

Market Feasibility Analysis

Arbours at Covington
State Route 36 and Piper Road
Covington, Newton County, Georgia 30014

Prepared For

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Section A – Executive Summary

This report evaluates the market feasibility of the proposed Arbours at Covington rental community to be developed utilizing financing from the 4% Tax Exempt Bond program in Covington, Georgia. Based on the findings contained in this report, we believe a market does exist for the subject project, assuming it is developed and operated as proposed in this report. The following are the key findings from our report.

1. Project Description:

The subject project involves the new construction of the 180-unit Arbours at Covington rental community on an approximate 15.0-acre site located at the intersection of State Route 36 and Piper Road in Covington, Georgia. The project will offer 30 one-bedroom, 96 two-bedroom, and 54 three-bedroom garden-style units within eight (8), three-story, walk-up residential buildings together with a free-standing, 3,200 square-foot community building. Arbours at Covington will be developed using 4% Tax-Exempt Bond financing and will target lower-income family households earning up to 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$735 to \$975, depending upon bedroom size. None of the units within the subject development will receive project-based rental assistance. The proposed project is expected to be complete by May of 2020. Additional details regarding the proposed project are as follows and included in *Section B* of this report.

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
30	One-Br.	1.0	Garden	807	60%	\$735	\$103	\$838	\$842
96	Two-Br.	2.0	Garden	1,117	60%	\$880	\$128	\$1,008	\$1,011
54	Three-Br.	2.0	Garden	1,257	60%	\$975	\$161	\$1,136	\$1,167
180	Total								

Source: Arbour Valley Development

AMHI – Area Median Household Income (Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area; 2018)

Unit amenities to be offered at the property include a range, refrigerator, garbage disposal, dishwasher, microwave, ceiling fan, carpet, window blinds, central air conditioning, washer/dryer hookups, and a patio/balcony area and exterior storage closet. Community amenities will include on-site management, a clubhouse/community space, fitness center, swimming pool, picnic area, laundry facility, business/computer center, playground, and social/supportive services package. Overall, the amenity package offered at the property is considered appropriate for and marketable to the targeted tenant population and will be competitive with those offered among the comparable projects in the market.

2. Site Description/Evaluation:

The proposed subject site is currently comprised of undeveloped, wooded land located on the west side of State Route 36 near the intersection of Piper Road. The immediately surrounding land uses are primarily comprised of undeveloped wooded land, residential and commercial/retail structures in average to good condition. The subject site is clearly visible and easily accessible from State Route 36, which borders the site to the east and provides direct access to area arterials north of the subject site, including Covington Bypass Road, Jackson Highway Southwest, and Martin Luther King Jr. Avenue. The subject's proximity to these area roadways allows for most area services to be easily accessible from the subject site. Several area services are located within 1.0 mile of the site, with more notable services such as a Kroger grocery store and Walmart Supercenter within 4.0 miles of the site. The crime risk index reported for the Site Zip Code (127) is nearly identical to that reported for Newton County (124) as a whole. While these are both above the national average of 100, a crime risk index of 127 is not uncommon of a suburban area such as the Covington market and is not expected to have any adverse impact on the overall marketability of the subject project. Overall, the subject site location is considered conducive to affordable multifamily housing such as that proposed. An in-depth site evaluation is included in *Section C* of this report.

3. Market Area Definition:

The Covington Site PMA includes all of Covington, as well as the surrounding communities, or portions, of Oxford, Alcovy, Newton Ridge, Porterdale, and Almon, as well as other surrounding portions of Newton County. The boundaries of the Site PMA include the Newton County boundary, Bald Rock Road, Edwards Road, Macedonia Church Road, and Boogers Hill Road to the north; State Route 11 to the east; State Route 212 and the Newton County boundary to the south; and State Route 162, Oak Hill Road Southwest, and State Route 81 to the west. A map illustrating these boundaries is included on page *D-3* of this report and details the farthest boundary is 9.9 miles from the site.

4. Community Demographic Data:

The Covington Site PMA is projected to experience both population and household growth between 2019 and 2020, a trend which has been consistent since 2000. Renter households comprise approximately 34.0% of all households and the number of renter households is projected to increase slightly between 2019 and 2020. Nearly 37.0% of all renter households are projected to earn between \$20,000 and \$50,000 in 2020. Based on the preceding factors and additional demographic data included in this report, a relatively large base of potential income-eligible renter support exists for affordable rental housing alternatives in the Covington Site PMA, such as the proposed subject project. Additional demographic data is included in *Section E* of this report.

Also note that based on 2012-2016 American Community Survey 5-Year Estimates, 47.0% of the vacant housing units in the market were classified as “Other Vacant”, which encompasses foreclosed, dilapidated and abandoned housing. Based on our Field Survey of Conventional Rentals within the Covington Site PMA, the majority of rental properties are operating at strong occupancy levels and maintain waiting lists, illustrating that foreclosed and abandoned properties have not had any adverse impact on the overall rental housing market. Based on the preceding analysis, it can be concluded that foreclosed/abandoned homes will not have any tangible impact on the subject's marketability. This is especially true when considering the lack of availability among existing comparable rental product in the Covington market.

5. Economic Data:

The labor force within the Covington Site PMA is generally well-balanced, as no single industry segment represents more than 16.3% of the total labor force. This will contribute to the strength of the local economy. The Covington area has also announced several large-scale economic development projects, including a new Facebook data center and Covington Town Center which are expected to create more than 3,000 jobs combined. This coincides with employment trends within Newton County, as the total employment base has increased by more than 6,000 jobs since 2014. The unemployment rate within the county has also steadily improved over the past several years, declining by eight full percentage points since 2010, to a rate of 4.4% through October of 2018. It is also of note that there have been no WARN notices of large-scale layoffs/closures within Newton County over the past year. Based on the preceding factors, the Covington/Newton County economy is considered strong and is expected to continue to improve for the foreseeable future. Additional economic data is included in *Section F* of this report.

6. Project-Specific Affordability and Demand Analysis:

The following is a summary of our demand calculations:

Demand Component	Percent of Median Household Income
	Overall – All Units at 60% AMHI (\$28,731 to \$48,480)
Net Demand	720
Proposed Units / Net Demand	180 / 720
Capture Rate	= 25.0%

Per GDCA guidelines, capture rates below 30% for projects in urban markets and below 35% for projects in rural markets are considered acceptable. As such, the proposed project's overall capture rate of 25.0% is considered achievable within the Covington Site PMA. This is especially true, given the high occupancy rates and waiting lists maintained among the comparable LIHTC projects surveyed in the market.

Applying the shares of demand detailed in *Section G* to the income-qualified households and existing competitive supply 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
One-Bedroom (30%)	60%	30	216	0	216	13.9%
One-Bedroom	Total	30	216	0	216	13.9%
Two-Bedroom (45%)	60%	96	324	0	324	29.6%
Two-Bedroom	Total	96	324	0	324	29.6%
Three-Bedroom (25%)	60%	54	180	0	180	30.0%
Three-Bedroom	Total	54	180	0	180	30.0%

*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.

The capture rates by bedroom type and AMHI level range from 13.9% to 30.0%, depending upon unit type. Utilizing this methodology, these capture rates are considered achievable and demonstrate a good base of potential income-eligible renter households in the Covington market for the proposed subject development. This is especially true when considering the high occupancy rates and waiting lists maintained among the existing comparable LIHTC projects in the market, as evidenced by our Field Survey of Conventional Rentals (*Addendum A*). Detailed demand calculations are provided in *Section G* of this report.

7. Competitive Rental Analysis

Tax Credit Units

The proposed subject project will offer one- through three-bedroom units targeting general-occupancy (family) households earning up to 60% of Area Median Household Income (AMHI) under the Low-Income Housing Tax Credit (LIHTC) program. Within the Site PMA, we identified and surveyed a total of five LIHTC projects, three of which are general-occupancy properties offering unit types similar to those proposed for the subject development.

These three comparable LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in the Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Arbours at Covington	2020	180	-	-	-	Families; 60% AMHI
2	Arbor Lake	2002	202*	100.0%	6.7 Miles	None	Families; 60% AMHI
8	Wellington Ridge	2002	220	100.0%	3.6 Miles	None	Families; 60% AMHI
11	Village at Walkers Bend	2012	32	100.0%	3.7 Miles	3-4 Years	Families; 50% & 60% AMHI

OCC. - Occupancy

*Tax Credit units only

The three LIHTC projects have a combined occupancy rate of 100.0%. These occupancy rates demonstrate strong demand for family-oriented LIHTC product in the Covington market. It is also of note that the subject project will be at least eight years newer than the existing comparable LIHTC projects in this market, which is expected to create a competitive advantage for the property.

Note that one of the properties included in our Field Survey of Conventional Rentals, but omitted from our competitive analysis, is the Park at Arlington (Map ID 7) property. This property previously operated under the LIHTC program offering 128 one- through three-bedroom units set at the 60% AMHI level. However, this property no longer operates under the LIHTC program, as it is in the decontrolling period and will be fully market-rate by 2019, according to management. As this will effectively result in a reduction in the total number of LIHTC units offered in the market, the development of the subject project is expected to help replace these lost units and will likely accommodate many residents which may become displaced due to the conversion of the Park at Arlington property from LIHTC to market-rate.

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.	Four-Br.	
Site	Arbours at Covington	\$838/60% (30)	\$1,008/60% (96)	\$1,136/60% (54)	-	-
2	Arbor Lake	\$871/60% (30/0)	\$1,125/60% (122/0)	\$1,136- \$1,242/60% (50/0)	-	None
8	Wellington Ridge	\$874/60% (70/0)	\$1,048/60% (122/0)	\$1,211/60% (28/0)	-	None
11	Village at Walkers Bend	-	-	\$831/50% (2/0) \$911/60% (12/0)	\$904/50% (3/0) \$995/60% (15/0)	None

The subject's proposed gross Tax Credit rents ranging from \$838 to \$1,136 will generally be the lowest in the market, with the exception of the units offered at Village at Walkers Bend (Map ID 11). These low proposed rents are expected to create a competitive advantage for the property and will represent a good value in the market, particularly when considering the newness and anticipated quality of the subject project.

Comparable/Competitive Tax Credit Summary

Within the Site PMA, we surveyed three LIHTC properties which we consider comparable to and competitive with the subject project. These three properties have an overall occupancy rate of 100.0%. The subject project will be at least eight years newer than these existing properties and is expected to be of superior overall quality. The subject’s proposed gross rents will be some of the lowest in the market relative to those reported among similar unit types at the comparable LIHTC projects. The property will be very competitive in the way of unit design (i.e. square feet and number of bathrooms offered). In terms of amenities, the subject project will be slightly superior to the comparable properties surveyed, as premium features such as microwaves will create a competitive advantage for the property. Overall, the subject project is considered marketable as proposed and is expected to represent a value to low-income renters within the Covington Site PMA.

Average Market Rent

The following table illustrates the weighted average *collected* rents of the comparable market-rate projects by bedroom type, *for units similar to those proposed at the subject site.*

Weighted Average Collected Rent of Comparable Market-Rate Units*		
One-Br.	Two-Br.	Three-Br.
\$939	\$1,047	\$1,203

*As identified in Addendum E

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

Bedrooms	% AMHI	Weighted Avg. Market Rent	Proposed Rent	Difference	Proposed Rent	Rent Advantage
One-Br.	60%	\$939	- \$735	\$204	/ \$735	27.8%
Two-Br.	60%	\$1,047	- \$880	\$167	/ \$880	19.0%
Three-Br.	60%	\$1,203	- \$975	\$228	/ \$975	23.4%

As the preceding illustrates, the proposed subject units represent rent advantages ranging from 19.0% to 27.8%, depending upon unit type, as compared to the weighted average collected rents of the comparable *market-rate* projects located in the Site PMA. Please note, however, 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.

An in-depth analysis of the Covington rental housing market is included in *Section H* of this report.

8. Absorption/Stabilization Estimates

Based on our analysis, it is our opinion that the 180 proposed units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately 18 months of opening. This absorption period is based on an average monthly absorption rate of approximately nine to ten units per month.

9. Overall Conclusion:

Based on the findings reported in our market study, it is our opinion that a market exists for the 180 general-occupancy LIHTC units proposed for the subject site, assuming it is developed as detailed in this report.

Considering the high occupancy rates reported among the existing comparable LIHTC projects and the depth of support for general-occupancy LIHTC product in this market (capture/penetration rates), we do not anticipate the development of the subject project having any significant impact on future occupancy rates among the existing comparable properties. While it is possible that some tenants of these existing properties will choose to relocate to the subject project, any vacated units are expected to be quickly filled, assuming the property is properly marketed, given the depth of support within the Covington Site PMA.

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

Development Name:	Arbours at Covington	Total # Units:	180
Location:	State Route 36 and Piper Road, Covington, GA 30014	# LIHTC Units:	180
PMA Boundary:	Newton County boundary, Bald Rock Road, Edwards Road, Macedonia Church Road, and Boogers Hill Road to the north; State Route 11 to the east; State Route 212 and the Newton County boundary to the south; and State Route 162, Oak Hill Road Southwest, and State Route 81 to the west.		
	Farthest Boundary Distance to Subject:		9.9 miles

RENTAL HOUSING STOCK (found on page H-1 & Add. A 4 & 5)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	13	1,986	27	98.6%
Market-Rate Housing*	9	1,275	27	97.9%
Assisted/Subsidized Housing not to include LIHTC	1	114	0	100.0%
LIHTC*	5	597	0	100.0%
Stabilized Comps	3	454	0	100.0%
Properties in Construction & Lease Up	0	-	-	-

*Includes mixed-income properties

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
30	One-Br.	1.0	807	\$735	\$939	\$1.12	27.8%	\$998	\$1.32
96	Two-Br.	2.0	1,117	\$880	\$1,047	\$0.97	19.0%	\$1,111	\$1.03
54	Three-Br.	2.0	1,257	\$975	\$1,203	\$0.91	23.4%	\$1,355	\$1.04

DEMOGRAPHIC DATA (found on page E-2 & G-4)

	2010		2019		2020	
Renter Households	6,963	29.5%	8,761	33.6%	8,771	33.1%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	1,978	22.6%	1,964	22.4%
Income-Qualified Renter HHs (MR) (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page G-4)

Type of Demand	30%	50%	60%	Market-rate	Other: __	Overall
Renter Household Growth	-	-	-14	-	-	-14
Existing Households (Overburd + Substand)	-	-	734	-	-	734
Homeowner conversion (Seniors)	-	-	N/A	-	-	N/A
Total Primary Market Demand	-	-	720	-	-	720
Less Comparable/Competitive Supply	-	-	0	-	-	0
Adjusted Income-Qualified Renter HHs	-	-	720	-	-	720

CAPTURE RATES (found on page G-4)

Targeted Population	30%	50%	60%	Market-rate	Other: __	Overall
Capture Rate	-	-	25.0%	-	-	25.0%

