIHTC community is 100.0% occupied and maintains an extensive waiting list, this project may be able to achieve a rent premium and still maintain a stabilized occupancy. Further, the proposed development will be the newest community in the market, offering a senior-oriented design that is not readily available and is considered appealing to the targeted demographic. Therefore, it is also likely that the proposed development will be able to achieve a premium in the market. Nonetheless, it is recommended that the developer and/or management market the project throughout Morgan County and the adjacent county of Greene during the initial lease-up period and once the project reaches a stabilized occupancy to ensure the success of the proposed development.

SECTION L - SIGNED STATEMENT

I affirm that I have made a physical inspection of the market area and the subject property and that information has been used in the full study regarding the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in the Georgia Department of Community Affairs rental housing programs. I also affirm that I have no interest in the project or any relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written in accordance with my understanding of the GA-DCA market study manual and GA-DCA Qualified Action Plan.

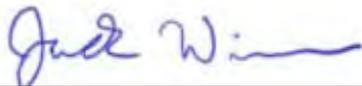
Certified:



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Date: April 23, 2014



Kyle Ludlow
Market Analyst
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Date: April 23, 2014



Jack Wiseman
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Date: April 23, 2014

SECTION M – MARKET STUDY REPRESENTATION

The Georgia Department of Community Affairs (DCA) may rely on the representation made in the market study and that the market study is assignable to other lenders that are parties to the DCA loan transaction.

SECTION N - QUALIFICATIONS

The Company

Bowen National Research employs an expert staff to ensure that each market study is of the utmost quality. Each staff member has hands-on experience evaluating sites and comparable properties, analyzing market characteristics and trends, and providing realistic recommendations and conclusions. The Bowen National Research staff has the expertise to provide the answers for your development.

The Staff

Patrick Bowen is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, for nearly 20 years. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen serves on the Standards Committee of the National Council of Housing Market Analysts (NCHMA) and has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

Benjamin J. Braley, Market Analyst, has conducted market research for over six years in more than 550 markets throughout the United States. He is experienced in preparing feasibility studies for a variety of applications, including those that meet standards required by state agency and federal housing guidelines. Additionally, Mr. Braley has analyzed markets for single-family home developments, commercial office and retail space, student housing properties and senior housing (i.e. nursing homes, assisted living, continuing care retirement facilities, etc.). Mr. Braley is a member of the National Council of Housing Market Analysts (NCHMA) and graduated from Otterbein College with a bachelor's degree in Economics.

Jack Wiseman, Market Analyst, with Bowen National Research, has conducted extensive market research in over 200 markets throughout the United States. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, educational facilities, marinas and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

Craig Rupert, Market Analyst with Bowen National Research, has conducted market research in both urban and rural markets throughout the United States. He provides thorough evaluation of site attributes, area competitors, market trends and economic characteristics. Specifically, he has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, Indian housing, senior rental housing facilities and student housing facilities. Mr. Rupert has a Bachelor of Science degree in Hospitality Management from Youngstown State University.

Heather Moore, Market Analyst, has been with Bowen National Research since the fall of 2010. She has evaluated the rental market in cities throughout the United States and is able to provide detailed site-specific analysis. Ms. Moore has a Bachelors of Arts in Marketing from Urbana University.

Greg Gray, Market Analyst, has more than twelve years of experience conducting site-specific analysis in markets throughout the country. He is especially trained in the evaluation of condominium and senior living developments. Mr. Gray has the ability to provide detailed site-specific analysis as well as evaluate market and economic trends and characteristics.

Christine Atkins, Market Analyst, has more than three years of experience in the property management industry and has managed a variety of rental housing types. With experience in conducting site-specific analysis, she has the ability to analyze market and economic trends and conditions. Ms. Atkins holds a Bachelor of Arts in Communication from the University of Cincinnati.

Lisa Wood, Market Analyst, has conducted site-specific analyses in both rural and urban markets throughout the country. She is also experienced in the day-to-day operation and financing of Low-Income Housing Tax Credit and subsidized properties, which gives her a unique understanding of the impact of housing development on current market conditions.

Chuck Ewing, Market Analyst, has been conducting site-specific analysis throughout the United States since 2009. He has experience in the evaluation of a variety of real estate developments that include affordable and market-rate apartments, senior living facilities, student housing, supportive and disabled veteran housing, farm worker housing and regional rental supply analysis. Mr. Ewing has a Bachelor of Arts degree in Economics from the Ohio State University.

Tyler Bowers, Market Analyst, has travelled the country and studied the housing industry in both urban and rural markets. He is able to analyze both the aesthetics and operations of rental housing properties, particularly as they pertain to each particular market. Mr. Bowers has a Bachelor Degree of Arts in History from Indiana University.

Kyle Ludlow, Market Analyst, has conducted site-specific analysis in both rural and urban markets throughout the country. He has experience in interviewing property managers and leasing agents to collect specific property data, is familiar with multiple rental housing programs and is specialized in the collection of detailed data on housing conditions in a variety of markets. A graduate of The Ohio State University, Mr. Ludlow holds a Bachelor of Arts in History.

Amy Tyrrell is a Project Director for Bowen National Research and is based out of Washington, DC. She has 16 years experience in the real estate and construction industries, with 11 years specializing in the research field. She has researched, analyzed, and prepared reports on a variety of trends, industries, and property types, including industrial, office, medical office, multifamily apartments and condominiums, and senior housing. Prior to her focus on research, Ms. Tyrrell performed financial analysis for retail developments throughout the United States. She holds a Masters in Business Administration with concentrations in real estate and marketing from the University of Cincinnati and a Bachelor of Arts in economics with a minor in mathematics from Smith College.

Stephanie Viren is the Research Director at Bowen National Research. Ms. Viren focuses on collecting detailed data concerning housing conditions in various markets throughout the United States. Ms. Viren has extensive interviewing skills and experience and also possesses the expertise necessary to conduct surveys of diverse pools of respondents regarding population and housing trends, housing marketability, economic development and other socioeconomic issues relative to the housing industry. Ms. Viren's professional specialty is condominium and senior housing research. Ms. Viren earned a Bachelor of Arts in Business Administration from Heidelberg College.

Desireé Johnson is the Field Support Coordinator at Bowen National Research. Ms. Johnson is involved in the day-to-day management of the field support department, as well as preparing jobs for field and phone analysis. She has been involved in extensive market research in a variety of project types for more than five years. Ms. Johnson has the ability to research, find, analyze and manipulate data in a multitude of ways. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

June Davis, Office Manager of Bowen National Research, has 24 years experience in market feasibility research. Ms. Davis has overseen production on over 15,000 market studies for projects throughout the United States.

ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

MADISON, GEORGIA

The following section is a field survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and our own field inspection. The intent of this field survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site.

The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.

- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).
- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