Section B - Project Description

The subject project involves the new construction of the 180-unit Arbours at Covington rental community on an approximate 15.0-acre site located at the intersection of State Route 36 and Piper Road in Covington, Georgia. The project will offer 30 one-bedroom, 96 two-bedroom, and 54 three-bedroom garden-style units within eight (8), three-story, walk-up residential buildings together with a free-standing, 3,200 square-foot community building. Arbours at Covington will be developed using 4% Tax-Exempt Bond financing and will target lower-income family households earning up to 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$735 to \$975, depending upon bedroom size. None of the units within the subject development will receive project-based rental assistance. The proposed project is expected to be complete by May of 2020. Additional details of the subject project are as follows:

A. PROJECT DESCRIPTION

1. **Project Name:** Arbours at Covington
2. **Property Location:** State Route 36 and Piper Road
Covington, Georgia 30014
(Newton County)
3. **Project Type:** 4% Tax-Exempt Bond
4. **Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
30	One-Br.	1.0	Garden	807-826	60%	\$735	\$103	\$838	\$842
96	Two-Br.	2.0	Garden	1,117-1,137	60%	\$880	\$128	\$1,008	\$1,011
54	Three-Br.	2.0	Garden	1,257-1,277	60%	\$975	\$161	\$1,136	\$1,167
180	Total								

Source: Arbour Valley Development

AMHI – Area Median Household Income (Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area; 2018)

5. **Target Market:** Low-income families earning up to 60% of AMHI
6. **Project Design:** Garden-style units within eight (8), three-story, walk-up residential buildings together with a free-standing, 3,200 square-foot community building.
7. **Original Year Built:** Not Applicable, New Construction

8. Projected Opening Date: May 2020

9. Unit Amenities:

- Electric Range
- Refrigerator
- Garbage Disposal
- Dishwasher
- Microwave
- Washer/Dryer Hookups
- Carpet
- Window Blinds
- Central Air Conditioning
- Patio/Balcony
- Exterior Storage Closet
- Ceiling Fan

10. Community Amenities:

- On-Site Management
- Clubhouse/Community Room
- Fitness Center
- Swimming Pool
- Picnic Area
- Business Center
- Computer Center
- Playground
- Social/Supportive Services

11. Resident Services:

None

12. Utility Responsibility:

The cost of trash collection will be included in the rent, while tenants will be responsible for the following:

- General Electricity
- Electric Heat Pump
- Cold Water
- Electric Water Heat
- Electric Cooking
- Sewer

13. Rental Assistance:

None

14. Parking:

An unassigned surface parking lot containing 360 spaces (2.0 per unit) will be available to the residents at no additional cost.

15. Current Project Status:

Not Applicable; New Construction

16. Statistical Area:

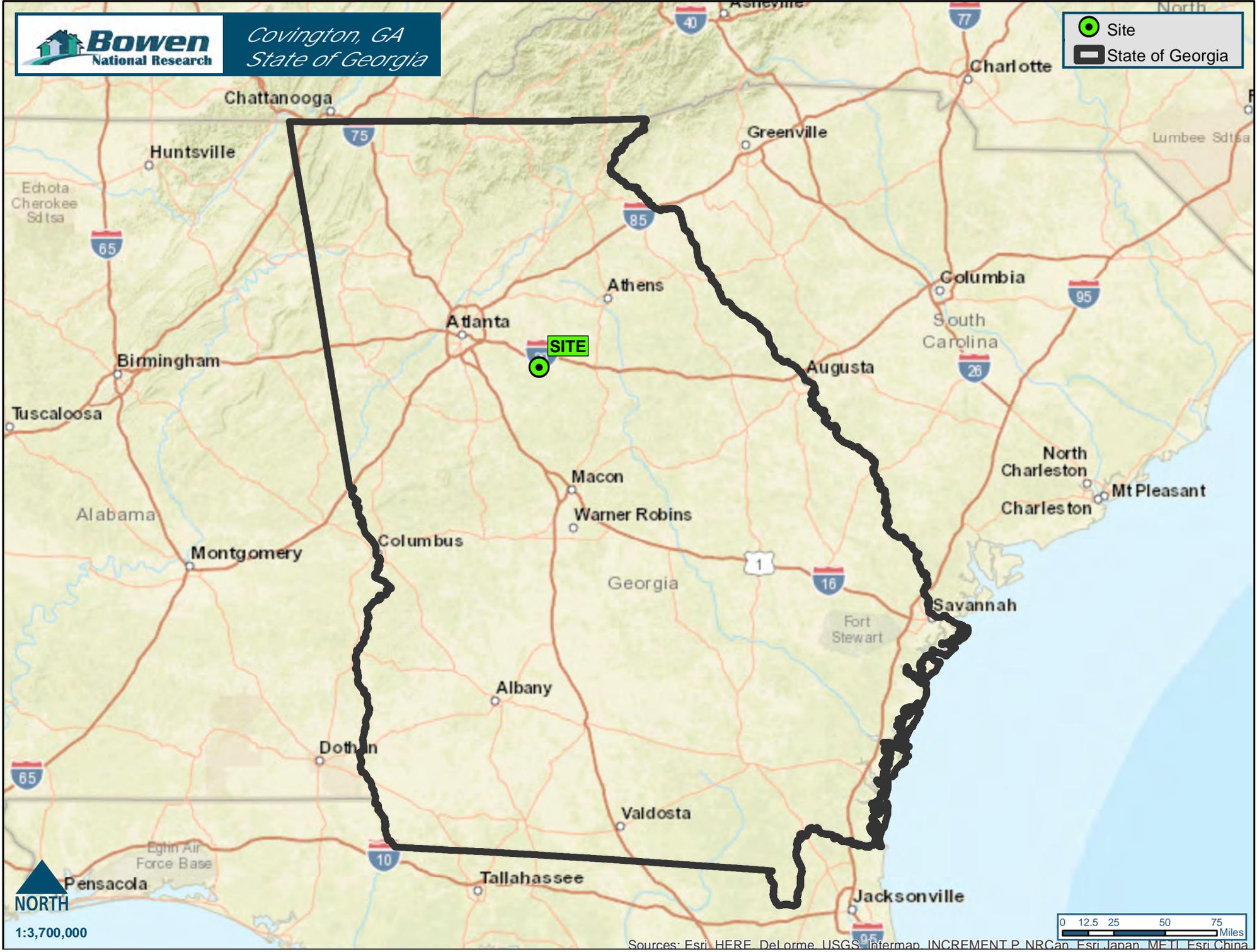
Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area; 2018

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



Covington, GA
State of Georgia

● Site
▭ State of Georgia



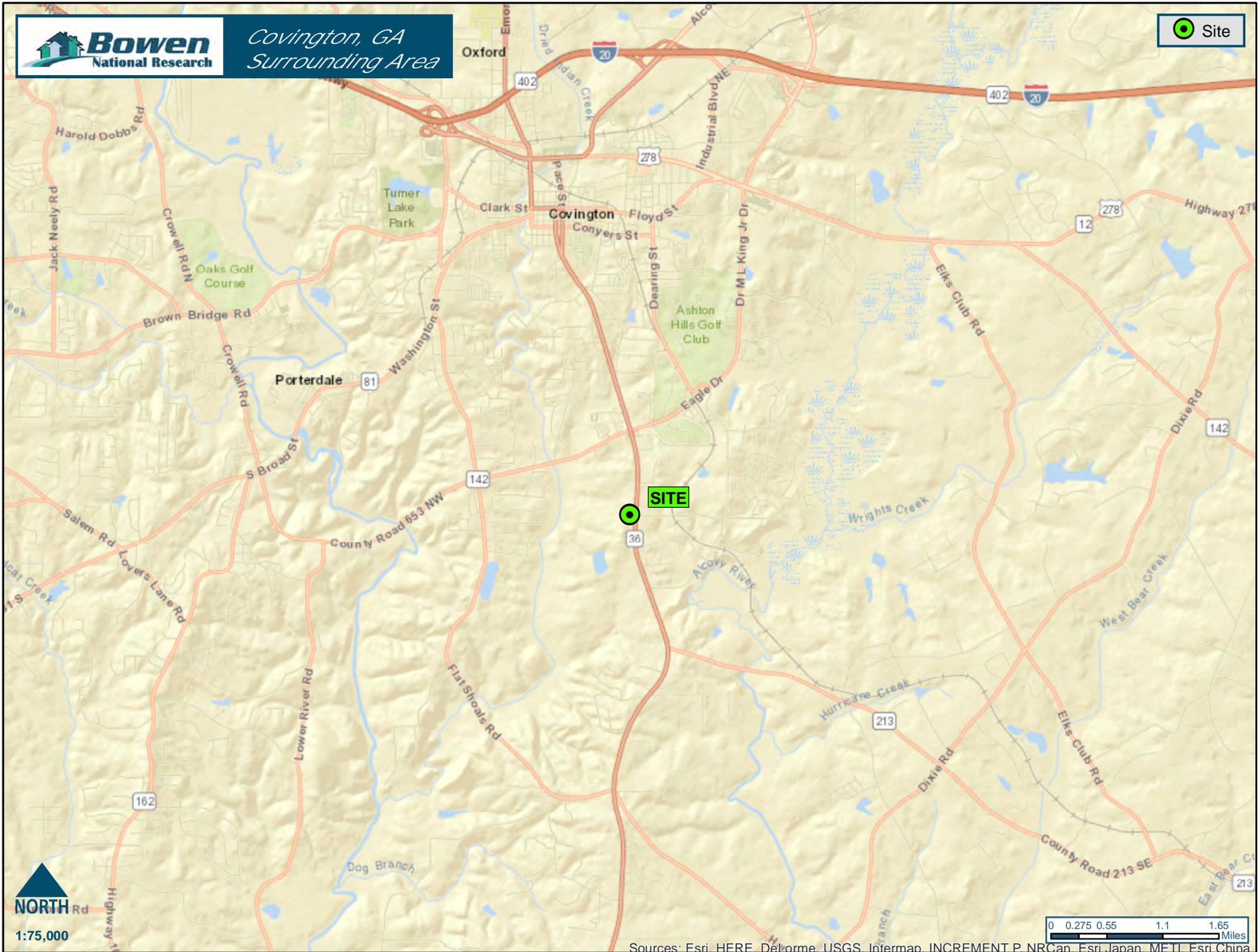
NORTH
1:3,700,000



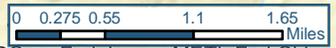
Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri, Japan, METI, Esri, China



Covington, GA
Surrounding Area



NORTH
1:75,000

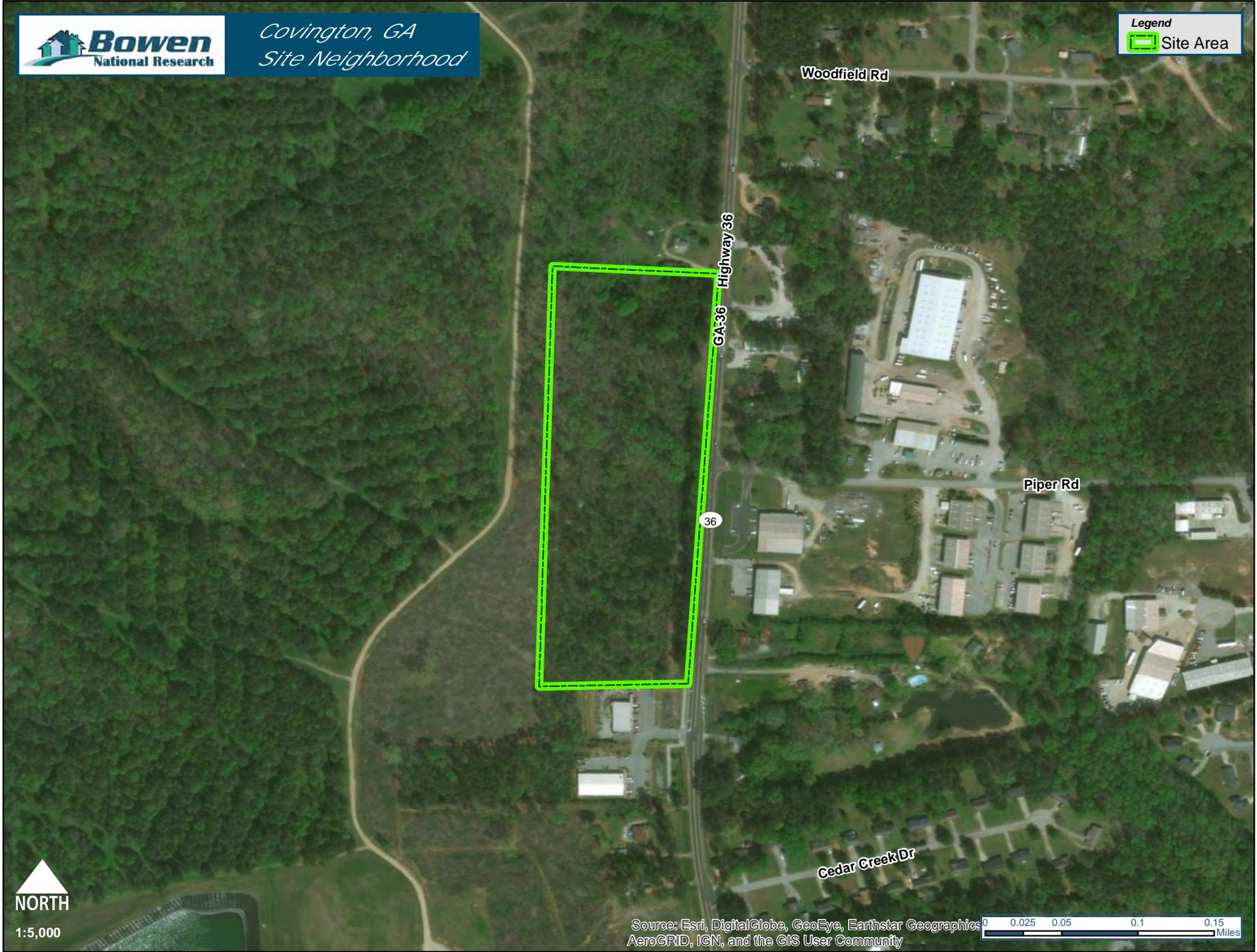


Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri, Japan, METI, Esri, China



Covington, GA
Site Neighborhood

Legend
Site Area



NORTH
1:5,000

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, AeroGRID, IGN, and the GIS User Community
0 0.025 0.05 0.1 0.15 Miles

Section C – Site Description And Evaluation

1. LOCATION

The subject site consists of a parcel of wooded land located along State Route 36 in the southern portion of Covington, Georgia. Located within Newton County, Covington is approximately 35.0 miles southeast of Atlanta, Georgia. The subject site visit and corresponding fieldwork were completed during the week of December 3, 2018. Specifically, the subject site was inspected/evaluated on December 4, 2018.

2. SURROUNDING LAND USES

The subject site is located within a partially developed area of Covington. Surrounding land uses include single-family homes, undeveloped wooded land, retail establishments, small commercial businesses and a church. Adjacent land uses are detailed as follows:

North -	A vacant, single-family home and outbuildings in satisfactory condition border the site to the north. Continuing north is 36 Storage Facility and undeveloped wooded land, followed by Indian Creek Middle School and a Marathon Gas Station with a convenience store.
East -	Bordering the site to the east is State Route 36, a moderately to heavily traveled two-lane arterial roadway. Continuing east is Newton County Recycling and Waste Collection Center, Sunbelt Builders and Sexions Tires. Extending further east are various small commercial businesses and Newton County Public Works.
South -	Adjacent south of the site is Snapper Pro Lawn and Dollar General. Continuing south is vacant and wooded land, scattered single-family homes in average condition, and Rising Sun Christian Church.
West -	Bordering the site to the west is vacant land and a closed-access service road. Continuing west is wooded land, followed by a residential neighborhood of single-family homes in average to good condition.