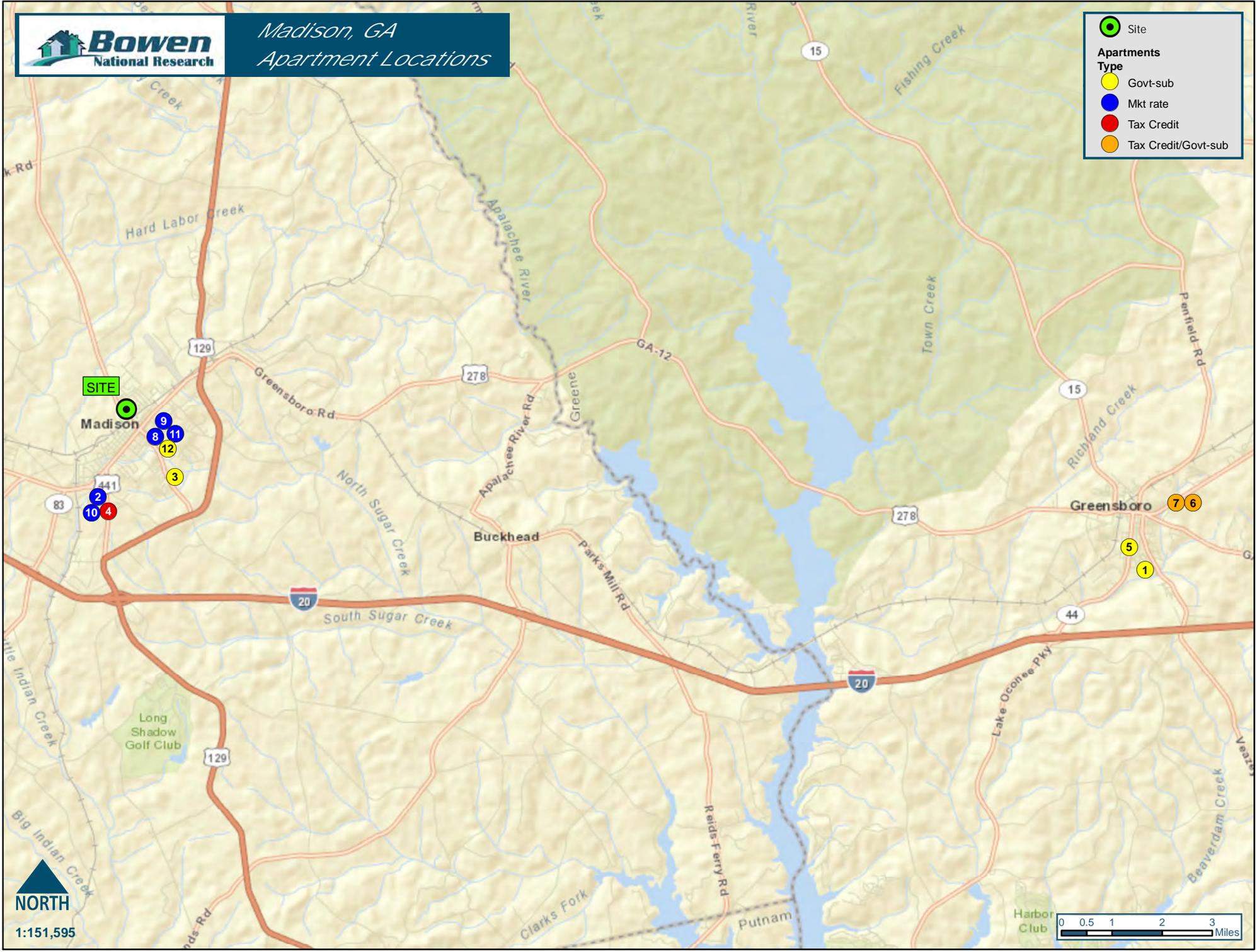


Madison, GA Apartment Locations

Site
● Site

Apartments Type

- Govt-sub
- Mkt rate
- Tax Credit
- Tax Credit/Govt-sub



NORTH
1:151,595



MAP IDENTIFICATION LIST - MADISON, GEORGIA

| MAP ID | PROJECT NAME | PROJ. TYPE | QUALITY RATING | YEAR BUILT | TOTAL UNITS | VACANT | OCC. RATE | DISTANCE TO SITE* |
|--------|---------------------------|------------|----------------|------------|-------------|--------|-----------|-------------------|
| 1 | Greensboro Village Apts. | GSS | B | 1990 | 33 | 1 | 97.0% | 20.2 |
| 2 | Madison Square | MRR | B- | 2000 | 58 | 2 | 96.6% | 2.1 |
| 3 | Madison Villas | GSS | B | 1996 | 48 | 5 | 89.6% | 1.5 |
| 4 | Orchard Grove Apts. | TAX | A | 2004 | 60 | 0 | 100.0% | 2.1 |
| 5 | Park Place Apts. | GSS | C- | 1952 | 14 | 0 | 100.0% | 19.6 |
| 6 | Fox Chase One | TGS | B- | 1992 | 24 | 0 | 100.0% | 20.3 |
| 7 | Fox Chase Two | TGS | B- | 1992 | 32 | 0 | 100.0% | 19.9 |
| 8 | Jefferson Ridge Townhomes | MRR | B- | 2000 | 22 | 0 | 100.0% | 0.7 |
| 9 | Carriage Glen | MRR | B | 1998 | 17 | 0 | 100.0% | 0.8 |
| 10 | Madison Commons | MRR | C+ | 2006 | 38 | 2 | 94.7% | 2.3 |
| 11 | Madison Towne Homes | MRR | C+ | 1985 | 24 | 4 | 83.3% | 1.0 |
| 12 | Madison Public Housing | GSS | C | 1959 | 66 | 0 | 100.0% | 0.8 |

| PROJECT TYPE | PROJECTS SURVEYED | TOTAL UNITS | VACANT | OCCUPANCY RATE | U/C |
|--------------|-------------------|-------------|--------|----------------|-----|
| MRR | 5 | 159 | 8 | 95.0% | 0 |
| TAX | 1 | 60 | 0 | 100.0% | 0 |
| TGS | 2 | 56 | 0 | 100.0% | 0 |
| GSS | 4 | 161 | 6 | 96.3% | 0 |

| | |
|---|--|
| ◆ | Senior Restricted |
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

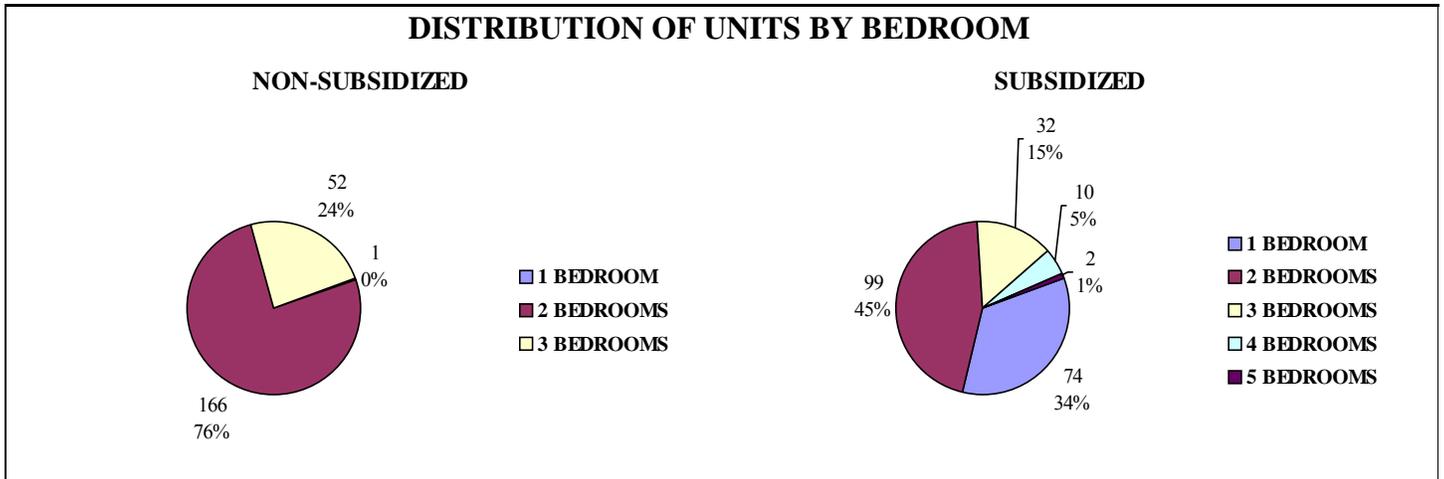
* - Drive Distance (Miles)

Survey Date: February 2014

DISTRIBUTION OF UNITS - MADISON, GEORGIA

| MARKET-RATE | | | | | | |
|--|--------------|--------------|---------------------|---------------|----------------|--------------------------|
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | MEDIAN GROSS RENT |
| 1 | 1 | 1 | 0.6% | 0 | 0.0% | \$730 |
| 2 | 1 | 19 | 11.9% | 2 | 10.5% | \$811 |
| 2 | 1.5 | 24 | 15.1% | 4 | 16.7% | \$861 |
| 2 | 2 | 48 | 30.2% | 2 | 4.2% | \$856 |
| 2 | 2.5 | 39 | 24.5% | 0 | 0.0% | \$842 |
| 3 | 2 | 28 | 17.6% | 0 | 0.0% | \$966 |
| TOTAL | | 159 | 100.0% | 8 | 5.0% | |
| TAX CREDIT, NON-SUBSIDIZED | | | | | | |
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | MEDIAN GROSS RENT |
| 2 | 2 | 36 | 60.0% | 0 | 0.0% | \$602 |
| 3 | 2 | 24 | 40.0% | 0 | 0.0% | \$771 |
| TOTAL | | 60 | 100.0% | 0 | 0.0% | |
| TAX CREDIT, GOVERNMENT-SUBSIDIZED | | | | | | |
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | MEDIAN GROSS RENT |
| 1 | 1 | 34 | 60.7% | 0 | 0.0% | N.A. |
| 2 | 1 | 18 | 32.1% | 0 | 0.0% | N.A. |
| 3 | 1 | 4 | 7.1% | 0 | 0.0% | N.A. |
| TOTAL | | 56 | 100.0% | 0 | 0.0% | |
| GOVERNMENT-SUBSIDIZED | | | | | | |
| BEDROOMS | BATHS | UNITS | DISTRIBUTION | VACANT | %VACANT | |
| 1 | 1 | 40 | 24.8% | 1 | 2.5% | N.A. |
| 2 | 1 | 49 | 30.4% | 0 | 0.0% | N.A. |
| 2 | 2 | 32 | 19.9% | 5 | 15.6% | N.A. |
| 3 | 1 | 28 | 17.4% | 0 | 0.0% | N.A. |
| 4 | 1 | 2 | 1.2% | 0 | 0.0% | N.A. |
| 4 | 1.5 | 8 | 5.0% | 0 | 0.0% | N.A. |
| 5 | 2 | 2 | 1.2% | 0 | 0.0% | N.A. |
| TOTAL | | 161 | 100.0% | 6 | 3.7% | |
| GRAND TOTAL | | 436 | - | 14 | 3.2% | |