The surrounding land uses primarily include wooded land, small commercial businesses, and single-family homes in average to good condition. The vacant single-family home immediately north of the subject site is currently pending sale, based on our research. Adjacent to the south and within walking distance of the site is discount retailer Dollar General. Public and small commercial businesses within walking distance to the east may serve as potential employers, and a community service plaza is located less than 1.0 mile north of the site, further enhancing its marketability. These land uses are conducive to multifamily rental housing and will have a positive impact on the subject's marketability. Overall, the proposed project is expected to fit well with the surrounding land uses.

3. VISIBILITY AND ACCESS

The subject site is located along the west side of State Route 36, near the intersection of Piper Road. Site plans reviewed at the time of this report indicate that the property will maintain significant frontage along this arterial roadway, which will provide passerby traffic to the subject project. It is also anticipated that site signage will be provided at the entrance to the subject property and the three-story design of the subject buildings will further enhance visibility of the subject project.

Site plans also indicate that the property will gain access from State Route 36, which was observed to experience moderate traffic patterns at the time of our site visit. State Route 36 also provides direct access to Jackson Highway Southwest and Martin Luther King Jr. Avenue north of the site, which provide access into downtown Covington and to other major highways such as U.S. Highway 278 and Interstate 20.

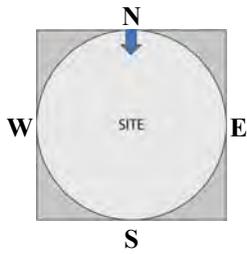
Based on the preceding factors, both visibility and access of the subject site are considered good and should have a positive impact on the overall marketability of the subject project. However, promotional signage near the intersection of State Route 36 and Covington Bypass Road north of the site would enhance awareness of the subject project, particularly during its initial lease-up period.

According to area planning and zoning officials, no notable roads or other infrastructure projects are underway or planned for the immediate site area.

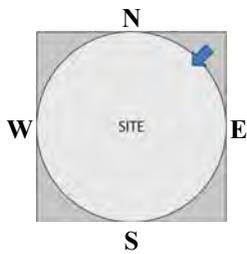
4. SITE PHOTOGRAPHS

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

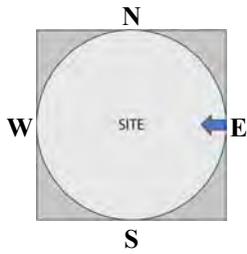
SITE PHOTOGRAPHS



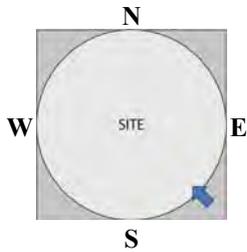
View of site from the north



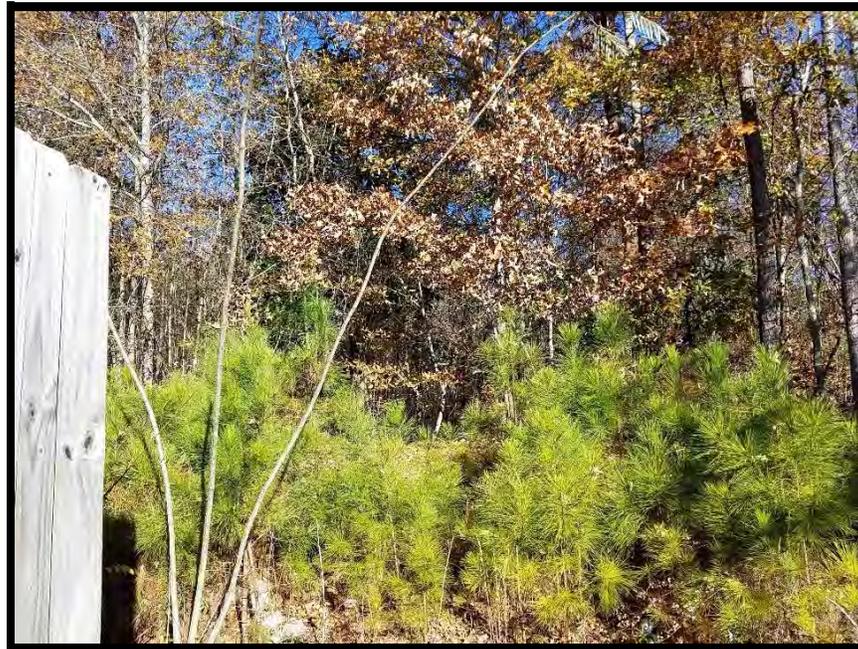
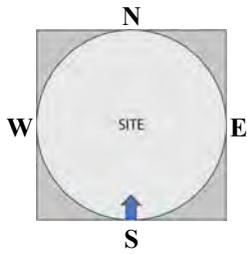
View of site from the northeast



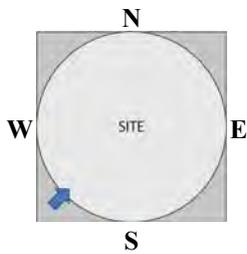
View of site from the east



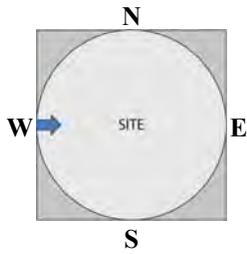
View of site from the southeast



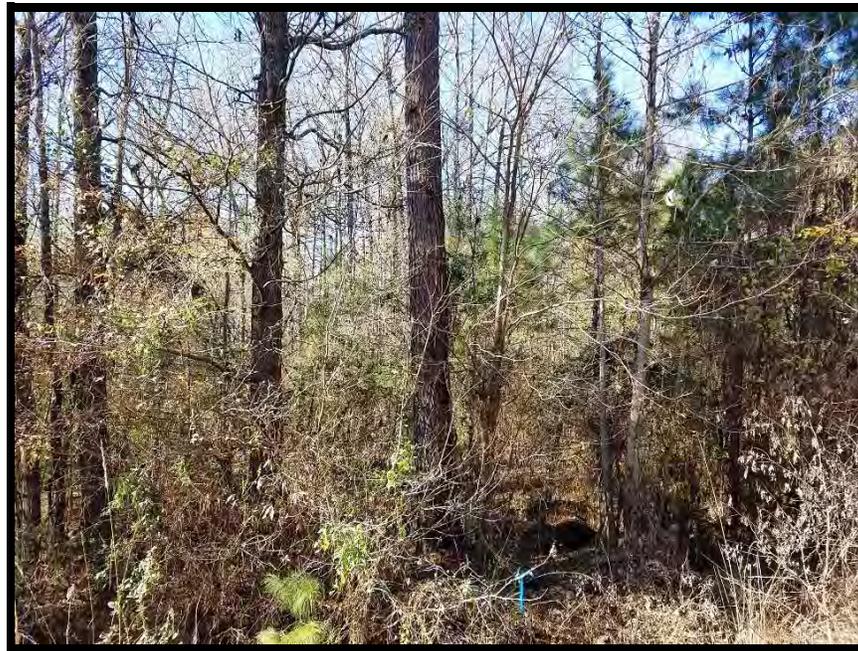
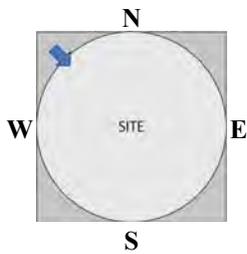
View of site from the south



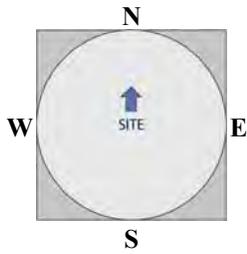
View of site from the southwest



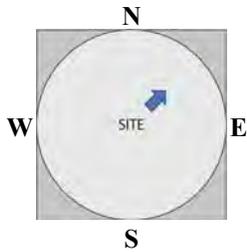
View of site from the west



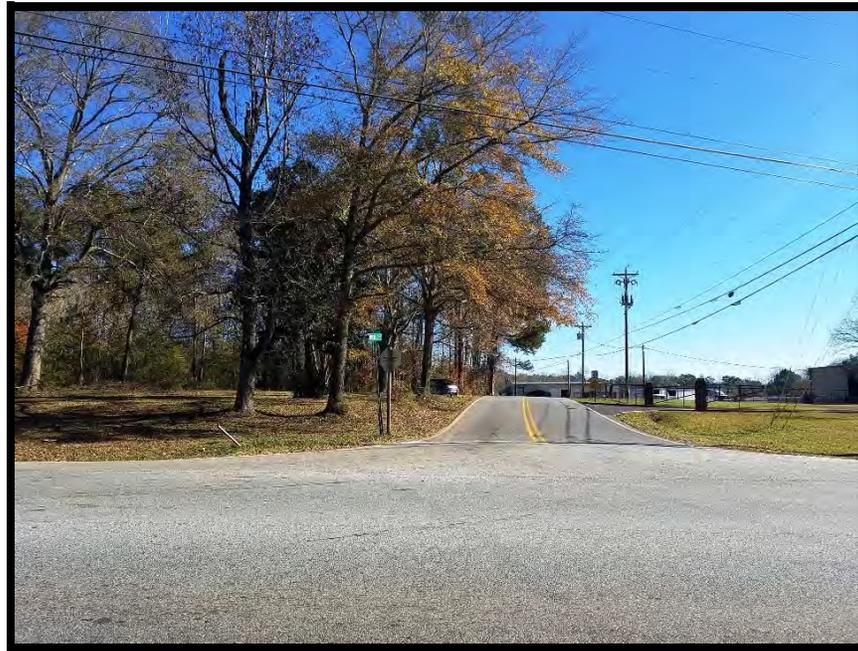
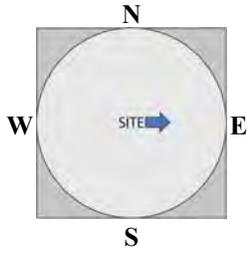
View of site from the northwest



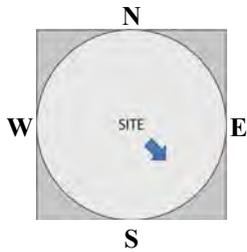
North view from site



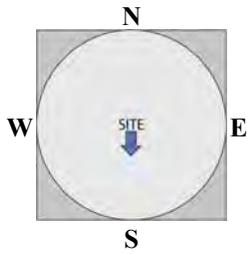
Northeast view from site



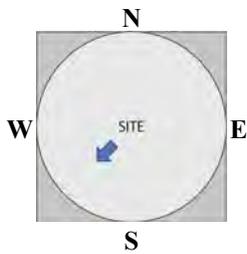
East view from site



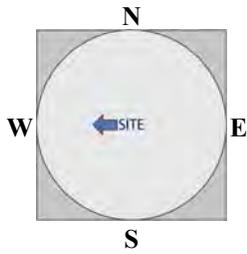
Southeast view from site



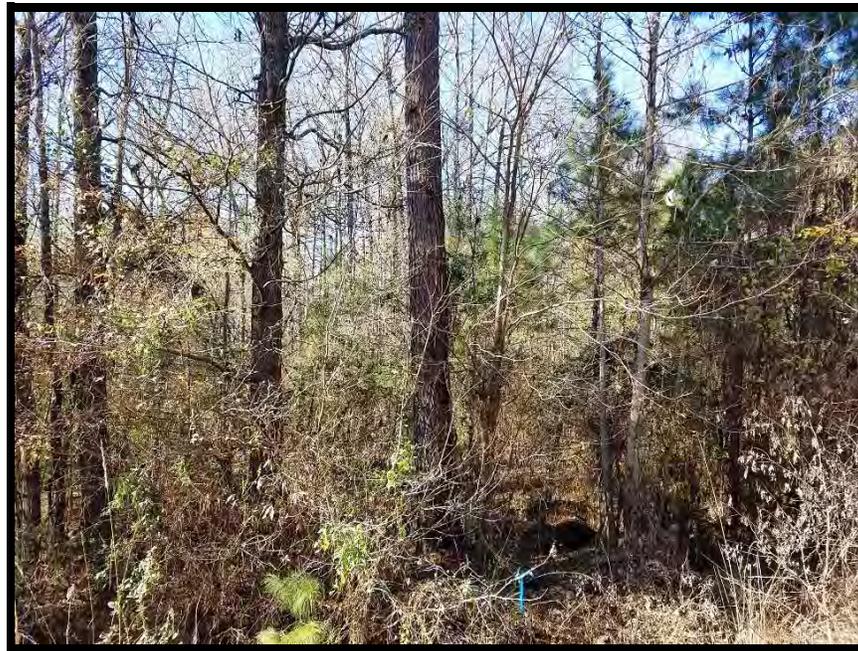
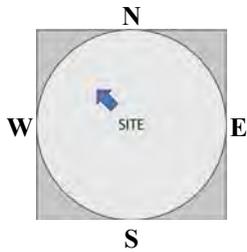
South view from site