DISTRIBUTION OF UNITS - MADISON, GEORGIA



SURVEY OF PROPERTIES - MADISON, GEORGIA

| 1 Greensboro Village Apts. | | | |
|--|--|--|---|
|  | Address 108 Rachel St. Greensboro, GA 30648 | Phone (706) 453-0808 (Contact in person) | Total Units 33 |
| | Year Built 1990 Comments RD 515, has RA (32 units); Accepts HCV; Year built & square footage estimated | Contact Emma | Vacancies 1 Occupied 97.0% Floors 1 Quality Rating B |
| | | | Waiting List RA: 7-8 households |
| 2 Madison Square | | | |
|  | Address 1092 Micha Way Madison, GA 30650 | Phone (706) 410-5952 (Contact in person) | Total Units 58 |
| | Year Built 2000 Comments Does not accept HCV; One 2-br employee unit not included in total; Vacancies due to evictions | Contact Bobbi | Vacancies 2 Occupied 96.6% Floors 1 Quality Rating B- |
| | | | Waiting List 1 & 3-br: 3 HH |
| 3 Madison Villas | | | |
|  | Address 1061 Bamblewood Dr. Madison, GA 30650 | Phone (706) 342-9872 (Contact in person) | Total Units 48 |
| | Year Built 1996 Comments RD 515, has RA (16 units); HCV (10 units); Vacancies due to eviction sweep; Square footage estimated | Contact Thelma | Vacancies 5 Occupied 89.6% Floors 1,2 Quality Rating B |
| | | | Waiting List 1-br: 6 households |
| 4 Orchard Grove Apts. | | | |
|  | Address 1070 Micha Way Madison, GA 30650 | Phone (706)752-1707 (Contact in person) | Total Units 60 |
| | Year Built 2004 Comments 50% & 60% AMHI; HCV (15 units); Four 2-br employee units not included in total | Contact Laurie | Vacancies 0 Occupied 100.0% Floors 2 Quality Rating A |
| | | | Waiting List 20 households |
| 5 Park Place Apts. | | | |
|  | Address 701 S. Main St. Greensboro, GA 30642 | Phone (706) 453-7371 (Contact in person) | Total Units 14 |
| | Year Built 1952 Comments Public Housing; Flooring is concrete; Washer hookups only; Square footage estimated | Contact Angela | Vacancies 0 Occupied 100.0% Floors 1 Quality Rating C- |
| | | | Waiting List 166 households |

Project Type

| | |
|---------------------------------------|--|
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: February 2014

SURVEY OF PROPERTIES - MADISON, GEORGIA

| 6 Fox Chase One | | | |
|--|---|--|--|
|  | Address 11 Fox Chase Cir. Greensboro, GA 30642 | Phone (706) 453-4690 (Contact in person) | Total Units 24 |
| | Year Built 1992 Comments 60% AMHI; RD 515, has RA (12 units); Accepts HCV | Contact Veronica | Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B- Waiting List 9 households |
| 7 Fox Chase Two | | | |
|  | Address 11 Fox Chase Cir. Greensboro, GA 30642 | Phone (229) 247-9956 (Contact in person) | Total Units 32 |
| | Year Built 1992 Comments 60% AMHI; RD 515, has RA (32 units); One 2-br manager unit not included | Contact Veronica | Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B- Senior Restricted (62+) Waiting List 7 households |
| 8 Jefferson Ridge Townhomes | | | |
|  | Address 363 E. Jefferson St. Madison, GA 30650 | Phone (706) 818-3563 (Contact in person) | Total Units 22 |
| | Year Built 2000 Comments Does not accept HCV; Square footage estimated | Contact Name not given | Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B- Waiting List None |
| 9 Carriage Glen | | | |
|  | Address 632 Carriage Ln. Madison, GA 30650 | Phone (706) 769-8844 (Contact in person) | Total Units 17 |
| | Year Built 1998 Comments Does not accept HCV | Contact Renee | Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B Waiting List None |
| 10 Madison Commons | | | |
|  | Address 1210 Micha Way Madison, GA 30650 | Phone (706) 318-0350 (Contact in person) | Total Units 38 |
| | Year Built 2006 Comments HCV (1 unit); Year built & square footage estimated | Contact Mindy | Vacancies 2 Occupied 94.7% Floors 1 Quality Rating C+ Waiting List None |

Project Type

| | |
|---------------------------------------|--|
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: February 2014

SURVEY OF PROPERTIES - MADISON, GEORGIA

| 11 Madison Towne Homes | | | |
|--|--|--|--|
|  | Address 100 Concord Ln. Madison, GA 30650 | Phone (706) 342-3355 (Contact in person) | Total Units 24 Vacancies 4 Occupied 83.3% |
| | Year Built 1985 Comments Does not accept HCV; Select units have ceiling fans or wood laminate flooring; End units have fireplace; Square footage estimated by manager | Contact Robin | Floors 2 Quality Rating C+ Waiting List None |
| 12 Madison Public Housing | | | |
|  | Address 509 Madison Ave. Madison, GA 30650 | Phone (770) 267-6591 (Contact in person) | Total Units 66 Vacancies 0 Occupied 100.0% |
| | Year Built 1959 Renovated 1995 Comments Public Housing; Scattered sites | Contact Lori | Floors 1 Quality Rating C Waiting List 6-12 months |

Project Type

| |
|--|
| Market-rate |
| Market-rate/Tax Credit |
| Market-rate/Government-subsidized |
| Market-rate/Tax Credit/Government-subsidized |
| Tax Credit |
| Tax Credit/Government-subsidized |
| Government-subsidized |

Survey Date: February 2014

COLLECTED RENTS - MADISON, GEORGIA

| MAP ID | GARDEN UNITS | | | | | TOWNHOUSE UNITS | | | |
|--------|--------------|-------|-------|-------|-------|-----------------|-------|------|-------|
| | STUDIO | 1-BR | 2-BR | 3-BR | 4+ BR | 1-BR | 2-BR | 3-BR | 4+ BR |
| 2 | | \$520 | \$595 | \$695 | | | | | |
| 4 | | | \$435 | \$567 | | | | | |
| 8 | | | | | | | \$675 | | |
| 9 | | | | | | | \$725 | | |
| 10 | | | \$550 | \$650 | | | | | |
| 11 | | | | | | | \$600 | | |

| | |
|---|--|
| ◆ | Senior Restricted |
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: February 2014

PRICE PER SQUARE FOOT - MADISON, GEORGIA

| ONE-BEDROOM UNITS | | | | | |
|---------------------|---------------------------|-------|-----------|------------|--------------|
| MAP ID | PROJECT NAME | BATHS | UNIT SIZE | GROSS RENT | \$ / SQ. FT. |
| 2 | Madison Square | 1 | 850 | \$730 | \$0.86 |
| TWO-BEDROOM UNITS | | | | | |
| MAP ID | PROJECT NAME | BATHS | UNIT SIZE | GROSS RENT | \$ / SQ. FT. |
| 2 | Madison Square | 2 | 1050 | \$856 | \$0.82 |
| 8 | Jefferson Ridge Townhomes | 2.5 | 1100 | \$842 | \$0.77 |
| 9 | Carriage Glen | 2.5 | 1150 | \$986 | \$0.86 |
| 10 | Madison Commons | 1 | 900 | \$811 | \$0.90 |
| 11 | Madison Towne Homes | 1.5 | 900 | \$861 | \$0.96 |
| 4 | Orchard Grove Apts. | 2 | 1000 | \$602 | \$0.60 |
| THREE-BEDROOM UNITS | | | | | |
| MAP ID | PROJECT NAME | BATHS | UNIT SIZE | GROSS RENT | \$ / SQ. FT. |
| 2 | Madison Square | 2 | 1100 | \$1011 | \$0.92 |
| 10 | Madison Commons | 2 | 1100 | \$966 | \$0.88 |
| 4 | Orchard Grove Apts. | 2 | 1100 | \$771 | \$0.70 |

| | |
|---|--|
| ◆ | Senior Restricted |
| ■ | Market-rate |
| ■ | Market-rate/Tax Credit |
| ■ | Market-rate/Government-subsidized |
| ■ | Market-rate/Tax Credit/Government-subsidized |
| ■ | Tax Credit |
| ■ | Tax Credit/Government-subsidized |
| ■ | Government-subsidized |

Survey Date: February 2014

AVERAGE GROSS RENT PER SQUARE FOOT - MADISON, GEORGIA

| MARKET-RATE | | | |
|--------------------|---------------|---------------|-----------------|
| UNIT TYPE | ONE-BR | TWO-BR | THREE-BR |
| GARDEN | \$0.86 | \$0.84 | \$0.89 |
| TOWNHOUSE | \$0.00 | \$0.86 | \$0.00 |

| TAX CREDIT (NON-SUBSIDIZED) | | | |
|------------------------------------|---------------|---------------|-----------------|
| UNIT TYPE | ONE-BR | TWO-BR | THREE-BR |
| GARDEN | \$0.00 | \$0.60 | \$0.70 |
| TOWNHOUSE | \$0.00 | \$0.00 | \$0.00 |

| COMBINED | | | |
|------------------|---------------|---------------|-----------------|
| UNIT TYPE | ONE-BR | TWO-BR | THREE-BR |
| GARDEN | \$0.86 | \$0.76 | \$0.80 |
| TOWNHOUSE | \$0.00 | \$0.86 | \$0.00 |

TAX CREDIT UNITS - MADISON, GEORGIA

| ONE-BEDROOM UNITS | | | | | | |
|---------------------|---------------------|-------|-------------|------------|--------|----------------|
| MAP ID | PROJECT NAME | UNITS | SQUARE FEET | # OF BATHS | % AMHI | COLLECTED RENT |
| 7 | Fox Chase Two | 32 | 648 | 1 | 60% | \$440 - \$567 |
| 6 | Fox Chase One | 2 | 643 | 1 | 60% | \$440 - \$567 |
| TWO-BEDROOM UNITS | | | | | | |
| MAP ID | PROJECT NAME | UNITS | SQUARE FEET | # OF BATHS | % AMHI | COLLECTED RENT |
| 4 | Orchard Grove Apts. | 12 | 1000 | 2 | 60% | \$435 |
| 4 | Orchard Grove Apts. | 24 | 1000 | 2 | 50% | \$435 |
| 6 | Fox Chase One | 18 | 924 | 1 | 60% | \$480 - \$603 |
| THREE-BEDROOM UNITS | | | | | | |
| MAP ID | PROJECT NAME | UNITS | SQUARE FEET | # OF BATHS | % AMHI | COLLECTED RENT |
| 6 | Fox Chase One | 4 | 948 | 1 | 60% | \$510 - \$651 |
| 4 | Orchard Grove Apts. | 8 | 1100 | 2 | 60% | \$567 |
| 4 | Orchard Grove Apts. | 16 | 1100 | 2 | 50% | \$567 |

◆ - Senior Restricted

QUALITY RATING - MADISON, GEORGIA

MARKET-RATE PROJECTS AND UNITS

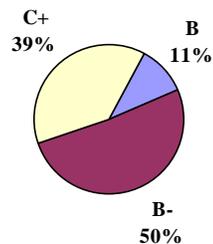
| QUALITY RATING | PROJECTS | TOTAL UNITS | VACANCY RATE | MEDIAN GROSS RENT | | | | |
|----------------|----------|-------------|--------------|-------------------|--------|--------|----------|---------|
| | | | | STUDIOS | ONE-BR | TWO-BR | THREE-BR | FOUR-BR |
| B | 1 | 17 | 0.0% | | | \$986 | | |
| B- | 2 | 80 | 2.5% | | \$730 | \$856 | \$1,011 | |
| C+ | 2 | 62 | 9.7% | | | \$861 | \$966 | |

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

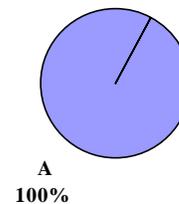
| QUALITY RATING | PROJECTS | TOTAL UNITS | VACANCY RATE | MEDIAN GROSS RENT | | | | |
|----------------|----------|-------------|--------------|-------------------|--------|--------|----------|---------|
| | | | | STUDIOS | ONE-BR | TWO-BR | THREE-BR | FOUR-BR |
| A | 1 | 60 | 0.0% | | | \$602 | \$771 | |

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



YEAR BUILT - MADISON, GEORGIA *

| YEAR RANGE | PROJECTS | UNITS | VACANT | % VACANT | TOTAL UNITS | DISTRIBUTION |
|--------------|----------|------------|----------|-------------|-------------|----------------|
| Before 1970 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| 1970 to 1979 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| 1980 to 1989 | 1 | 24 | 4 | 16.7% | 24 | 11.0% |
| 1990 to 1999 | 1 | 17 | 0 | 0.0% | 41 | 7.8% |
| 2000 to 2005 | 3 | 140 | 2 | 1.4% | 181 | 63.9% |
| 2006 | 1 | 38 | 2 | 5.3% | 219 | 17.4% |
| 2007 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2008 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2009 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2010 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2011 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2012 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2013 | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| 2014** | 0 | 0 | 0 | 0.0% | 219 | 0.0% |
| TOTAL | 6 | 219 | 8 | 3.7% | 219 | 100.0 % |

* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects.

** As of February 2014

Survey Date: February 2014

A-15



APPLIANCES AND UNIT AMENITIES - MADISON, GEORGIA

| APPLIANCES | | | |
|-----------------------|-----------------|----------------|---------------|
| APPLIANCE | PROJECTS | PERCENT | UNITS* |
| RANGE | 6 | 100.0% | 219 |
| REFRIGERATOR | 6 | 100.0% | 219 |
| ICEMAKER | 1 | 16.7% | 60 |
| DISHWASHER | 6 | 100.0% | 219 |
| DISPOSAL | 1 | 16.7% | 60 |
| MICROWAVE | 0 | 0.0% | |
| UNIT AMENITIES | | | |
| AMENITY | PROJECTS | PERCENT | UNITS* |
| AC - CENTRAL | 6 | 100.0% | 219 |
| AC - WINDOW | 0 | 0.0% | |
| FLOOR COVERING | 6 | 100.0% | 219 |
| WASHER/DRYER | 1 | 16.7% | 17 |
| WASHER/DRYER HOOK-UP | 6 | 100.0% | 219 |
| PATIO/DECK/BALCONY | 5 | 83.3% | 159 |
| CEILING FAN | 4 | 66.7% | 137 |
| FIREPLACE | 1 | 16.7% | 24 |
| BASEMENT | 0 | 0.0% | |
| INTERCOM SYSTEM | 0 | 0.0% | |
| SECURITY SYSTEM | 0 | 0.0% | |
| WINDOW TREATMENTS | 5 | 83.3% | 181 |
| FURNISHED UNITS | 0 | 0.0% | |
| E-CALL BUTTON | 0 | 0.0% | |

* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.

PROJECT AMENITIES - MADISON, GEORGIA

| PROJECT AMENITIES | | | |
|------------------------|----------|---------|-------|
| AMENITY | PROJECTS | PERCENT | UNITS |
| POOL | 0 | 0.0% | |
| ON-SITE MANAGEMENT | 2 | 33.3% | 118 |
| LAUNDRY | 1 | 16.7% | 60 |
| CLUB HOUSE | 0 | 0.0% | |
| MEETING ROOM | 1 | 16.7% | 60 |
| FITNESS CENTER | 1 | 16.7% | 60 |
| JACUZZI/SAUNA | 0 | 0.0% | |
| PLAYGROUND | 1 | 16.7% | 60 |
| COMPUTER LAB | 0 | 0.0% | |
| SPORTS COURT | 0 | 0.0% | |
| STORAGE | 0 | 0.0% | |
| LAKE | 0 | 0.0% | |
| ELEVATOR | 0 | 0.0% | |
| SECURITY GATE | 0 | 0.0% | |
| BUSINESS CENTER | 0 | 0.0% | |
| CAR WASH AREA | 0 | 0.0% | |
| PICNIC AREA | 1 | 16.7% | 60 |
| CONCIERGE SERVICE | 0 | 0.0% | |
| SOCIAL SERVICE PACKAGE | 0 | 0.0% | |

DISTRIBUTION OF UTILITIES - MADISON, GEORGIA

| UTILITY (RESPONSIBILITY) | NUMBER OF PROJECTS | NUMBER OF UNITS | DISTRIBUTION OF UNITS |
|--------------------------|--------------------|-----------------|-----------------------|
| HEAT | | | |
| TENANT | | | |
| ELECTRIC | 11 | 422 | 96.8% |
| GAS | 1 | 14 | 3.2% |
| | | | 100.0% |
| COOKING FUEL | | | |
| TENANT | | | |
| ELECTRIC | 11 | 422 | 96.8% |
| GAS | 1 | 14 | 3.2% |
| | | | 100.0% |
| HOT WATER | | | |
| TENANT | | | |
| ELECTRIC | 11 | 422 | 96.8% |
| GAS | 1 | 14 | 3.2% |
| | | | 100.0% |
| ELECTRIC | | | |
| TENANT | 12 | 436 | 100.0% |
| | | | 100.0% |
| WATER | | | |
| LANDLORD | 7 | 233 | 53.4% |
| TENANT | 5 | 203 | 46.6% |
| | | | 100.0% |
| SEWER | | | |
| LANDLORD | 7 | 233 | 53.4% |
| TENANT | 5 | 203 | 46.6% |
| TRASH PICK-UP | | | |
| LANDLORD | 7 | 233 | 53.4% |
| TENANT | 5 | 203 | 46.6% |
| | | | 100.0% |

UTILITY ALLOWANCE - MADISON, GEORGIA

| BR | UNIT TYPE | HEATING | | | | HOT WATER | | COOKING | | ELEC | WATER | SEWER | TRASH | CABLE |
|----|-----------|---------|------|-------|-------|-----------|------|---------|------|-------|-------|-------|-------|-------|
| | | GAS | ELEC | STEAM | OTHER | GAS | ELEC | GAS | ELEC | | | | | |
| 0 | GARDEN | \$20 | \$23 | | \$7 | \$16 | \$21 | \$6 | \$7 | \$42 | \$17 | \$28 | \$20 | \$20 |
| 1 | GARDEN | \$28 | \$33 | | \$7 | \$22 | \$29 | \$9 | \$9 | \$60 | \$22 | \$37 | \$20 | \$20 |
| 1 | TOWNHOUSE | \$28 | \$33 | | \$7 | \$22 | \$29 | \$9 | \$9 | \$60 | \$22 | \$37 | \$20 | \$20 |
| 2 | GARDEN | \$35 | \$42 | | \$9 | \$28 | \$37 | \$10 | \$12 | \$76 | \$28 | \$46 | \$20 | \$20 |
| 2 | TOWNHOUSE | \$35 | \$42 | | \$9 | \$28 | \$37 | \$10 | \$12 | \$76 | \$28 | \$46 | \$20 | \$20 |
| 3 | GARDEN | \$44 | \$51 | | \$14 | \$34 | \$45 | \$13 | \$15 | \$93 | \$35 | \$57 | \$20 | \$20 |
| 3 | TOWNHOUSE | \$44 | \$51 | | \$14 | \$34 | \$45 | \$13 | \$15 | \$93 | \$35 | \$57 | \$20 | \$20 |
| 4 | GARDEN | \$56 | \$65 | | \$17 | \$42 | \$57 | \$16 | \$19 | \$118 | \$43 | \$71 | \$20 | \$20 |
| 4 | TOWNHOUSE | \$56 | \$65 | | \$17 | \$42 | \$57 | \$16 | \$19 | \$118 | \$43 | \$71 | \$20 | \$20 |