Southwest view from site



West view from site



Northwest view from site



Streetscape - North view of State Route 36



Streetscape - South view of State Route 36



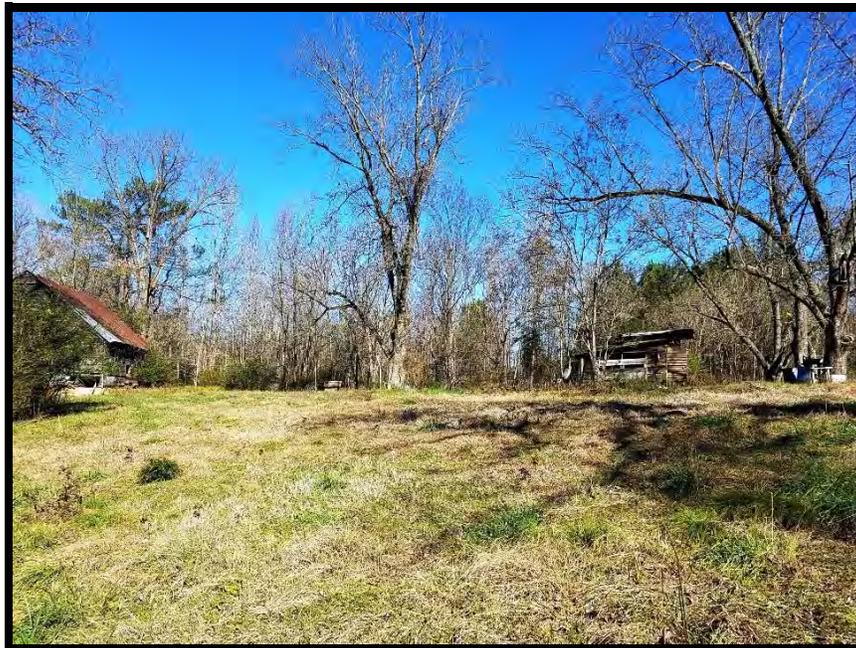
Streetscape - East view of Piper Road



Streetscape - West view of Piper Road



Vacant property - north of the site - single-family home



Vacant property north of the site - existing structures

5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

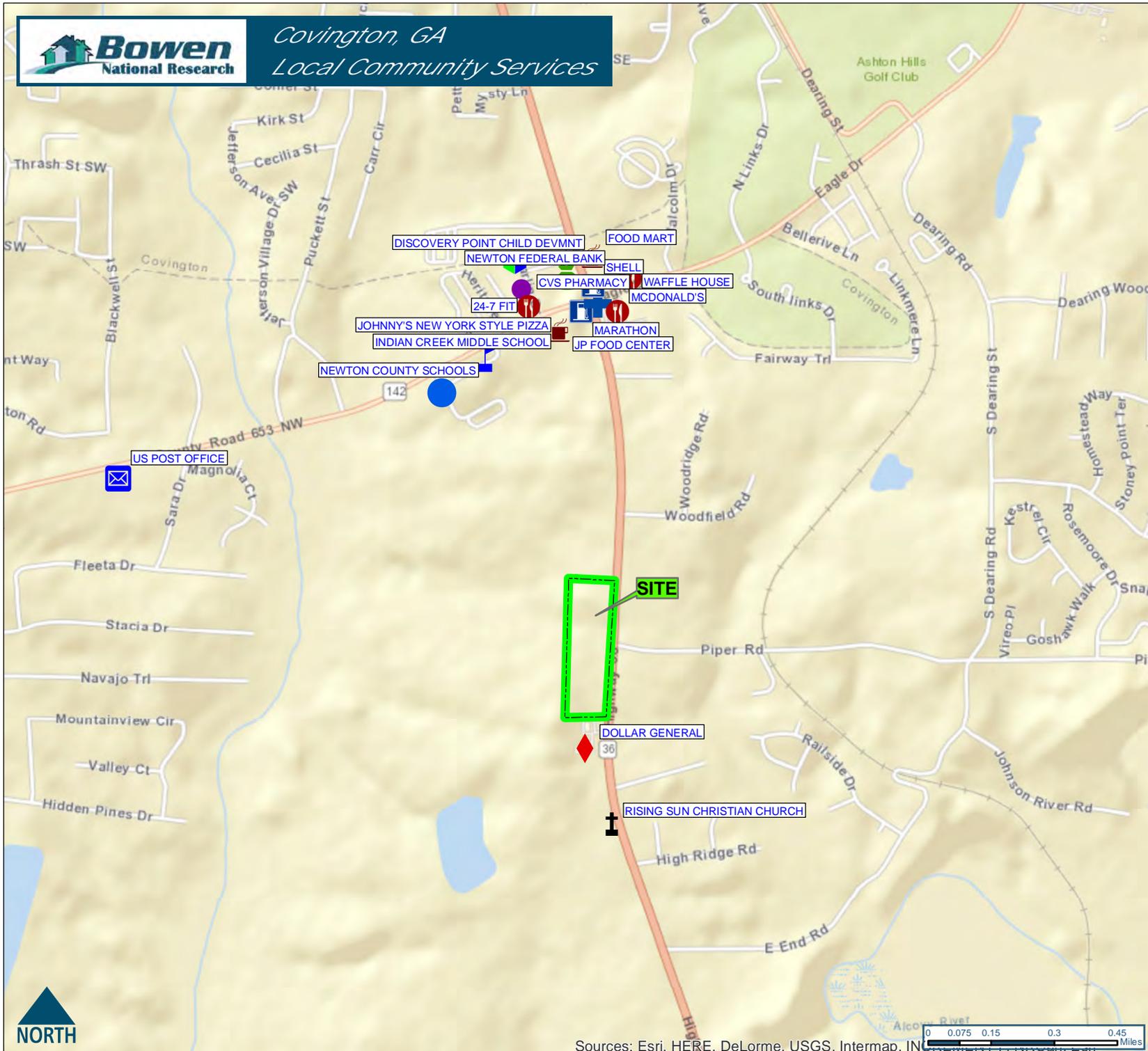
Community Services	Name	Driving Distance From Site (miles)
Major Highways	State Route 36 U.S. Highway 278 Interstate 20	Adjacent East 2.9 North 3.5 North
Public Bus Stop	N/A	N/A
Major Employers/ Employment Centers	Newton County Schools Piedmont Newton Hospital Walmart Supercenter	1.0 Northwest 2.9 North 3.9 Northeast
Convenience Store	JP Food Center Food Mart Food Mart	0.3 North 0.5 North 0.9 Southeast
Grocery	Ingles Market Kroger Walmart Supercenter	3.0 Northeast 3.2 North 3.9 Northeast
Discount Department Store	Dollar General Kmart Walmart Supercenter	0.1 South 3.7 Northwest 3.9 Northeast
Shopping Center/Mall	Carlin Avenue Martin Crossing Shopping Center Covington Corners Shopping Center Newton Plaza	0.7 North 2.8 Northeast 3.0 North 3.2 North
Schools: Elementary Middle/Junior High High	Heard-Mixon Elementary School Indian Creek Middle School Eastside High School	6.5 South 0.7 Northwest 1.6 Northeast
Hospital	Piedmont Newton Hospital	2.9 North
Police	Covington Police Department	2.3 North
Fire	Covington Fire Department	2.7 North
Post Office	U.S. Post Office	1.5 Northwest
Bank	Newton Federal Bank United Community Bank BB&T Bank	0.5 North 1.8 Northeast 2.3 Northwest
Recreational Facilities	24-7 Fit Covington Family YMCA Turner Lake Park	0.6 North 2.9 North 3.5 Northwest
Gas Station	Marathon Shell Chevron	0.3 North 0.5 North 0.9 Southeast
Pharmacy	CVS Pharmacy Rite Aid Pharmacy Kroger Pharmacy	0.3 North 3.0 Northwest 3.2 North
Restaurant	McDonalds Waffle House Johnny's New York Style Pizza	0.5 North 0.6 North 0.6 North
Day Care	Discovery Point Child Development Centers	0.8 North
Library	Newton County Library	3.3 Northeast
Church	Rising Sun Christian Church First Seventh-Day Adventist Church Covington Church of Christ	0.2 South 1.1 North 2.0 Northeast

N/A – Not available

There are several community services including restaurants, pharmacies, banks, and discount stores located less than 1.0 mile from the site. Notably, adjacent south of the site is discount retailer Dollar General. Within 0.8 miles north of the subject site there are numerous community services, such as CVS, Marathon, McDonalds, Newton Federal Bank, and 24-7 Fit located in the Carlin Avenue plaza. Also note there is a Walmart Supercenter 3.9 miles northeast of the site. In addition to State Route 36, arterial roads U.S. Highway 278 and Interstate 20 can be accessed within 3.5 miles of the site. No public transportation service was observed within the area at the time of the subject site visit.

Public safety services are provided by the Covington Police Department and Covington Fire Department, which are both located within 2.7 miles of the site. In addition, Piedmont Newton Hospital is located 2.9 miles north of the site. The site area is served by Newton County Schools, with the applicable middle and high schools located within 2.0 miles of the site. Heard-Mixon Elementary School is the elementary school of residence and is located 6.5 miles south and offers bus service for students.

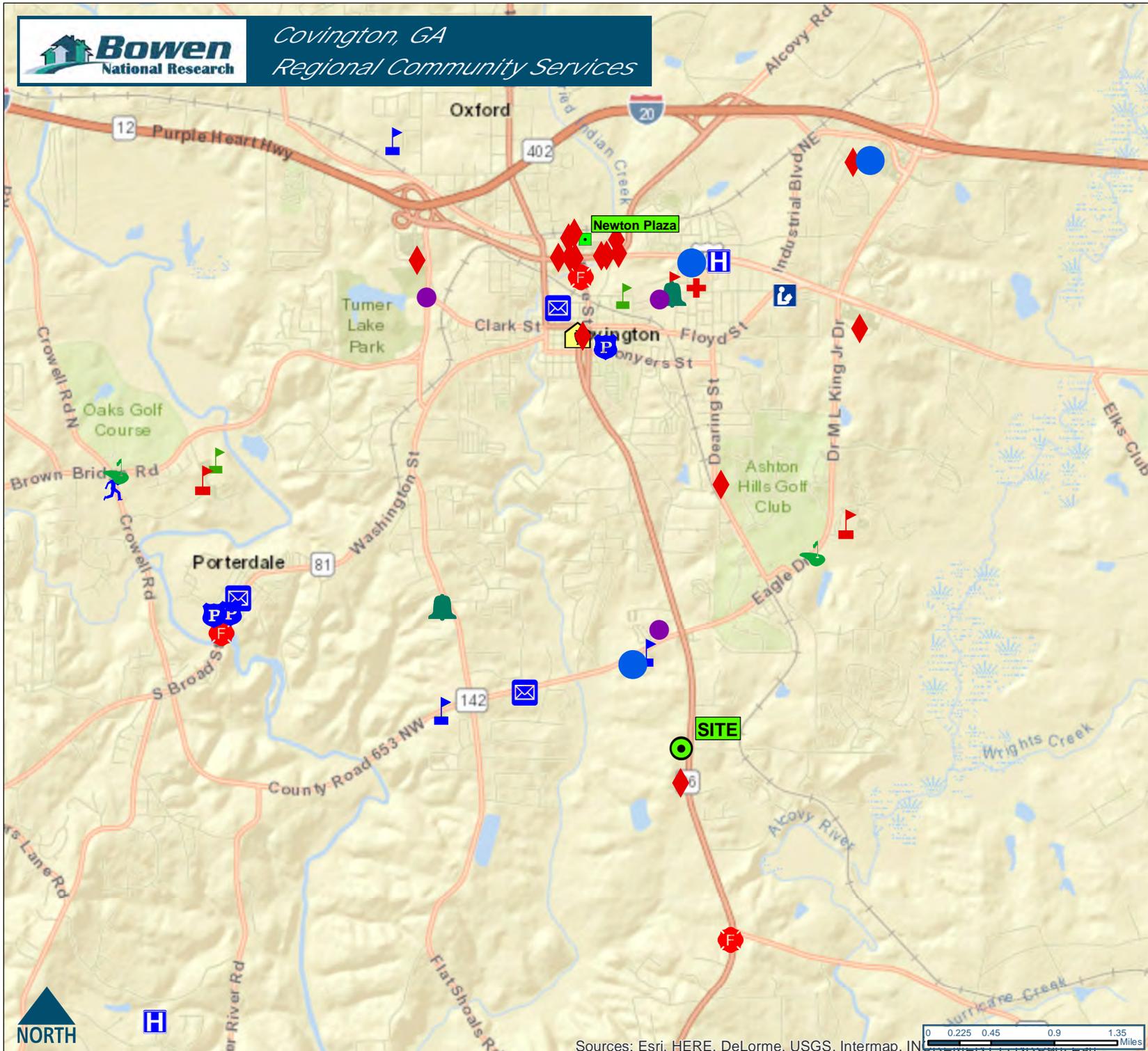
Maps illustrating the location of community services are on the following pages.



Legend

- Site area
- Bank
- Child Care
- Church
- Convenience Store
- Gas
- Middle School
- Pharmacy
- Post Office
- Recreation Center
- Restaurant
- Shopping
- Employer 1000-5000





- Legend*
- Site
 - Elementary School
 - Fire
 - Fitness Center
 - Golf
 - High School
 - Hospital
 - Library
 - Medical Center
 - Middle School
 - Museum
 - Police
 - Post Office
 - Recreation Center
 - Shopping
 - University
 - Employer 1000-5000
- Shopping Center**
Gross Leasable Area
- < 500,000 sq. ft.
 - < 1,000,000 sq. ft.
 - < 3,200,000 sq. ft.



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 for the Site ZIP Code is 127, with an overall personal crime index of 84 and a property crime index of 133. Total crime risk for Newton County is 124, with indexes for personal and property crime of 99 and 128, respectively.

	Crime Risk Index	
	Site Zip Code	Newton County
Total Crime	127	124
Personal Crime	84	99
Murder	118	135
Rape	106	118
Robbery	75	94
Assault	83	98
Property Crime	133	128
Burglary	140	148
Larceny	135	122
Motor Vehicle Theft	103	128

Source: Applied Geographic Solutions

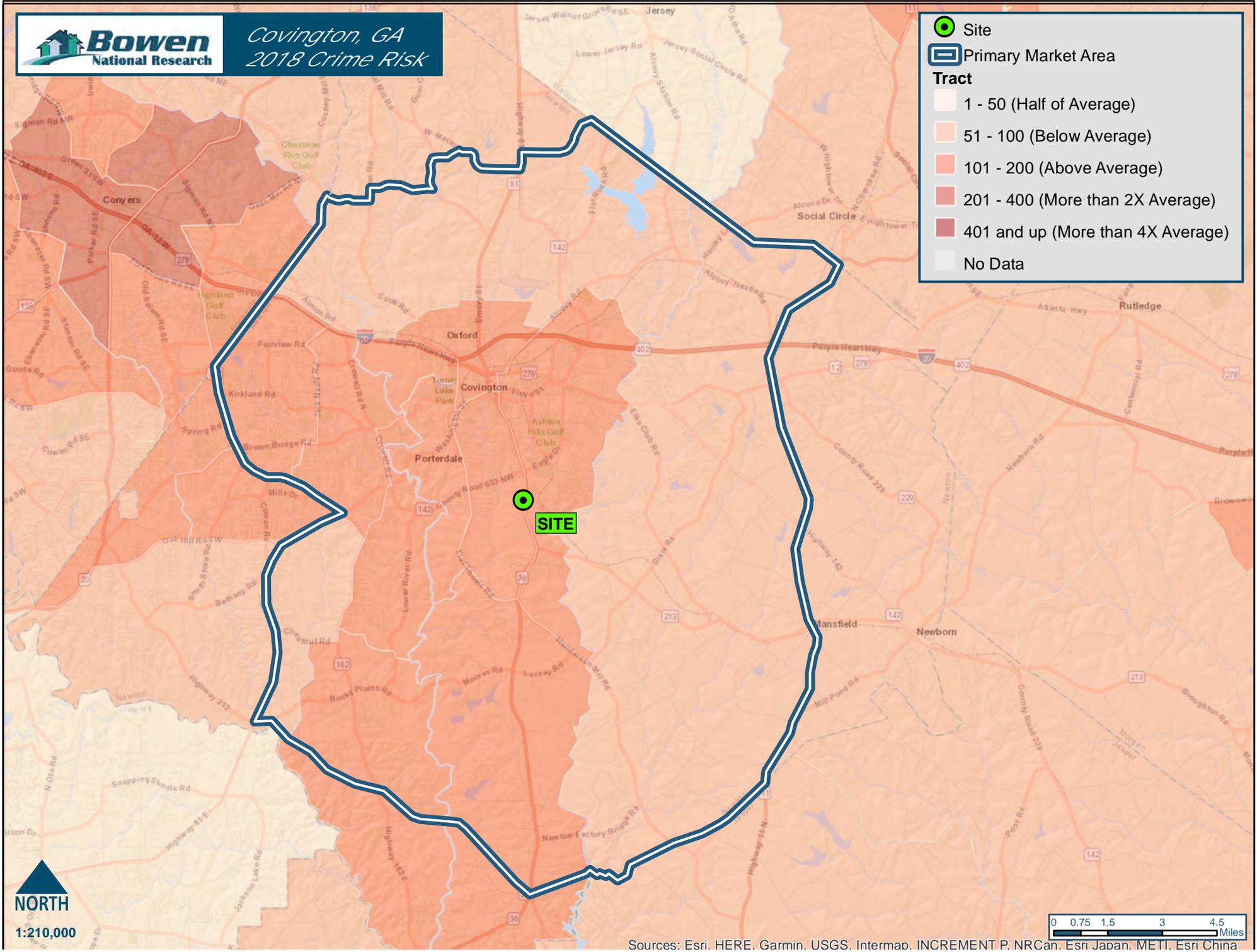
The crime risk index reported for the Site Zip Code (127) is nearly identical to that reported for Newton County (124) as a whole. While these are both above the national average of 100, a crime risk index of 127 is not uncommon of a suburban area such as the Covington market and is not expected to have any adverse impact on the overall marketability of the subject project.