ADDENDUM B

COMPARABLE PROPERTY PROFILES

2 Madison Square 2.1 miles to site



| | | | |
|-------------------------|---|-------------------------|--------------------------|
| Address | 1092 Micha Way Madison, GA 30650 | | |
| Phone | (706) 410-5952 | Contact | Bobbi |
| Total Units | 58 | Vacancies | 2 |
| | | Percent Occupied | 96.6% |
| Project Type | Market-Rate | | |
| Year Open | 2000 | Floors | 1 |
| Concessions | No Rent Specials | | |
| Age Restrictions | NONE | | |
| Waiting List | 1 & 3-br: 3 HH | | |
| Ratings: | Quality B- | Neighborhood B | Access/Visibility |
| Remarks | Does not accept HCV; One 2-br employee unit not included in total; Vacancies due to evictions | | |



FEATURES AND UTILITIES

| | |
|--------------------------|--|
| Utilities | No landlord paid utilities |
| Unit Amenities | Refrigerator, Range, Dishwasher, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds |
| Project Amenities | On-site Management |
| Parking | Surface Parking |

UNIT CONFIGURATION

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|------------|----------------|
| 1 | 1 | G | 1 | 0 | 850 | \$0.61 | \$520 |
| 2 | 2 | G | 48 | 2 | 1050 | \$0.57 | \$595 |
| 3 | 2 | G | 9 | 0 | 1100 | \$0.63 | \$695 |



10 **Madison Commons** 2.3 miles to site



| | | | |
|-------------------------|---|-------------------------|--------------------------|
| Address | 1210 Micha Way Madison, GA 30650 | | |
| Phone | (706) 318-0350 | Contact | Mindy |
| Total Units | 38 | Vacancies | 2 |
| | | Percent Occupied | 94.7% |
| Project Type | Market-Rate | | |
| Year Open | 2006 | Floors | 1 |
| Concessions | No Rent Specials | | |
| Age Restrictions | NONE | | |
| Waiting List | NONE | | |
| Ratings: | Quality C+ | Neighborhood B | Access/Visibility |
| Remarks | HCV (1 unit); Year built & square footage estimated | | |



FEATURES AND UTILITIES

| | |
|--------------------------|--|
| Utilities | No landlord paid utilities |
| Unit Amenities | Refrigerator, Range, Dishwasher, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan |
| Project Amenities | |
| Parking | Surface Parking |

UNIT CONFIGURATION

| BRs | BAAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|------|------|-------|--------|-------------|------------|----------------|
| 2 | 1 | G | 19 | 2 | 900 | \$0.61 | \$550 |
| 3 | 2 | G | 19 | 0 | 1100 | \$0.59 | \$650 |

906 Leaf Stone

26.5 miles to site



Address 10100 Brown Bridge Rd.
Covington, GA 30014

Phone (770) 784-8044 **Contact** Lindsey

Total Units 232 **Vacancies** 1 **Percent Occupied** 99.6%

Project Type Market-Rate

Year Open 2001 **Floors** 2,3

Concessions No Rent Specials

Age Restrictions NONE

Waiting List NONE

Ratings: **Quality** B+ **Neighborhood** B **Access/Visibility**

Remarks Does not accept HCV

FEATURES AND UTILITIES

- Utilities** Landlord pays Trash
- Unit Amenities** Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage
- Project Amenities** Swimming Pool, On-site Management, Laundry Facility, Fitness Center, Playground, Computer Lab, Car Wash Area, Picnic Area
- Parking** Detached Garages, Surface Parking

UNIT CONFIGURATION

| BRs | BAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT | |
|-----|-----|------|-------|--------|-------------|------------|----------------|--|
| 1 | 1 | G | 72 | 1 | 816 | \$0.77 | \$625 | |
| 2 | 2 | G | 124 | 0 | 1072 | \$0.68 | \$725 | |
| 3 | 2 | G | 36 | 0 | 1292 | \$0.64 | \$825 | |

907 Park View

25.8 miles to site



Address 10920 By Pass Rd.
Covington, GA 30014

Phone (770) 786-8500 **Contact** Kelly

Total Units 100 **Vacancies** 1 **Percent Occupied** 99.0%

Project Type Market-Rate

Year Open 1993 **Floors** 2,3

Concessions No Rent Specials

Age Restrictions NONE

Waiting List NONE

Ratings: **Quality** B+ **Neighborhood** B **Access/Visibility**

Remarks HCV (3 units, but no longer accept); Rent range based on amenities & unit upgrades

FEATURES AND UTILITIES

Utilities Landlord pays Trash
Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Blinds
Project Amenities Swimming Pool, On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground
Parking Surface Parking

UNIT CONFIGURATION

| BRs | BAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT |
|-----|--------|------|-------|--------|-------------|-----------------|----------------|
| 1 | 1 | G | 10 | 0 | 736 | \$0.85 | \$625 |
| 2 | 1 to 2 | G | 55 | 1 | 880 | \$0.74 - \$0.79 | \$655 to \$695 |
| 3 | 2 | G | 35 | 0 | 1152 | \$0.69 | \$790 |

908 Skyline Trace

22.7 miles to site



| | | | |
|-------------------------|--|-------------------------|--------------------------|
| Address | 600 Ridge Rd. Monroe, GA 30655 | | |
| Phone | (678) 635-8808 | Contact | Megan |
| Total Units | 63 | Vacancies | 0 |
| | | Percent Occupied | 100.0% |
| Project Type | Market-Rate & Tax Credit | | |
| Year Open | 2010 | Floors | 2 |
| Concessions | No Rent Specials | | |
| Age Restrictions | NONE | | |
| Waiting List | 5 households | | |
| Ratings: | Quality B+ | Neighborhood B | Access/Visibility |
| Remarks | 50% & 60% AMHI; HCV (7 units); One 2-br manager unit not included in total | | |

FEATURES AND UTILITIES

| | |
|--------------------------|--|
| Utilities | No landlord paid utilities |
| Unit Amenities | Refrigerator, Ice maker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage |
| Project Amenities | Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Computer Lab, Picnic Area |
| Parking | Surface Parking |

UNIT CONFIGURATION

| BRs | BAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT | AMHI |
|-----|-----|------|-------|--------|-------------|------------|----------------|------|
| 1 | 1 | G | 2 | 0 | 806 | \$0.72 | \$583 | |
| 1 | 1 | G | 3 | 0 | 806 | \$0.72 | \$578 | 60% |
| 1 | 1 | G | 3 | 0 | 806 | \$0.64 | \$519 | 50% |
| 2 | 2 | G | 2 | 0 | 1056 | \$0.62 | \$653 | |
| 2 | 2 | G | 19 | 0 | 1056 | \$0.61 | \$648 | 60% |
| 2 | 2 | G | 10 | 0 | 1056 | \$0.55 | \$578 | 50% |
| 3 | 2 | G | 16 | 0 | 1237 | \$0.56 | \$693 | 60% |
| 3 | 2 | G | 8 | 0 | 1237 | \$0.52 | \$648 | 50% |

4

Orchard Grove Apts.

2.1 miles to site



Address 1070 Micha Way
Madison, GA 30650

Phone (706)752-1707 **Contact** Laurie

Total Units 60 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit

Year Open 2004 **Floors** 2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List 20 households

Ratings: **Quality** A **Neighborhood** B **Access/Visibility** B+/-

Remarks 50% & 60% AMHI; HCV (15 units); Four 2-br employee units not included in total

FEATURES AND UTILITIES

Utilities Landlord pays Water, Sewer, Trash
Unit Amenities Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Blinds
Project Amenities On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Picnic Area
Parking Surface Parking

UNIT CONFIGURATION

| BRs | BAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT | AMHI |
|-----|-----|------|-------|--------|-------------|------------|----------------|------|
| 2 | 2 | G | 12 | 0 | 1000 | \$0.44 | \$435 | 60% |
| 2 | 2 | G | 24 | 0 | 1000 | \$0.44 | \$435 | 50% |
| 3 | 2 | G | 8 | 0 | 1100 | \$0.52 | \$567 | 60% |
| 3 | 2 | G | 16 | 0 | 1100 | \$0.52 | \$567 | 50% |

905 Harristown Park

25.1 miles to site



Address 2135 Reynolds St. SW
Covington, GA 30014

Phone (678) 625-3235 **Contact** Sabrina

Total Units 60 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit

Year Open 2011 **Floors** 1,4

Concessions No Rent Specials

Age Restrictions Senior (55+)