A map illustrating crime risk is on the following page.

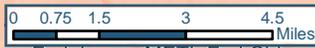


Covington, GA
2018 Crime Risk

- Site
- ▭ Primary Market Area
- Tract**
- 1 - 50 (Half of Average)
- 51 - 100 (Below Average)
- 101 - 200 (Above Average)
- 201 - 400 (More than 2X Average)
- 401 and up (More than 4X Average)
- No Data



NORTH
1:210,000



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China

7. OVERALL SITE EVALUATION

The proposed subject site is currently comprised of undeveloped, wooded land located on the west side of State Route 36 near the intersection of Piper Road. The immediately surrounding land uses are primarily comprised of undeveloped wooded land, residential and commercial/retail structures in average to good condition. The subject site is clearly visible and easily accessible from State Route 36, which borders the site to the east and provides direct access to area arterials north of the subject site, including Covington Bypass Road, Jackson Highway Southwest, and Martin Luther King Jr. Avenue. The subject's proximity to these area roadways allows for most area services to be easily accessible from the subject site. Several area services are located within 1.0 mile of the site, with more notable services such as a Kroger grocery store and Walmart Supercenter within 4.0 miles of the site. Overall, the subject site location is considered conducive to affordable multifamily housing such as that proposed.

8. MAP OF LOW-INCOME RENTAL HOUSING

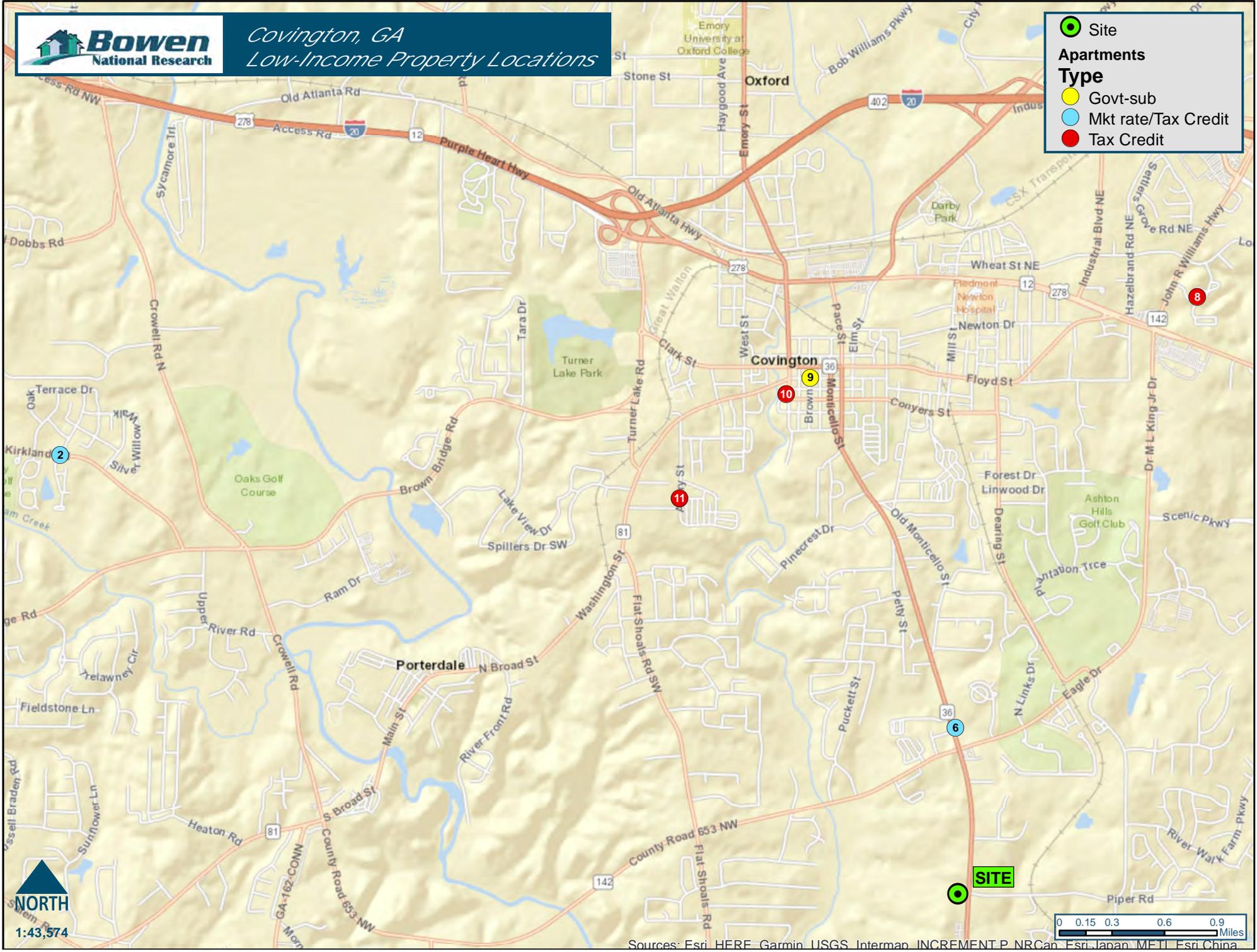
A map illustrating the location of low-income rental housing (4% and 9% Tax Credit Properties, Tax Exempt Bond Projects, Rural Development Properties, HUD Section 8 and Public Housing, etc.) identified in the Site PMA is included on the following page.



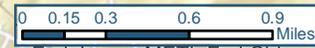
Covington, GA Low-Income Property Locations

Site
Apartments Type

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



NORTH
1:43,574



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri, Japan, METI, Esri, China

Section D – Primary Market Area Delineation

The Primary Market Area (PMA) is the geographical area from which most of the support for the proposed development is expected to originate and from which most of the competitive supply is located. The Site PMA was determined through interviews with area leasing agents, government officials, economic development representatives and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market, a demographic analysis of the area households and population, proximity to community services, and a drive-time analysis from the subject site.

Based on input from area real estate professionals and local stakeholders, our analysis of socioeconomic and demographic characteristics, the inventory of competitive supply, the site's proximity to community services, and an area drive-time analysis, we were able to establish the Site PMA for the proposed subject project.

The Covington Site PMA includes all of Covington, as well as the surrounding communities, or portions, of Oxford, Alcovy, Newton Ridge, Porterdale, and Almon, as well as other surrounding portions of Newton County. The boundaries of the Site PMA include the Newton County boundary, Bald Rock Road, Edwards Road, Macedonia Church Road, and Boogers Hill Road to the north; State Route 11 to the east; State Route 212 and the Newton County boundary to the south; and State Route 162, Oak Hill Road Southwest, and State Route 81 to the west.

Areas located north, east, and south of the Site PMA generally become more rural as you travel away from the PMA and are generally comprised of lower shares of renter households. Thus, these areas are not expected to generate much support for the subject project. The communities to the west/northwest, such as Conyers, could provide some support for the project; however, these areas are also provided sufficient housing alternatives and area services. Therefore, most residents of these areas are expected to first seek housing within their immediate area, before considering relocating to the Covington market. Based on the preceding factors, we expect the majority of support for the subject project to come from residents living within the boundaries of the Site PMA. We have not considered any secondary market area in this report. Overall, the Site PMA encompasses approximately 178.0 square miles and the boundaries of the Site PMA are generally within 9.9 miles of the subject site.

A modest portion of support may originate from some of the outlying smaller communities in the area; we have not, however, considered a secondary market area in this report

We conducted interviews with area stakeholders and real estate professionals to help establish and confirm the boundaries of the Primary Market Area for the proposed subject project. The following is a summary of key interviews we conducted to establish this market area.

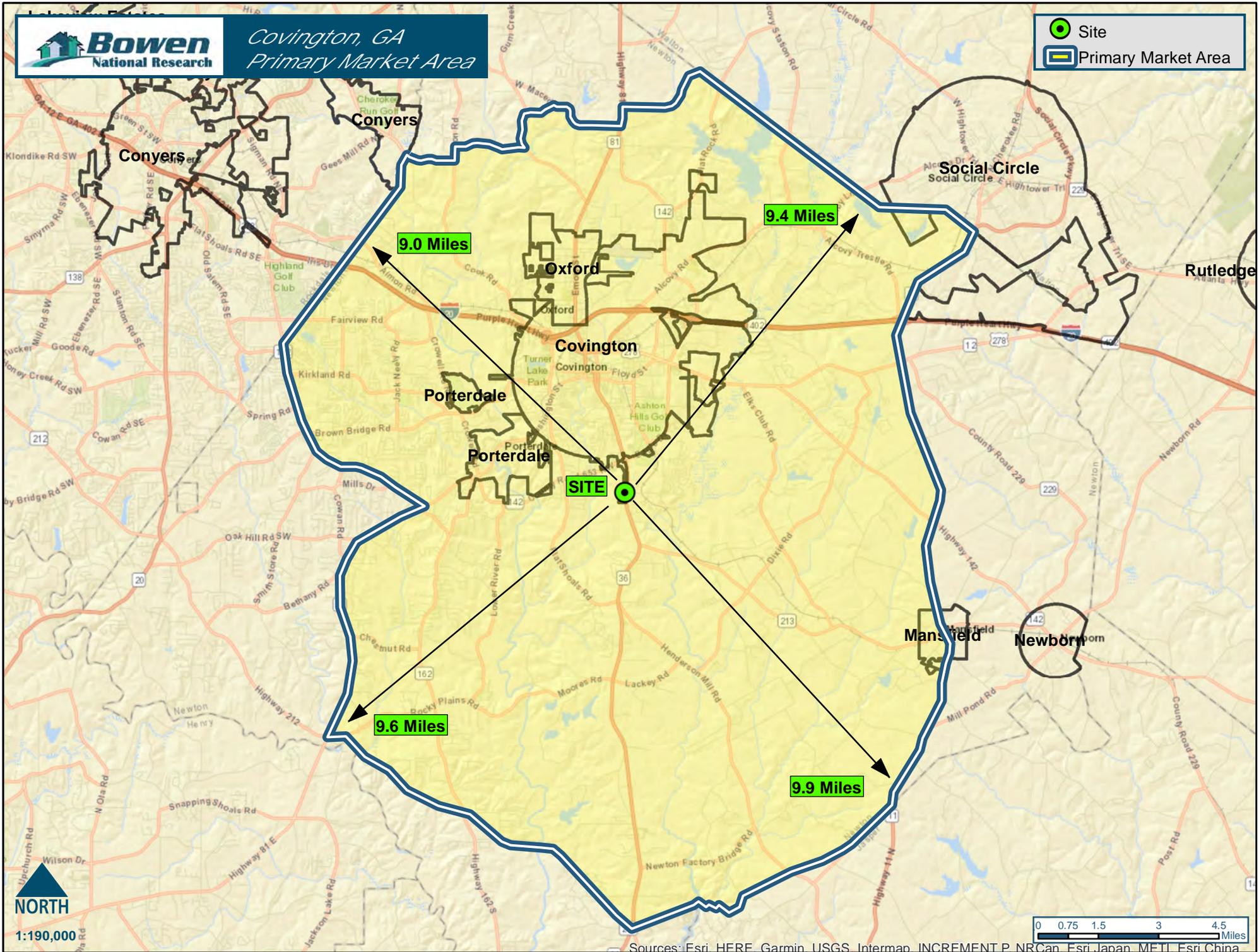
- Felicia Rockmore, Property Manager for Village at Walker’s Bend (Map ID 11) and Harristown Park (Map ID 10), stated that most of her tenants come from the Covington and Conyers area with some additional support coming from the smaller areas comprised within the Site PMA. Ms. Rockmore confirmed the boundaries of the Site PMA.
- Santana Riggins, Assistant Manager of Wellington Ridge (Map ID 8) stated that approximately 15% of her residents are “ported-in” from other states but that the remainder and majority of her tenants come from the Covington and Conyers area. Ms. Riggins confirmed the Site PMA, indicating that this area is representative of the area from which much of her support originates.
- Richie Mills, Property Manager at Park View (Map ID 4), reviewed the PMA and confirmed that this is an accurate representation from where the majority of his tenants come from and from which he would anticipate the subject project will derive support.

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



*Covington, GA
Primary Market Area*

● Site
▭ Primary Market Area



Section E – Community Demographic Data

1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2019 (estimated) and 2020 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2019 (Estimated)	2020 (Projected)
Population	42,711	68,567	76,435	77,704
Population Change	-	25,856	7,868	1,269
Percent Change	-	60.5%	11.5%	1.7%

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

The Covington Site PMA population base increased by 25,856 between 2000 and 2010. This represents a 60.5% increase over the 2000 population, or an annual rate of 4.8%. Between 2010 and 2019, the population increased by 7,868, or 11.5%. It is projected that the population will increase by 1,269, or 1.7%, between 2019 and 2020.

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

Population by Age	2010 (Census)		2019 (Estimated)		2020 (Projected)		Change 2019-2020	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	22,037	32.1%	21,992	28.8%	22,321	28.7%	330	1.5%
20 to 24	4,139	6.0%	5,028	6.6%	4,984	6.4%	-44	-0.9%
25 to 34	8,828	12.9%	10,775	14.1%	11,113	14.3%	337	3.1%
35 to 44	10,462	15.3%	9,895	12.9%	10,048	12.9%	152	1.5%
45 to 54	9,197	13.4%	10,102	13.2%	10,077	13.0%	-24	-0.2%
55 to 64	7,074	10.3%	8,686	11.4%	8,826	11.4%	141	1.6%
65 to 74	4,076	5.9%	6,224	8.1%	6,396	8.2%	171	2.8%
75 & Over	2,754	4.0%	3,733	4.9%	3,939	5.1%	206	5.5%
Total	68,567	100.0%	76,435	100.0%	77,704	100.0%	1,269	1.7%

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

As the preceding table illustrates, nearly 52% of the population is expected to be between 25 and 64 years old in 2019. This age group is the primary group of potential renters for the subject site and will likely represent a significant number of the tenants.

2. HOUSEHOLD TRENDS

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

	Year			
	2000 (Census)	2010 (Census)	2019 (Estimated)	2020 (Projected)
Households	15,101	23,623	26,085	26,490
Household Change	-	8,522	2,462	405
Percent Change	-	56.4%	10.4%	1.6%
Household Size	2.83	2.90	2.87	2.88

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

Within the Covington Site PMA, households increased by 8,522 (56.4%) between 2000 and 2010. Between 2010 and 2019, households increased by 2,462 or 10.4%. By 2020, there will be 26,490 households, an increase of 405 households, or 1.6% over 2019 levels.

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

Households by Age	2010 (Census)		2019 (Estimated)		2020 (Projected)		Change 2019-2020	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	783	3.3%	785	3.0%	785	3.0%	0	0.0%
25 to 34	3,868	16.4%	4,500	17.3%	4,634	17.5%	133	3.0%
35 to 44	5,640	23.9%	5,002	19.2%	5,059	19.1%	57	1.1%
45 to 54	5,071	21.5%	5,268	20.2%	5,232	19.8%	-36	-0.7%
55 to 64	4,061	17.2%	4,737	18.2%	4,795	18.1%	58	1.2%
65 to 74	2,538	10.7%	3,627	13.9%	3,710	14.0%	83	2.3%
75 to 84	1,282	5.4%	1,518	5.8%	1,595	6.0%	77	5.1%
85 & Over	380	1.6%	648	2.5%	681	2.6%	33	5.1%
Total	23,623	100.0%	26,085	100.0%	26,490	100.0%	405	1.6%

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

Most age cohorts are projected to experience household growth between 2019 and 2020, a good indication that demand for both family- and senior-oriented housing alternatives will increase during this time period. Notably, the 25 to 34 age cohort is projected to experience the most rapid household growth during this time period in terms of total household growth. It is also of note that the primary age group of potential renters for the subject project (25 to 64) is estimated to comprise nearly 75.0% of all households in 2019.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2019 (Estimated)		2020 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	16,660	70.5%	17,324	66.4%	17,719	66.9%
Renter-Occupied	6,963	29.5%	8,761	33.6%	8,771	33.1%
Total	23,623	100.0%	26,085	100.0%	26,490	100.0%

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

In 2019, homeowners are estimated to occupy 66.4% of all occupied housing units, while the remaining 33.6% are occupied by renters. This is considered a moderate share of renter households, demonstrating a good base of potential renter support for the subject project. The number of renter households is projected to increase by 10, or 0.1%, over the next year.

The household sizes by tenure within the Site PMA, based on the 2019 estimates and 2020 projections, were distributed as follows:

Persons Per Renter Household	2019 (Estimated)		2020 (Projected)		Change 2019-2020	
	Households	Percent	Households	Percent	Households	Percent
1 Person	2,402	27.4%	2,403	27.4%	1	0.1%
2 Persons	2,309	26.4%	2,324	26.5%	16	0.7%
3 Persons	1,494	17.1%	1,489	17.0%	-5	-0.3%
4 Persons	1,442	16.5%	1,446	16.5%	4	0.3%
5 Persons+	1,115	12.7%	1,108	12.6%	-6	-0.6%
Total	8,761	100.0%	8,771	100.0%	10	0.1%

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

Persons Per Owner Household	2019 (Estimated)		2020 (Projected)		Change 2019-2020	
	Households	Percent	Households	Percent	Households	Percent
1 Person	3,925	22.7%	4,048	22.8%	123	3.1%
2 Persons	5,936	34.3%	6,070	34.3%	134	2.3%
3 Persons	3,075	17.8%	3,127	17.6%	52	1.7%
4 Persons	2,415	13.9%	2,461	13.9%	46	1.9%
5 Persons+	1,973	11.4%	2,014	11.4%	40	2.0%
Total	17,324	100.0%	17,719	100.0%	395	2.3%

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

The one- through three-bedroom units proposed for the subject site are expected to house up to five-person households. As such, the subject project is expected to be able to accommodate most renter households in the market, based on household size.

The distribution of households by income within the Covington Site PMA is summarized as follows:

Household Income	2010 (Census)		2019 (Estimated)		2020 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	2,089	8.8%	1,540	5.9%	1,555	5.9%
\$10,000 to \$19,999	3,041	12.9%	3,025	11.6%	3,134	11.8%
\$20,000 to \$29,999	2,255	9.5%	2,487	9.5%	2,534	9.6%
\$30,000 to \$39,999	2,441	10.3%	2,196	8.4%	2,209	8.3%
\$40,000 to \$49,999	2,817	11.9%	2,888	11.1%	2,952	11.1%
\$50,000 to \$59,999	2,396	10.1%	2,742	10.5%	2,794	10.5%
\$60,000 to \$74,999	3,007	12.7%	2,960	11.3%	2,963	11.2%
\$75,000 to \$99,999	2,815	11.9%	3,493	13.4%	3,524	13.3%
\$100,000 to \$124,999	1,498	6.3%	2,211	8.5%	2,233	8.4%
\$125,000 to \$149,999	692	2.9%	998	3.8%	1,009	3.8%
\$150,000 to \$199,999	373	1.6%	810	3.1%	822	3.1%
\$200,000 & Over	199	0.8%	734	2.8%	762	2.9%
Total	23,623	100.0%	26,085	100.0%	26,490	100.0%
Median Income	\$47,048		\$53,302		\$53,085	

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

In 2010, the median household income was \$47,048. This increased by 13.3% to \$53,302 in 2019. By 2020, it is projected that the median household income will be \$53,085, a decline of 0.4% over 2019.

The following tables illustrate renter household income by household size for 2010, 2019 and 2020 for the Covington Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	337	259	192	176	170	1,134
\$10,000 to \$19,999	506	333	247	225	218	1,528
\$20,000 to \$29,999	299	214	159	145	140	958
\$30,000 to \$39,999	212	190	141	129	124	797
\$40,000 to \$49,999	179	173	129	117	113	712
\$50,000 to \$59,999	130	131	97	89	86	531
\$60,000 to \$74,999	163	164	122	111	107	667
\$75,000 to \$99,999	86	88	66	60	58	358
\$100,000 to \$124,999	43	42	31	29	28	173
\$125,000 to \$149,999	20	20	14	13	13	80
\$150,000 to \$199,999	4	4	3	3	3	17
\$200,000 & Over	2	2	2	1	1	9
Total	1,981	1,622	1,202	1,098	1,060	6,963

Source: ESRI; Urban Decision Group

Renter Households	2019 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	274	226	146	141	109	896
\$10,000 to \$19,999	564	406	263	254	196	1,682
\$20,000 to \$29,999	382	312	202	195	151	1,242
\$30,000 to \$39,999	250	248	161	155	120	933
\$40,000 to \$49,999	252	289	187	180	139	1,047
\$50,000 to \$59,999	179	222	144	139	107	790
\$60,000 to \$74,999	198	238	154	149	115	854
\$75,000 to \$99,999	144	180	116	112	87	640
\$100,000 to \$124,999	69	85	55	53	41	304
\$125,000 to \$149,999	32	38	25	24	18	137
\$150,000 to \$199,999	29	34	22	21	16	123
\$200,000 & Over	27	31	20	19	15	113
Total	2,402	2,309	1,494	1,442	1,115	8,761

Source: ESRI; Urban Decision Group

Renter Households	2020 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	269	223	143	139	107	881
\$10,000 to \$19,999	570	412	264	256	196	1,698
\$20,000 to \$29,999	379	312	200	194	149	1,235
\$30,000 to \$39,999	245	246	158	153	117	919
\$40,000 to \$49,999	252	291	186	181	139	1,048
\$50,000 to \$59,999	181	224	144	140	107	795
\$60,000 to \$74,999	196	236	151	147	113	844
\$75,000 to \$99,999	145	180	116	112	86	639
\$100,000 to \$124,999	70	86	55	54	41	306
\$125,000 to \$149,999	33	38	25	24	18	138
\$150,000 to \$199,999	33	38	24	24	18	138
\$200,000 & Over	31	36	23	22	17	129
Total	2,403	2,324	1,489	1,446	1,108	8,771

Source: ESRI; Urban Decision Group

Demographic Summary

The Covington Site PMA is projected to experience both population and household growth between 2019 and 2020, a trend which has been consistent since 2000. Renter households comprise approximately 34.0% of all households and the number of renter households is projected to increase slightly between 2019 and 2020. Nearly 37.0% of all renter households are projected to earn between \$20,000 and \$50,000 in 2020. Based on the preceding factors and additional demographic data included in this report, a relatively large base of potential income-eligible renter support exists for affordable rental housing alternatives in the Covington Site PMA, such as the proposed subject project.

Section F – Economic Trends

1. LABOR FORCE PROFILE

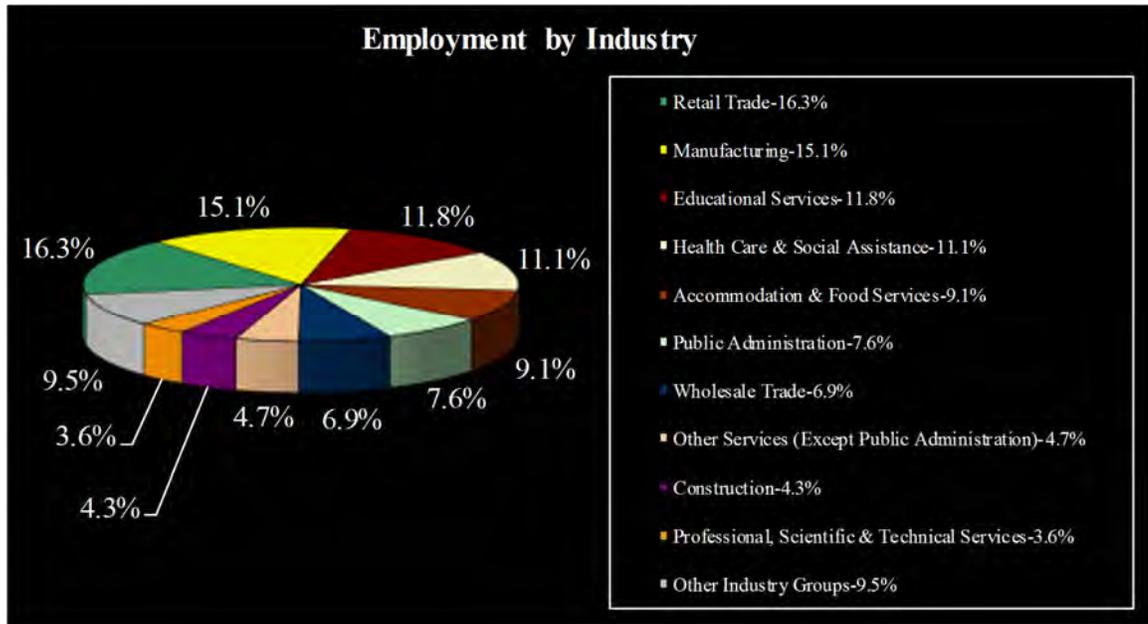
The labor force within the Covington Site PMA is based primarily in four sectors. Retail Trade (which comprises 16.3%), Manufacturing, Educational Services and Health Care & Social Assistance comprise over 54% of the Site PMA labor force. Employment in the Covington Site PMA, as of 2018, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	7	0.3%	53	0.2%	7.6
Mining	3	0.1%	31	0.1%	10.3
Utilities	5	0.2%	94	0.4%	18.8
Construction	229	10.2%	1,047	4.3%	4.6
Manufacturing	95	4.2%	3,660	15.1%	38.5
Wholesale Trade	85	3.8%	1,659	6.9%	19.5
Retail Trade	330	14.7%	3,944	16.3%	12.0
Transportation & Warehousing	66	2.9%	235	1.0%	3.6
Information	35	1.6%	232	1.0%	6.6
Finance & Insurance	97	4.3%	468	1.9%	4.8
Real Estate & Rental & Leasing	108	4.8%	416	1.7%	3.9
Professional, Scientific & Technical Services	140	6.2%	866	3.6%	6.2
Management of Companies & Enterprises	5	0.2%	32	0.1%	6.4
Administrative, Support, Waste Management & Remediation Services	111	4.9%	527	2.2%	4.7
Educational Services	72	3.2%	2,864	11.8%	39.8
Health Care & Social Assistance	174	7.7%	2,691	11.1%	15.5
Arts, Entertainment & Recreation	32	1.4%	184	0.8%	5.8
Accommodation & Food Services	149	6.6%	2,190	9.1%	14.7
Other Services (Except Public Administration)	319	14.2%	1,125	4.7%	3.5
Public Administration	107	4.8%	1,846	7.6%	17.3
Nonclassifiable	83	3.7%	25	0.1%	0.3
Total	2,252	100.0%	24,189	100.0%	10.7

*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 Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area (MSA) are compared with those of Georgia in the following table:

Typical Wage by Occupation Type		
Occupation Type	Atlanta-Sandy Springs-Roswell MSA	Georgia
Management Occupations	\$124,820	\$116,180
Business and Financial Occupations	\$75,130	\$71,950
Computer and Mathematical Occupations	\$88,440	\$85,890
Architecture and Engineering Occupations	\$80,600	\$79,150
Community and Social Service Occupations	\$50,470	\$46,610
Art, Design, Entertainment and Sports Medicine Occupations	\$54,830	\$53,840
Healthcare Practitioners and Technical Occupations	\$79,910	\$75,250
Healthcare Support Occupations	\$31,320	\$29,550
Protective Service Occupations	\$39,780	\$38,160
Food Preparation and Serving Related Occupations	\$21,110	\$20,850
Building and Grounds Cleaning and Maintenance Occupations	\$27,140	\$25,830
Personal Care and Service Occupations	\$26,690	\$25,700
Sales and Related Occupations	\$40,110	\$36,940
Office and Administrative Support Occupations	\$37,890	\$35,920
Construction and Extraction Occupations	\$44,180	\$41,690
Installation, Maintenance and Repair Occupations	\$47,420	\$45,380
Production Occupations	\$35,290	\$34,330
Transportation and Moving Occupations	\$36,390	\$34,690

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

Most annual blue-collar salaries range from \$21,110 to \$54,830 within the Atlanta-Sandy Springs-Roswell MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$89,780. It is important to note that most occupational types within the Atlanta-Sandy Springs-

Roswell MSA have slightly higher typical wages than the state of Georgia's typical wages. Nonetheless, the proposed project will generally target households with incomes between \$26,000 and \$48,000. As such, the area employment base appears to have a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

2. MAJOR EMPLOYERS

The ten largest employers within the Newton County area comprise a total of 7,283 employees and are summarized as follows:

Employer Name	Business Type	Total Employed
Newton County Board of Education	Public Schools	2,324
Shire Pharmaceuticals	Pharmaceuticals	900
CR Bard Inc.	Medical Equipment	692
Piedmont Newton Hospitals	Healthcare Facilities	671
Newton County Board of Commissioners	County Government	615
General Mills	Food Manufacturing	575
Pactiv	Packaging Manufacturing	500
SRG Global	Temp Agency	385
SKC Inc.	Manufacturing	331
Verescence	Perfume Manufacturing	290
	Total	7,283

Source: Newton County Office of Economic Development (2018)

According to a representative with the Newton County Office of Economic Development, the Newton County economy is improving. A popular place for development is currently north of the intersection of Alcovy Road and State Route 142 (Industrial Park Boulevard Northeast) which is the location of the new Covington Town Center development that is currently under construction. Additionally, the U.S. Highway 278 corridor is experiencing several renovations of existing properties, bringing in more restaurants, retail, and medical space. Areas near Exit 98 along State Route 11 and exit 101 along U.S. Highway 278 are also experiencing additional industrial development. The following are summaries of some recent and notable economic development activity within the Covington/Newton County area.