Waiting List 1000 households

Ratings: **Quality** A **Neighborhood** B **Access/Visibility**

Remarks 50% & 60% AMHI; HCV (2 units); Opened & 100% occupied 12/2011; Unit mix estimated

FEATURES AND UTILITIES

Utilities Landlord pays Trash
Unit Amenities Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Intercom, Blinds, E-Call Button
Project Amenities On-site Management, Meeting Room, Fitness Center, Elevator, Computer Lab, Picnic Area, Community Garden
Parking Surface Parking

UNIT CONFIGURATION

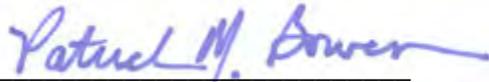
| BRs | BAs | TYPE | UNITS | VACANT | SQUARE FEET | \$ / SQ FT | COLLECTED RENT | AMHI |
|-----|-----|------|-------|--------|-------------|------------|----------------|------|
| 1 | 1 | G | 10 | 0 | 750 | \$0.57 | \$430 | 60% |
| 1 | 1 | G | 2 | 0 | 750 | \$0.57 | \$430 | 50% |
| 2 | 2 | G | 41 | 0 | 900 | \$0.56 | \$500 | 60% |
| 2 | 2 | G | 7 | 0 | 900 | \$0.54 | \$490 | 50% |

ADDENDUM C – MEMBER CERTIFICATION & CHECKLIST

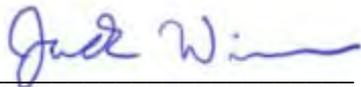
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard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

Bowen National Research is duly qualified and experienced in providing market analysis for housing. The company's principals participate in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Bowen National Research is an independent market analyst. No principal or employee of Bowen National Research has any financial interest whatsoever in the development for which this analysis has been undertaken.

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Note: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting <http://www.housingonline.com/MarketStudiesNCAHMA/AboutNCAHMA/tabid/234/Default.aspx>

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

Members of the National Council of Housing Market Analysts provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location content of issues relevant to the evaluation and analysis of market studies.

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

The following components have been addressed in this market study. The section number of each component is noted below. Each component is fully discussed in that section. In cases where the item is not relevant, the author has indicated 'N/A' or not applicable. Where a conflict with or variation from client standards or client requirements exists, the author has indicated a 'VAR' (variation) with a comment explaining the conflict.

C. CHECKLIST

| | | Section (s) |
|---------------------------------|---|-------------|
| Executive Summary | | |
| 1. | Executive Summary (Exhibit S-2) | A |
| Project Description | | |
| 2. | Proposed number of bedrooms and baths proposed, income limitations, proposed rents and utility allowances | B |
| 3. | Utilities (and utility sources) included in rent | B |
| 4. | Project design description | B |
| 5. | Unit and project amenities; parking | B |
| 6. | Public programs included | B |
| 7. | Target population description | B |
| 8. | Date of construction/preliminary completion | B |
| 9. | If rehabilitation, existing unit breakdown and rents | B |
| 10. | Reference to review/status of project plans | B |
| Location and Market Area | | |
| 11. | Market area/secondary market area description | D |
| 12. | Concise description of the site and adjacent parcels | C |
| 13. | Description of site characteristics | C |
| 14. | Site photos/maps | C |
| 15. | Map of community services | C |
| 16. | Visibility and accessibility evaluation | C |
| 17. | Crime Information | C |

CHECKLIST (Continued)

| | | Section (s) |
|------------------------------------|---|----------------|
| EMPLOYMENT AND ECONOMY | | |
| 18. | Employment by industry | F |
| 19. | Historical unemployment rate | F |
| 20. | Area major employers | F |
| 21. | Five-year employment growth | F |
| 22. | Typical wages by occupation | F |
| 23. | Discussion of commuting patterns of area workers | F |
| DEMOGRAPHIC CHARACTERISTICS | | |
| 24. | Population and household estimates and projections | E |
| 25. | Area building permits | H |
| 26. | Distribution of income | H |
| 27. | Households by tenure | H |
| COMPETITIVE ENVIRONMENT | | |
| 28. | Comparable property profiles | H |
| 29. | Map of comparable properties | H |
| 30. | Comparable property photographs | H |
| 31. | Existing rental housing evaluation | H |
| 32. | Comparable property discussion | H |
| 33. | Area vacancy rates, including rates for Tax Credit and government-subsidized | H |
| 34. | Comparison of subject property to comparable properties | H |
| 35. | Availability of Housing Choice Vouchers | H |
| 36. | Identification of waiting lists | H & Addendum A |
| 37. | Description of overall rental market including share of market-rate and affordable properties | H |
| 38. | List of existing LIHTC properties | H |
| 39. | Discussion of future changes in housing stock | H |
| 40. | Discussion of availability and cost of other affordable housing options including homeownership | H |
| 41. | Tax Credit and other planned or under construction rental communities in market area | H |
| ANALYSIS/CONCLUSIONS | | |
| 42. | Calculation and analysis of Capture Rate | G |
| 43. | Calculation and analysis of Penetration Rate | N/A |
| 44. | Evaluation of proposed rent levels | H |
| 45. | Derivation of Achievable Market Rent and Market Advantage | H & Addendum E |
| 46. | Derivation of Achievable Restricted Rent | N/A |
| 47. | Precise statement of key conclusions | K |
| 48. | Market strengths and weaknesses impacting project | K |
| 49. | Recommendations and/or modification to project discussion | K |
| 50. | Discussion of subject property's impact on existing housing | H |
| 51. | Absorption projection with issues impacting performance | I |
| 52. | Discussion of risks or other mitigating circumstances impacting project projection | H |
| 53. | Interviews with area housing stakeholders | J |

CHECKLIST (Continued)

| | | Section (s) |
|---------------------------|--|--------------------|
| OTHER REQUIREMENTS | | |
| 54. | Preparation date of report | Title Page |
| 55. | Date of Field Work | C |
| 56. | Certifications | Addendum B |
| 57. | Statement of qualifications | N |
| 58. | Sources of data not otherwise identified | D |
| 59. | Utility allowance schedule | Addendum A |

Addendum D – Methodologies, Disclaimers & Sources

1. PURPOSE

The purpose of this report is to evaluate the market feasibility of a proposed Low-Income Housing Tax Credit (LIHTC) project to be developed in Madison, Georgia by Silver Lakes Limited Partnership.

This market feasibility analysis complies with the requirements established by the Georgia Department of Community Affairs/Georgia Housing and Finance Authority (GDCA/GHFA) and conforms to the standards adopted by the National Council of Housing Market Analysts (NCHMA). These standards include the accepted definitions of key terms used in market studies for affordable housing projects, and model content standards for the content of market studies for affordable housing projects. These standards are designed to enhance the quality of market studies and to make them easier to prepare, understand and use by market analysts and end users.

2. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

- The Primary Market Area (PMA) generated for the subject project is identified. The PMA is generally described as the smallest geographic area from which most of the support for the subject project originates. PMAs are not defined by a radius. The use of a radius is an ineffective approach because it does not consider mobility patterns, changes in the socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.

PMAs are established using a variety of factors, including, but not limited to:

- A detailed demographic and socioeconomic evaluation
 - Interviews with area planners, realtors and other individuals who are familiar with area growth patterns
 - A drive-time analysis for the site
 - Personal observations of the field analyst
- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by an evaluation of the unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the subject property.

- Two types of directly comparable properties are identified through the field survey. They include other Section 42 LIHTC developments and market-rate developments that offer unit and project amenities similar to those of the subject development. An in-depth evaluation of these two property types provides an indication of the potential of the subject development.
- Economic and demographic characteristics of the area are evaluated. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information and projections that determine what the characteristics of the market will be when the subject project opens and achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of the properties that might be planned or proposed for the area that will have an impact on the marketability of the subject development. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project and its impact on the market and the subject development.
- An analysis of the subject project's market capture of income-appropriate renter households within the PMA is conducted. This analysis follows GDCA's methodology for calculating potential demand. The resulting capture rates are compared with acceptable market capture rates for similar types of projects to determine whether the subject development's capture rate is achievable.
- Achievable market rent for the subject development is determined. Using a Rent Comparability Grid, the features of the subject development are compared item by item to the most comparable properties in the market. Adjustments are made for each feature that differs from that of the subject development. These adjustments are then included with the collected rent resulting in an achievable market rent for a unit comparable to the subject unit. This analysis is done for each bedroom type offered at the site.

Please note that non-numbered items in this report are not required by GDCA; they have been included, however, based on Bowen National Research's opinion that it is necessary to consider these details to effectively address the continued market feasibility of the subject project.

3. REPORT LIMITATIONS

The intent of this report is to collect and analyze significant levels of data to forecast the market success of the subject property within an agreed to time period. Bowen National Research relies on a variety of sources of data to generate this report. These data sources are not always verifiable; however, Bowen National Research makes a significant effort to assure accuracy. While this is not always possible, we believe our effort provides an acceptable standard margin of error. Bowen National Research is not responsible for errors or omissions in the data provided by other sources.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent on an action or event (such as the approval of a loan) resulting from the analyses, opinions or conclusions in, or the use of, this study.

Any reproduction or duplication of this report without the expressed approval of Bowen National Research is strictly prohibited.