- Facebook is currently constructing a new data center just east of Covington in Stanton Springs near Social Circle. The four-phase project will comprise 970,000 square feet in phase one and an additional 400,000 square feet in each additional phase. Approximately 1,250 jobs will be created in the area over a ten-year span and the data center is expected to cost around \$42 billion to construct. Phase one is expected to cost \$750 million and be complete by December 31, 2023 creating 100 jobs initially, phases two through four are expected to cost \$550 million each and be completed by 2025, 2027, and 2029.

- Covington Town Center, to be located on Alcovy Road between City Pond Road and State Route 142 in Covington is a planned 160-acre mixed-use development. The complex will include 250,000 square feet for office space, 200,000 square feet for retail and restaurant space, two hotels, and possibly 350 multifamily residential units. A 48,000 square-foot grocer with a pharmacy drive-thru and a theater will anchor the Covington Town Center Plaza. The developer, Foxfield Company, estimates the project will create approximately 2,000 new jobs in the area. The city expects to invest around \$300 million in opening the town center.
- Shire Pharmaceuticals, an Ireland-based pharmaceutical company, recently opened a plasma manufacturing facility in October 2018 in Covington. Though already open, they will continue to expand production. Plans are to have approval from the Food and Drug Administration (FDA) to manufacture a new product by the end of 2018 and the production is expected to add an additional 300 jobs to the area by late 2018 and early 2019. Additional information regarding this project was unavailable at the time of our research.
- Three Rings Studios, located at 11642 State Route 142 in Covington is currently constructing a \$110 million movie and postproduction campus. The developer, Rahim Charania, plans to have 250,000 square-feet of soundstage space, 45,000 square-feet of mill space, Herc Rentals regional distribution center, Class-A office space, and parking. Estimated completion is the first quarter of 2019 and the project is expected to create over 1,000 jobs.

Infrastructure Projects:

In 2017 a \$19.3 million widening project began on State Route 142 that also includes the widening of U.S. Highway 278 and will consist of two lanes and a roundabout with two new bridges over the Alcovy River. Completion is expected by May 2020.

WARN (layoff notices):

WARN notices were reviewed on December 18, 2018 and according to the Georgia Department of Economic Development, Workforce Division there has been one WARN notice reported for Newton County over the past 18 months. Below is a table summarizing this notice.

Company	Location	Jobs	Effective Date
Spillers Inc	Covington	1	06/05/2018

As the preceding illustrates, the one WARN notice reported impacted only one (1) job and therefore is not considered to have had any tangible impact on the overall Newton County economy.

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.

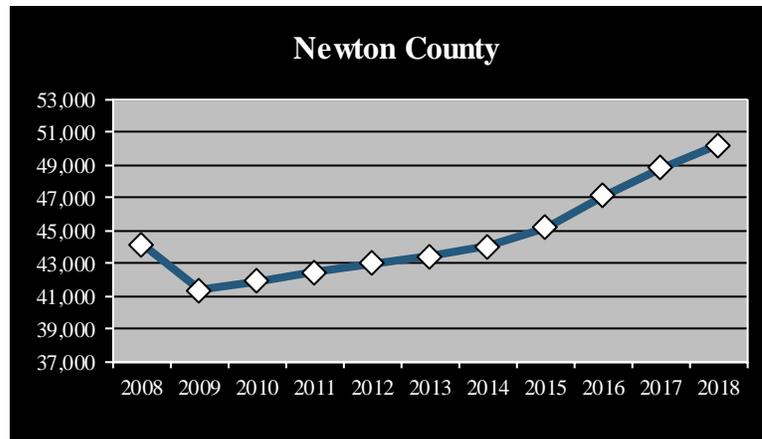
Excluding 2018, the employment base has increased by 12.4% over the past five years in Newton County, more than the Georgia state increase of 10.4%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Newton County, the state of Georgia and the United States.

Year	Total Employment					
	Newton County		Georgia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2008	44,131	-	4,575,010	-	146,047,748	-
2009	41,333	-6.3%	4,311,854	-5.8%	140,696,560	-3.7%
2010	41,899	1.4%	4,202,052	-2.5%	140,469,139	-0.2%
2011	42,424	1.3%	4,263,305	1.5%	141,791,255	0.9%
2012	42,993	1.3%	4,348,083	2.0%	143,621,634	1.3%
2013	43,403	1.0%	4,366,374	0.4%	145,017,562	1.0%
2014	44,019	1.4%	4,416,145	1.1%	147,446,676	1.7%
2015	45,165	2.6%	4,503,150	2.0%	149,733,744	1.6%
2016	47,063	4.2%	4,662,849	3.5%	152,169,822	1.6%
2017	48,794	3.7%	4,821,622	3.4%	154,577,364	1.6%
2018*	50,174	2.8%	4,948,584	2.6%	156,301,105	1.1%

Source: Department of Labor; Bureau of Labor Statistics

*Through October



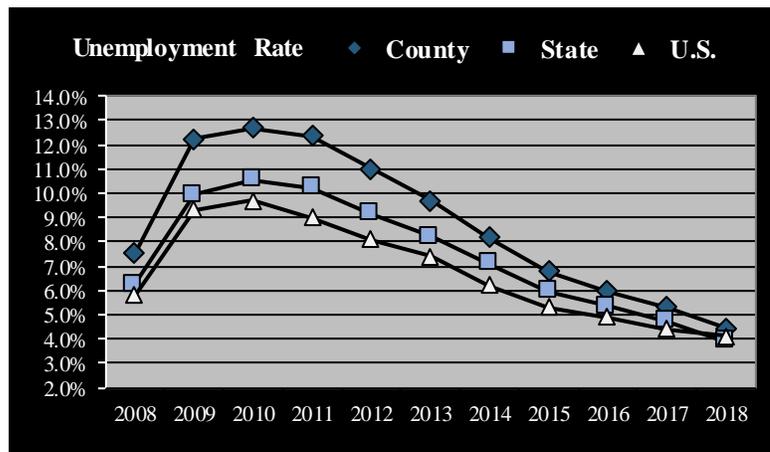
As the preceding illustrates, the Newton County employment base has increased significantly since 2009, with much of this growth occurring since 2014. Specifically, the employment base has increased by 6,155 employees, or 14.0%, since 2014, through October of 2018.

Unemployment rates for Newton County, the state of Georgia and the United States are illustrated as follows:

Unemployment Rate			
Year	Newton County	Georgia	United States
2008	7.5%	6.2%	5.8%
2009	12.2%	9.9%	9.3%
2010	12.7%	10.6%	9.7%
2011	12.3%	10.2%	9.0%
2012	11.0%	9.2%	8.1%
2013	9.7%	8.2%	7.4%
2014	8.2%	7.1%	6.2%
2015	6.8%	6.0%	5.3%
2016	6.0%	5.4%	4.9%
2017	5.3%	4.7%	4.4%
2018*	4.4%	3.9%	4.1%

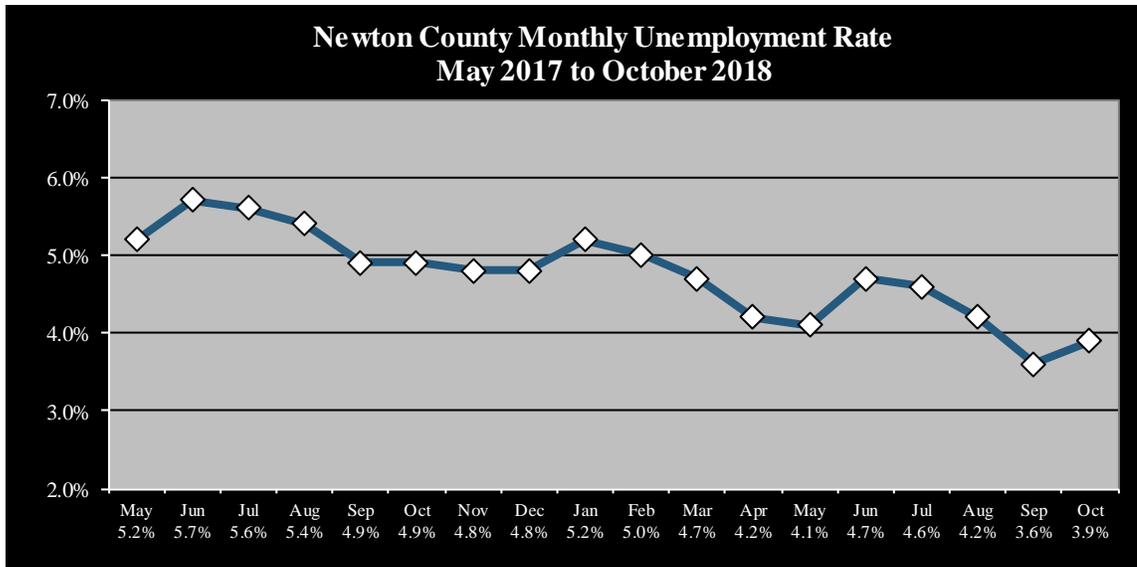
Source: Department of Labor, Bureau of Labor Statistics

*Through October



The unemployment rate in Newton County has steadily declined since 2010, to a rate of 4.4% through October of 2018. This is reflective of a decline of more than eight full percentage points during this time period.

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



The monthly unemployment rate has generally trended downward over the past 18-month period and has remained below 5.0% each month since February of 2018.

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 Newton County.

In-Place Employment Newton County			
Year	Employment	Change	Percent Change
2008	21,441	-	-
2009	19,964	-1,477	-6.9%
2010	19,691	-273	-1.4%
2011	19,995	304	1.5%
2012	20,451	456	2.3%
2013	20,547	96	0.5%
2014	21,410	863	4.2%
2015	22,859	1,449	6.8%
2016	23,510	651	2.8%
2017	24,384	874	3.7%
2018*	25,637	1,253	5.1%

Source: Department of Labor, Bureau of Labor Statistics

*Through June

Data for 2017, the most recent year that year-end figures are available, indicates in-place employment in Newton County to be 50.0% of the total Newton County employment. This means that Newton County has more employed persons leaving the county for daytime employment than those who work in the county. This is not uncommon, however, of areas located within proximity of a larger metropolitan area, such as Newton County to the Atlanta metro area. As the subject project is expected to generate much of its support from areas within Newton County, most potential tenants will likely be familiar with, and thus unaffected by, in-place employment trends.

4. ECONOMIC FORECAST

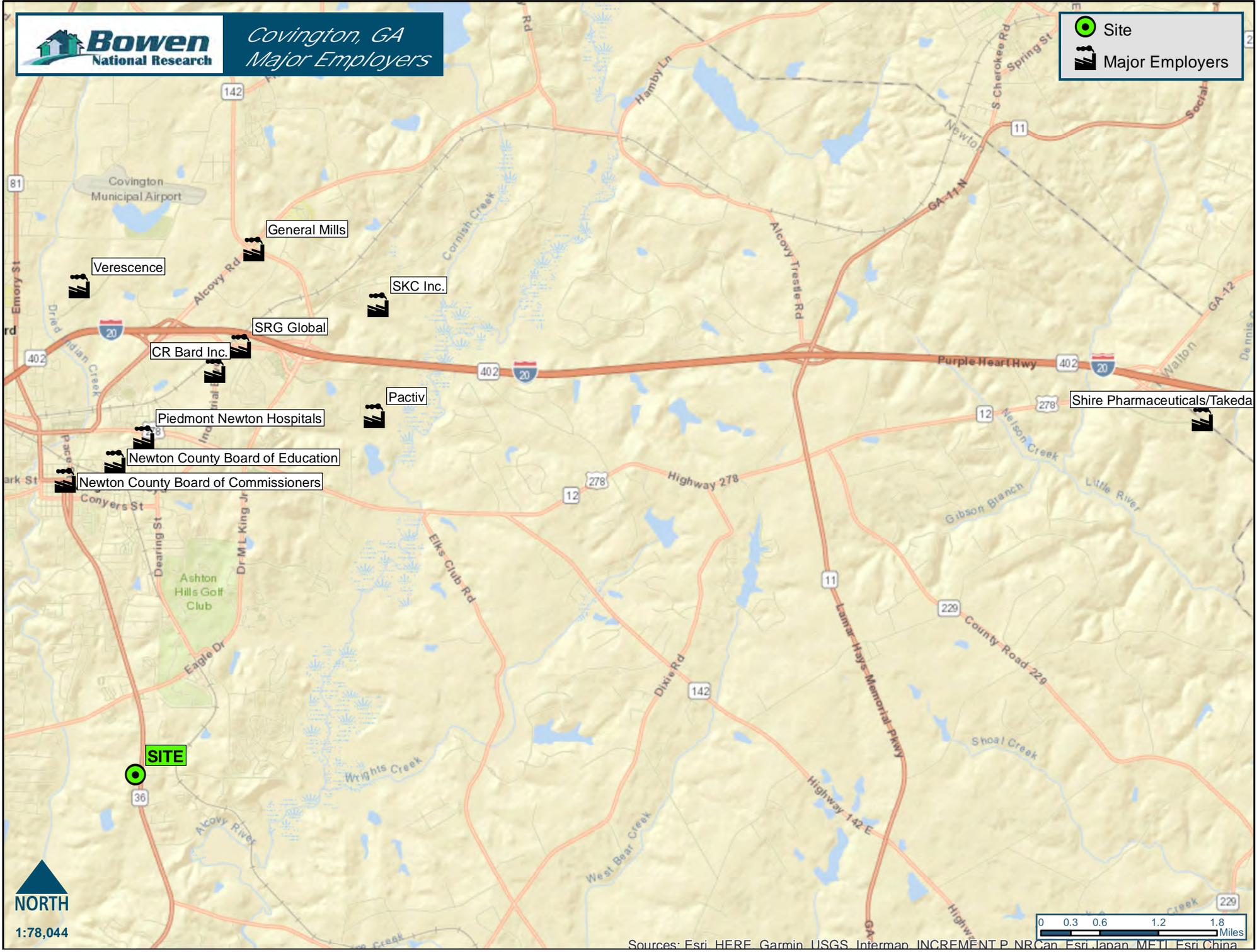
The labor force within the Covington Site PMA is generally well-balanced, as no single industry segment represents more than 16.3% of the total labor force. This will contribute to the strength of the local economy. The Covington area has also announced several large-scale economic development projects, including a new Facebook data center and Covington Town Center which are expected to create more than 3,000 jobs combined. This coincides with employment trends within Newton County, as the total employment base has increased by more than 6,000 jobs since 2014. The unemployment rate within the county has also steadily improved over the past several years, declining by eight full percentage points since 2010, to a rate of 4.4% through October of 2018. It is also of note that there have been no WARN notices of large-scale layoffs/closures within Newton County over the past year. Based on the preceding factors, the Covington/Newton County economy is considered strong and is expected to continue to improve for the foreseeable future.