4. SOURCES

Bowen National Research uses various sources to gather and confirm data used in each analysis. These sources, which are cited throughout this report, include the following:

- The 2000 and 2010 Census on Housing
- American Community Survey
- Urban Decision Group (UDG)
- ESRI
- Area Chamber of Commerce
- Georgia Department of Community Affairs
- U.S. Department of Labor
- U.S. Department of Commerce
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives
- HISTA Data (household income by household size, tenure and age of head of household) by Ribbon Demographics

ADDENDUM E - ACHIEVABLE MARKET RENT ANALYSIS

A. INTRODUCTION

We identified two market-rate properties within the Madison Site PMA that we consider most comparable to the proposed subject development. Due to the lack of market-rate rental housing within the Madison Site PMA, we identified two additional market-rate properties outside of the market, but within the region in Covington that we consider comparable in terms of unit and project amenities to the proposed subject development. Note that adjustments for the differences between the Madison market and the Covington market have been made. These selected properties are used to derive market rent for a project with characteristics similar to the proposed subject development. It is important to note that for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the proposed subject units without maximum income and rent restrictions.

The basis for the selection of these projects includes, but is not limited to, the following factors:

- Surrounding neighborhood characteristics
- Unit types offered (garden or townhouse, bedroom types, etc.)
- Building type (single-story, mid-rise, high-rise, etc.)
- Unit and project amenities offered
- Age and appearance of property

Since it is unlikely that any two properties are identical, we adjust the collected rent (the actual rent paid by tenants) of the selected properties according to whether or not they compare favorably with the subject development. Rents of projects that have additional or better features than the subject site are adjusted negatively, while projects with inferior or fewer features are adjusted positively. For example, if the proposed subject project does not have a washer or dryer and a selected property does, we lower the collected rent of the selected property by the estimated value of a washer and dryer to derive an *achievable market rent* for a project similar to the proposed project.

The rent adjustments used in this analysis are based on various sources, including known charges for additional features within the Site PMA, estimates made by area property managers and realtors, quoted rental rates from furniture rental companies and Bowen National Research's prior experience in markets nationwide.

The proposed subject development and the four selected properties include the following:

| Map I.D. | Project Name | Year Built | Total Units | Occ. Rate | Unit Mix (Occupancy Rate) | | |
|----------|-----------------|------------|-------------|-----------|------------------------------|-----------------|----------------|
| | | | | | One-Br. | Two-Br. | Three-Br. |
| Site | Silver Lakes | 2016 | 44 | - | 28 (-) | 16 (-) | - |
| 2 | Madison Square | 2000 | 58 | 96.6% | 1 (100.0%) | 48 (95.8%) | 9 (100.0%) |
| 10 | Madison Commons | 2006 | 38 | 94.7% | - | 19 (89.5%) | 19 (100.0%) |
| 906 | Leaf Stone | 2001 | 232 | 99.6% | 72 (98.6%) | 124 (100.0%) | 36 (100.0%) |
| 907 | Park View | 1993 | 100 | 99.0% | 10 (100.0%) | 55 (98.2%) | 35 (100.0%) |

Occ. - Occupancy

Map IDs 906 and 907 are located outside Site PMA

The four selected market-rate projects have a combined total of 428 units with an overall occupancy rate of 98.6%, a strong rate for rental housing. This indicates that these projects have been well received within the region and will serve as accurate benchmarks with which to compare the subject project.

The Rent Comparability Grids on the following pages show the collected rents for each of the selected properties and illustrates adjustments made (as needed) for various features and locations or neighborhood characteristics, as well as for quality differences that exist between the selected properties and the proposed subject development.

Rent Comparability Grid

Unit Type → **ONE BEDROOM**

| Subject | | Comp #1 | | Comp #2 | | Comp #3 | | Comp #4 | | Comp #5 | |
|---------------------------------------|-------------------------------|------------------|---------------|---------------------------------|---------------|------------------------|---------------|-------------------|---------------|------------------|---------------|
| Silver Lakes | | Madison Square | | Madison Commons | | Leaf Stone | | Park View | | | |
| 439 West Jefferson St. | | 1092 Micha Way | | 1210 Micha Way | | 10100 Brown Bridge Rd. | | 10920 By Pass Rd. | | | |
| Madison, GA | | Madison, GA | | Madison, GA | | Covington, GA | | Covington, GA | | | |
| A. Rents Charged | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 1 | \$ Last Rent / Restricted? | \$520 | | \$550 | | \$625 | | \$625 | | | |
| 2 | Date Surveyed | Jan-14 | | Feb-14 | | Feb-14 | | Feb-14 | | | |
| 3 | Rent Concessions | None | | None | | None | | None | | | |
| 4 | Occupancy for Unit Type | 100% | | 89% | | 99% | | 100% | | | |
| 5 | Effective Rent & Rent/ sq. ft | \$520 | 0.61 | \$550 | 0.61 | \$625 | 0.77 | \$625 | 0.85 | | |
| B. Design, Location, Condition | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 6 | Structure / Stories | EE/2 | | R/1 | | WU/2,3 | | WU/2,3 | | | |
| 7 | Yr. Built/Yr. Renovated | 2016 | | 2000 | \$16 | 2006 | \$10 | 2001 | \$15 | 1993 | \$23 |
| 8 | Condition /Street Appeal | E | | G | \$15 | F | \$30 | G | \$15 | G | \$15 |
| 9 | Neighborhood | G | | G | | G | | G | | G | |
| 10 | Same Market? | | | Yes | | Yes | | No | (\$63) | No | (\$63) |
| C. Unit Equipment/ Amenities | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 11 | # Bedrooms | 1 | | 1 | | 2 | (\$50) | 1 | | 1 | |
| 12 | # Baths | 1 | | 1 | | 1 | | 1 | | 1 | |
| 13 | Unit Interior Sq. Ft. | 711 | (\$24) | 850 | | 900 | (\$33) | 816 | (\$18) | 736 | (\$4) |
| 14 | Balcony/ Patio | Y | | Y | | Y | | Y | | N | \$5 |
| 15 | AC: Central/ Wall | C | | C | | C | | C | | C | |
| 16 | Range/ refrigerator | R/F | | R/F | | R/F | | R/F | | R/F | |
| 17 | Microwave/ Dishwasher | N/Y | | N/Y | | N/Y | | N/Y | | N/Y | |
| 18 | Washer/Dryer | HU/L | \$5 | HU | \$5 | HU | \$5 | HU/L | | HU/L | |
| 19 | Floor Coverings | C | | C | | C | | C | | C | |
| 20 | Window Coverings | B | | B | \$5 | N | \$5 | B | | B | |
| 21 | Intercom/E-Call Buttons | N/Y | \$5 | N/N | \$5 | N/N | \$5 | N/N | \$5 | N/N | \$5 |
| 22 | Garbage Disposal | Y | \$5 | N | \$5 | N | \$5 | Y | | N | \$5 |
| 23 | Ceiling Fans | Y | | Y | | Y | | Y | | N | \$5 |
| D Site Equipment/ Amenities | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 24 | Parking (\$ Fee) | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | |
| 25 | On-Site Management | Y | | Y | | N | \$5 | Y | | Y | |
| 26 | Security Gate | N | | N | | N | | N | | N | |
| 27 | Clubhouse/ Meeting Rooms | Y | \$5 | N | \$5 | N | \$5 | N | \$5 | Y | |
| 28 | Pool/ Recreation Areas | F | \$5 | N | \$5 | N | \$5 | P/F | (\$10) | P/F | (\$10) |
| 29 | Computer Center | Y | \$3 | N | \$3 | N | \$3 | Y | | N | \$3 |
| 30 | Picnic Area | N | | N | | N | | Y | (\$3) | N | |
| 31 | Library | N | | N | | N | | N | | N | |
| 32 | Social Services | N | | N | | N | | N | | N | |
| E. Utilities | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| 33 | Heat (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 34 | Cooling (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 35 | Cooking (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 36 | Hot Water (in rent?/ type) | N/E | | N/E | | N/E | | N/E | | N/E | |
| 37 | Other Electric | N | | N | | N | | N | | N | |
| 38 | Cold Water/ Sewer | Y/Y | \$59 | N/N | \$59 | N/N | \$59 | N/N | \$59 | N/N | \$59 |
| 39 | Trash /Recycling | Y/N | \$20 | N/N | \$20 | N/N | \$20 | Y/N | | Y/N | |
| F. Adjustments Recap | | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg |
| 40 | # Adjustments B to D | 8 | 1 | 10 | 2 | 4 | 4 | 7 | 3 | | |
| 41 | Sum Adjustments B to D | \$59 | (\$24) | \$78 | (\$83) | \$40 | (\$94) | \$61 | (\$77) | | |
| 42 | Sum Utility Adjustments | \$79 | | \$79 | | \$59 | | \$59 | | | |
| | | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross |
| 43 | Net/ Gross Adjmts B to E | \$114 | \$162 | \$74 | \$240 | \$5 | \$193 | \$43 | \$197 | | |
| G. Adjusted & Market Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| 44 | Adjusted Rent (5+ 43) | \$634 | | \$624 | | \$630 | | \$668 | | | |
| 45 | Adj Rent/Last rent | | 122% | | 113% | | 101% | | 107% | | |
| 46 | Estimated Market Rent | \$625 | \$0.88 | ← Estimated Market Rent/ Sq. Ft | | | | | | | |

Rent Comparability Grid

Unit Type → **TWO BEDROOM**

| Subject | | Comp #1 | | Comp #2 | | Comp #3 | | Comp #4 | | Comp #5 | |
|---------------------------------------|---------|------------------|---------------|-------------------------------|---------------|------------------------|---------------|-------------------|---------------|------------------|---------------|
| Silver Lakes | | Madison Square | | Madison Commons | | Leaf Stone | | Park View | | | |
| 439 West Jefferson St. | | 1092 Micha Way | | 1210 Micha Way | | 10100 Brown Bridge Rd. | | 10920 By Pass Rd. | | | |
| Madison, GA | | Madison, GA | | Madison, GA | | Covington, GA | | Covington, GA | | | |
| Data on Subject | | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj | Data | \$ Adj |
| A. Rents Charged | | | | | | | | | | | |
| 1 \$ Last Rent / Restricted? | | \$595 | | \$550 | | \$725 | | \$655 | | | |
| 2 Date Surveyed | | Jan-14 | | Feb-13 | | Feb-14 | | Feb-14 | | | |
| 3 Rent Concessions | | None | | None | | None | | None | | | |
| 4 Occupancy for Unit Type | | 96% | | 89% | | 100% | | 98% | | | |
| 5 Effective Rent & Rent/ sq. ft | ▼ | \$595 | 0.57 | \$550 | 0.61 | \$725 | 0.68 | \$655 | 0.74 | | |
| B. Design, Location, Condition | | | | | | | | | | | |
| 6 Structure / Stories | EE/2 | R/1 | | R/1 | | WU/2,3 | | WU/2,3 | | | |
| 7 Yr. Built/Yr. Renovated | 2016 | 2000 | \$16 | 2006 | \$10 | 2001 | \$15 | 1993 | \$23 | | |
| 8 Condition /Street Appeal | E | G | \$15 | F | \$30 | G | \$15 | G | \$15 | | |
| 9 Neighborhood | G | G | | G | | G | | G | | | |
| 10 Same Market? | | Yes | | Yes | | No | (\$73) | No | (\$70) | | |
| C. Unit Equipment/ Amenities | | | | | | | | | | | |
| 11 # Bedrooms | 2 | 2 | | 2 | | 2 | | 2 | | | |
| 12 # Baths | 1 | 2 | (\$30) | 1 | | 2 | (\$30) | 1 | | | |
| 13 Unit Interior Sq. Ft. | 918 | 1050 | (\$21) | 900 | \$3 | 1072 | (\$25) | 880 | \$6 | | |
| 14 Balcony/ Patio | Y | Y | | Y | | Y | | N | \$5 | | |
| 15 AC: Central/ Wall | C | C | | C | | C | | C | | | |
| 16 Range/ refrigerator | R/F | R/F | | R/F | | R/F | | R/F | | | |
| 17 Microwave/ Dishwasher | N/Y | N/Y | | N/Y | | N/Y | | N/Y | | | |
| 18 Washer/Dryer | HU/L | HU | \$5 | HU | \$5 | HU/L | | HU/L | | | |
| 19 Floor Coverings | C | C | | C | | C | | C | | | |
| 20 Window Coverings | B | B | | N | \$5 | B | | B | | | |
| 21 Intercom/E-Call Buttons | N/Y | N/N | \$5 | N/N | \$5 | N/N | \$5 | N/N | \$5 | | |
| 22 Garbage Disposal | Y | N | \$5 | N | \$5 | Y | | Y | | | |
| 23 Ceiling Fans | Y | Y | | Y | | Y | | Y | | | |
| D Site Equipment/ Amenities | | | | | | | | | | | |
| 24 Parking (\$ Fee) | LOT/\$0 | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | LOT/\$0 | | | |
| 25 On-Site Management | Y | Y | | N | \$5 | Y | | Y | | | |
| 26 Security Gate | N | N | | N | | N | | N | | | |
| 27 Clubhouse/ Meeting Rooms | Y | N | \$5 | N | \$5 | N | \$5 | Y | | | |
| 28 Pool/ Recreation Areas | F | N | \$5 | N | \$5 | P/F | (\$10) | P/F | (\$10) | | |
| 29 Computer Center | Y | N | \$3 | N | \$3 | Y | | N | \$3 | | |
| 30 Picnic Area | N | N | | N | | Y | (\$3) | N | | | |
| 31 Library | N | N | | N | | N | | N | | | |
| 32 Social Services | N | N | | N | | N | | N | | | |
| E. Utilities | | | | | | | | | | | |
| 33 Heat (in rent?/ type) | N/E | N/E | | N/E | | N/E | | N/E | | | |
| 34 Cooling (in rent?/ type) | N/E | N/E | | N/E | | N/E | | N/E | | | |
| 35 Cooking (in rent?/ type) | N/E | N/E | | N/E | | N/E | | N/E | | | |
| 36 Hot Water (in rent?/ type) | N/E | N/E | | N/E | | N/E | | N/E | | | |
| 37 Other Electric | N | N | | N | | N | | N | | | |
| 38 Cold Water/ Sewer | Y/Y | N/N | \$74 | N/N | \$74 | N/N | \$74 | N/N | \$74 | | |
| 39 Trash /Recycling | Y/N | N/N | \$20 | N/N | \$20 | Y/N | | Y/N | | | |
| F. Adjustments Recap | | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg | Pos | Neg |
| 40 # Adjustments B to D | | 8 | 2 | 11 | | 4 | 5 | 6 | 2 | | |
| 41 Sum Adjustments B to D | | \$59 | (\$51) | \$81 | | \$40 | (\$141) | \$57 | (\$80) | | |
| 42 Sum Utility Adjustments | | \$94 | | \$94 | | \$74 | | \$74 | | | |
| | | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross |
| 43 Net/ Gross Adjmts B to E | | \$102 | \$204 | \$175 | \$175 | (\$27) | \$255 | \$51 | \$211 | | |
| G. Adjusted & Market Rents | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | | Adj. Rent | |
| 44 Adjusted Rent (5+ 43) | | \$697 | | \$725 | | \$698 | | \$706 | | | |
| 45 Adj Rent/Last rent | | | 117% | | 132% | | 96% | | 108% | | |
| 46 Estimated Market Rent | \$700 | \$0.76 | ← | Estimated Market Rent/ Sq. Ft | | | | | | | |

Once all adjustments to collected rents were made, the adjusted rents for each comparable were considered to derive an achievable market rent for each bedroom type. Each property was considered and weighed based upon its proximity to the subject site, and its amenities and unit layout compared to the subject site.

Based on the preceding Rent Comparability Grids, it was determined that achievable market rents for units similar to the subject development are \$625 for a one-bedroom unit and \$700 for a two-bedroom unit, which are illustrated as follows:

The following table compares the proposed collected rents at the subject site with achievable market rent for selected units.

| Bedroom Type | Proposed Collected Rent | Achievable Market Rent | Market Rent Advantage |
|--------------|-------------------------|------------------------|-----------------------|
| One-Bedroom | \$442 (50% & 60%) | \$625 | 29.3% |
| | \$487 (60%) | | 22.1% |
| Two-Bedroom | \$534 (50%) | \$700 | 23.7% |
| | \$569 (60%) | | 18.7% |

The proposed collected rents represent market rent advantages ranging from 18.7% to 29.3%, depending on bedroom type and targeted income level. Typically, Tax Credit rents are set 10% or more below achievable market rents to ensure that the project will have a sufficient flow of tenants. As such, the proposed rents should represent significant values for the local market.

B. RENT ADJUSTMENT EXPLANATIONS (RENT COMPARABILITY GRID)

None of the selected properties offer the same amenities as the subject property. As a result, we have made adjustments to the collected rents to reflect the differences between the subject property and the selected properties. The following are explanations (preceded by the line reference number on the comparability grid table) for each rent adjustment made to each selected property.

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions.

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1993 and 2006 years ago. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.

8. It is anticipated that the proposed subject project will have an excellent appearance, once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
10. As previously stated, two of the selected properties are located outside of the Madison Site PMA in Covington. The Covington market is much larger in terms of population, community services and apartment selection. Given the differences in markets, the rents that are achievable in Covington will not directly translate to the Madison market. Therefore, we have adjusted the collected rents at the two comparable projects in Covington by approximately 10.0% to account for market differences.
11. We have made adjustments for the differences in the number of bedrooms offered at the selected market-rate projects due to the fact that not all of the selected properties offer one-bedroom units. A conservative adjustment of \$50 per bedroom was used to reflect this difference.
12. There is a variety of the number of bathrooms offered at each of the selected property's two-bedroom units. We have made adjustments of \$30 per full bathroom to reflect the difference in the number of bathrooms offered at the site as compared with the comparable properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar basis, we have used 25.0% of the average for this adjustment.
- 14.-23. The proposed subject project will offer a unit amenity package superior to the selected properties. We have made adjustments for features lacking at the selected properties.
- 24.-32. The proposed project will offer a project amenities package generally superior to the selected properties. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences in utility responsibility at each selected property. The utility adjustments were based on the local housing authority's utility cost estimates.