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

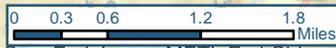


Covington, GA Major Employers

- Site
- Major Employers



NORTH
1:78,044



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China

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 (LIHTC) 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 the Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area, which has a median four-person household income of \$74,800 for 2018. The subject property will be restricted to households with incomes of up to 60% of AMHI. The following table summarizes the maximum allowable income by household size and targeted AMHI level.

Household Size	Targeted AMHI Maximum Allowable Income
	60%
One-Person	\$31,440
Two-Person	\$35,940
Three-Person	\$40,440
Four-Person	\$44,880
Five-Person	\$48,480

a. Maximum Income Limits

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income at the subject site is **\$48,480**.

b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to- income ratios of 27% to 40%. Pursuant to GDCA 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 LIHTC units will have a lowest gross rent of \$838. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$10,056. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of **\$28,731**.

c. **Income-Appropriate Range**

Based on the preceding analyses, the income-appropriate range required for living at the proposed project with units built to serve households at 60% of AMHI is **\$28,731 to \$48,480.**

2. **METHODOLOGY**

Demand

The following are the demand components as outlined by the Georgia Department of Community Affairs (GDCA):

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 current 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 proposed 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) 2012-2016 5-year estimates, approximately 33.8% of income-qualified 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) 2012-2016 5-year estimates, 3.3% of all households in the market were living in substandard housing that lacked complete indoor plumbing or in overcrowded (1.5+ persons per room) households.

- **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.*

Not applicable, as the subject project will not be age-restricted.

- c. **Other:** *GDCA 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 competitive vacant and/or units constructed in the past two years (2017/2018) is subtracted to calculate Net Demand. Vacancies in projects placed in service prior to 2017 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.**

As detailed in *Section H*, there are no general-occupancy projects in the development pipeline. In fact, there have been no Tax Credit allocations within the Site PMA since 2010. In addition, the existing general-occupancy LIHTC properties surveyed in the Site PMA are all 100.0% occupied. Based on the preceding factors, we have not considered any directly comparable/competitive supply units in our demand estimates.

The following is a summary of our demand calculations:

Demand Component	Percent of Median Household Income
	Overall – All Units at 60% AMHI (\$28,731 to \$48,480)
Demand from New Households (Age- and Income-Appropriate)	1,964 - 1,978 = -14
+	
Demand from Existing Households (Rent Overburdened)	1,978 X 33.8% = 669
+	
Demand from Existing Households (Renters in Substandard Housing)	1,978 X 3.3% = 65
=	
Demand Subtotal	720
+	
Demand from Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2%	N/A
=	
Total Demand	720
-	
Supply (Directly Comparable Units Built and/or Funded Since 2017)	0
=	
Net Demand	720
Proposed Units / Net Demand	180 / 720
Capture Rate	= 25.0%

N/A- Not Applicable

Per GDCA guidelines, capture rates below 30% for projects in urban markets and below 35% for projects in rural markets are considered acceptable. As such, the proposed project's overall capture rate of 25.0% is considered achievable within the Covington Site PMA. This is especially true, given the high occupancy rates and waiting lists maintained among the comparable LIHTC projects surveyed in the market.

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	30.0%
Two-Bedroom	45.0%
Three-Bedroom+	25.0%
Total	100.0%

Applying these shares to the income-qualified households and existing competitive supply 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	Market Rents Band Min-Max	Subject Rents
One-Bedroom (30%)	60%	30	216	0	216	13.9%	4 Months	\$939	\$686-\$998	\$735
One-Bedroom	Total	30	216	0	216	13.9%	4 Months	-	-	-
Two-Bedroom (45%)	60%	96	324	0	324	29.6%	10 Months	\$1,047	\$786-\$1,111	\$880
Two-Bedroom	Total	96	324	0	324	29.6%	10 Months	-	-	-
Three-Bedroom (25%)	60%	54	180	0	180	30.0%	6 Months	\$1,203	\$886-\$1,355	\$975
Three-Bedroom	Total	54	180	0	180	30.0%	6 Months	-	-	-

*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.

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

The capture rates by bedroom type and AMHI level range from 13.9% to 30.0%, depending upon unit type. Utilizing this methodology, these capture rates are considered achievable and demonstrate a good base of potential income-eligible renter households in the Covington market for the proposed subject development. This is especially true when considering the high occupancy rates and waiting lists maintained among the existing comparable LIHTC projects in the market, as evidenced by our Field Survey of Conventional Rentals (*Addendum A*).

Section H – Rental Housing Analysis (Supply)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Covington Site PMA in 2010 and 2019 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2019 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	23,623	89.0%	26,085	90.3%
Owner-Occupied	16,660	70.5%	17,324	66.4%
Renter-Occupied	6,963	29.5%	8,761	33.6%
Vacant	2,930	11.0%	2,806	9.7%
Total	26,553	100.0%	28,891	100.0%

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

Based on a 2019 update of the 2010 Census, of the 28,891 total housing units in the market, 9.7% were vacant. Note that both the number and share of vacant housing units declined between 2010 and 2019. This is a good indication of a well-performing and improving housing market within the Covington Site PMA. Nonetheless, we conducted a survey of conventional rentals to better determine the strength of the long-term rental housing market within the Covington market.

Conventional Rentals

We identified and personally surveyed 13 conventional rental housing projects containing a total of 1,986 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 98.6%, a strong rate for rental housing. Each rental housing segment surveyed is summarized as follows.

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-Rate	7	1,110	23	97.9%
Market-Rate/Tax Credit	2	450	4	99.1%
Tax Credit	3	312	0	100.0%
Government-Subsidized	1	114	0	100.0%
Total	13	1,986	27	98.6%

Each non-subsidized rental housing segment surveyed is performing well, with occupancy rates of 97.9% or higher. Notably, non-subsidized Tax Credit product is 100.0% occupied. This is a good indication that the subject project will provide a rental alternative which is currently in high demand within the Site PMA.

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

Market-Rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	361	28.3%	7	1.9%	\$1,026
Two-Bedroom	1.0	213	16.7%	4	1.9%	\$1,187
Two-Bedroom	1.5	32	2.5%	0	0.0%	\$581
Two-Bedroom	2.0	512	40.2%	13	2.5%	\$1,202
Three-Bedroom	2.0	157	12.3%	3	1.9%	\$1,356
Total Market-Rate		1,275	100.0%	27	2.1%	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	125	20.9%	0	0.0%	\$874
Two-Bedroom	2.0	352	59.0%	0	0.0%	\$1,048
Three-Bedroom	2.0	102	17.1%	0	0.0%	\$1,211
Four-Bedroom	2.0	18	3.0%	0	0.0%	\$995
Total Tax Credit		597	100.0%	0	0.0%	-

The market-rate units are 97.9% occupied and the non-subsidized Tax Credit units are 100.0% occupied. The median gross rents reported among the Tax Credit properties are lower than the median gross rents reported among similar market-rate unit types surveyed in the market. This is a good indication, along with the 100.0% occupancy rate, that non-subsidized Tax Credit product represents a good value within the Covington market.

We rated each property surveyed on a scale of "A" through "F". All 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
A	1	48	8.3%
A-	1	188	0.0%
B+	2	357	2.0%
B	3	582	2.1%
C	2	100	4.0%
Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	3	482	0.0%
A-	1	32	0.0%
B+	1	83	0.0%

The non-subsidized Tax Credit properties surveyed are generally of good to very good condition, as illustrated in the preceding table. The subject project is expected to have an excellent overall quality and attractive aesthetic appeal, which will be superior to the existing Tax Credit properties surveyed in the market. This will create a competitive advantage for the subject project.

2. SUMMARY OF ASSISTED PROJECTS

We surveyed a total of six federally subsidized and/or Tax Credit apartment developments in the Covington Site PMA. These projects were surveyed in December 2018 and are summarized as follows:

Map I.D.	Project Name	Type	Year Built	Total Units	Occup.	Gross Rent (Unit Mix)				
						Studio	One-Br.	Two-Br.	Three-Br.	Four-Br.
2	Arbor Lake	TAX	2002	202*	100.0%	-	\$871 (30)	\$1125 (122)	\$1136 - \$1242 (50)	-
6	Magnolia Heights	TAX	2000	83*	100.0%	-	\$708 (13)	\$848 (60)	\$979 (10)	-
8	Wellington Ridge	TAX	2002	220	100.0%	-	\$874 (70)	\$1048 (122)	\$1211 (28)	-
9	Covington Square	SEC 202	1985	114	100.0%	\$986 (20)	\$1040 (94)	-	-	-
10	Harristown Park	TAX	2011	60	100.0%	-	\$612 - \$639 (12)	\$729 - \$740 (48)	-	-
11	Village at Walkers Bend	TAX	2012	32	100.0%	-	-	-	\$831 - \$911 (14)	\$904 - \$995 (18)
Total				711	100.0%					

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

SEC - Section

*Market-rate units not included

As the preceding illustrates, all of the federally subsidized and/or Tax Credit properties surveyed are 100.0% occupied, demonstrating strong demand for affordable rental housing alternatives such as that proposed for the subject site.

HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia Department of Community Affairs, there are approximately 798 Housing Choice Voucher holders within the housing authority's jurisdiction in Newton County, and 100 people currently on the waiting list for additional Vouchers. The waiting list is closed, and it is unknown when the waiting list will reopen. Annual turnover is not tracked by the Georgia Department of Community Affairs. Regardless, this reflects the continuing need for affordable housing alternatives and/or Housing Choice Voucher assistance.

The following table identifies the affordable properties that accept Housing Choice Vouchers as well as the approximate number and share of units occupied by residents utilizing Housing Choice Vouchers:

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
2	Arbor Lake	202*	53	26.2%
6	Magnolia Heights	83*	N/A	-
8	Wellington Ridge	220	N/A	-
10	Harristown Park	32	6	18.8%
11	Village at Walkers Bend	32	4	12.5%
Total		266	63	23.7%

*Tax Credit units only

N/A – Number not available (units not included in total)

As the preceding table illustrates, there are a total of approximately 63 voucher holders residing at the affordable properties for which this information was available within the market. This comprises 23.7% of the 266 total non-subsidized LIHTC units offered among these properties. This is considered a typical share of voucher support but also indicates that the gross rents reported among these properties are achievable and will represent an accurate benchmark with which to compare the subject project.

If the rents do not exceed the Payment Standards established by the local/regional housing authority, households with Housing Choice Vouchers may be willing to reside at a LIHTC project. Established by the Georgia Department of Community Affairs (GDCA) Rental Assistance Division, the regional Payment Standards, as well as the proposed subject gross rents, are summarized in the following table:

Bedroom Type	Payment Standards	Proposed Tax Credit Gross Rents (AMHI)
One-Bedroom	\$847	\$838 (60%)
Two-Bedroom	\$979	\$1,008 (60%)
Three-Bedroom	\$1,287	\$1,136 (60%)

As the preceding table illustrates, some of the proposed gross rents are below the Payment Standards set by the Georgia Department of Community Affairs (GDCA) Rental Assistance Division. As such, those who hold Housing Choice Vouchers will likely respond to these units at the subject development. This will likely increase the base of income-appropriate renter households within the Covington Site PMA for the subject development and has been considered in our absorption estimates in *Section I* of this report.

3. PLANNED MULTIFAMILY DEVELOPMENT

Based on our interviews with local building and planning representatives, it was determined that there are two multifamily projects currently in the development pipeline, in the planning stages. These projects are summarized as follows.

- Harmony at Covington Senior Apartments, to be located at 11101 Covington Bypass in Covington is a planned 122-unit senior development. Plans were approved by Covington City Council in November 2018. The developer, CRN Development of Alabama, plans to include low-income housing, restricted to households age 55 and older, with rents ranging from \$724 to \$865. Additional information regarding this project was unavailable at the time of our research, though it is of note that this property is not on the state Tax Credit allocation list.
- Covington Town Center, to be located on Alcovy Road between City Pond Road and State Route 142 in Covington is a planned 160-acre mixed-use development. The developer, Foxfield Company, plans to construct potentially up to 350 residential market-rate units as part of this development. The Town Center will also include 250,000 square-feet of office space, 200,000 square-feet of retail and restaurant space, and two hotels. Additional information regarding this project was unavailable at the time of our research.

Considering that the planned projects for the Site PMA will target seniors or market-rate households, we do not anticipate either of these projects having any competitive overlap with the general-occupancy LIHTC units at the subject project.

Building Permit Data

The following tables illustrate single-family and multifamily building permits issued within the city of Covington and Newton County for the past ten years:

Housing Unit Building Permits for Covington, GA:										
Permits	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Multifamily Permits	0	0	0	0	0	28	5	0	6	11
Single-Family Permits	27	14	24	28	57	24	28	26	11	17
Total Units	27	14	24	28	57	52	33	26	17	28

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

Housing Unit Building Permits for Newton County:										
Permits	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Multifamily Permits	0	0	0	0	0	28	5	0	6	11
Single-Family Permits	189	54	58	54	66	82	176	251	327	571
Total Units	189	54	58	54	66	110	181	251	333	582

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

There have been no more than 28 multifamily building permits issued in any given year over the past ten-year period in the city of Covington or Newton County. This is a good indication of limited modern multifamily product in the Covington area.

4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Tax Credit Units

The proposed subject project will offer one- through three-bedroom units targeting general-occupancy (family) households earning up to 60% of Area Median Household Income (AMHI) under the Low-Income Housing Tax Credit (LIHTC) program. Within the Site PMA, we identified and surveyed a total of five LIHTC projects, three of which are general-occupancy properties offering unit types similar to those proposed for the subject development.

These three comparable LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in the Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Arbours at Covington	2020	180	-	-	-	Families; 60% AMHI
2	Arbor Lake	2002	202*	100.0%	6.7 Miles	None	Families; 60% AMHI
8	Wellington Ridge	2002	220	100.0%	3.6 Miles	None	Families; 60% AMHI
11	Village at Walkers Bend	2012	32	100.0%	3.7 Miles	3-4 Years	Families; 50% & 60% AMHI

OCC. - Occupancy

*Tax Credit units only

The three LIHTC projects have a combined occupancy rate of 100.0%. These occupancy rates demonstrate strong demand for family-oriented LIHTC product in the Covington market. It is also of note that the subject project will be at least eight years newer than the existing comparable LIHTC projects in this market, which is expected to create a competitive advantage for the property.

Note that one of the properties included in our Field Survey of Conventional Rentals, but omitted from our competitive analysis, is the Park at Arlington (Map ID 7) property. This property previously operated under the LIHTC program offering 128 one- through three-bedroom units set at the 60% AMHI level. However, this property no longer operates under the LIHTC program, as it is in the decontrolling period and will be fully market-rate by 2019, according to management. As this will effectively result in a reduction in the total number of LIHTC units offered in the market, the development of the subject project is expected to help replace these lost units and will likely accommodate many residents which may become displaced due to the conversion of the Park at Arlington property from LIHTC to market-rate.

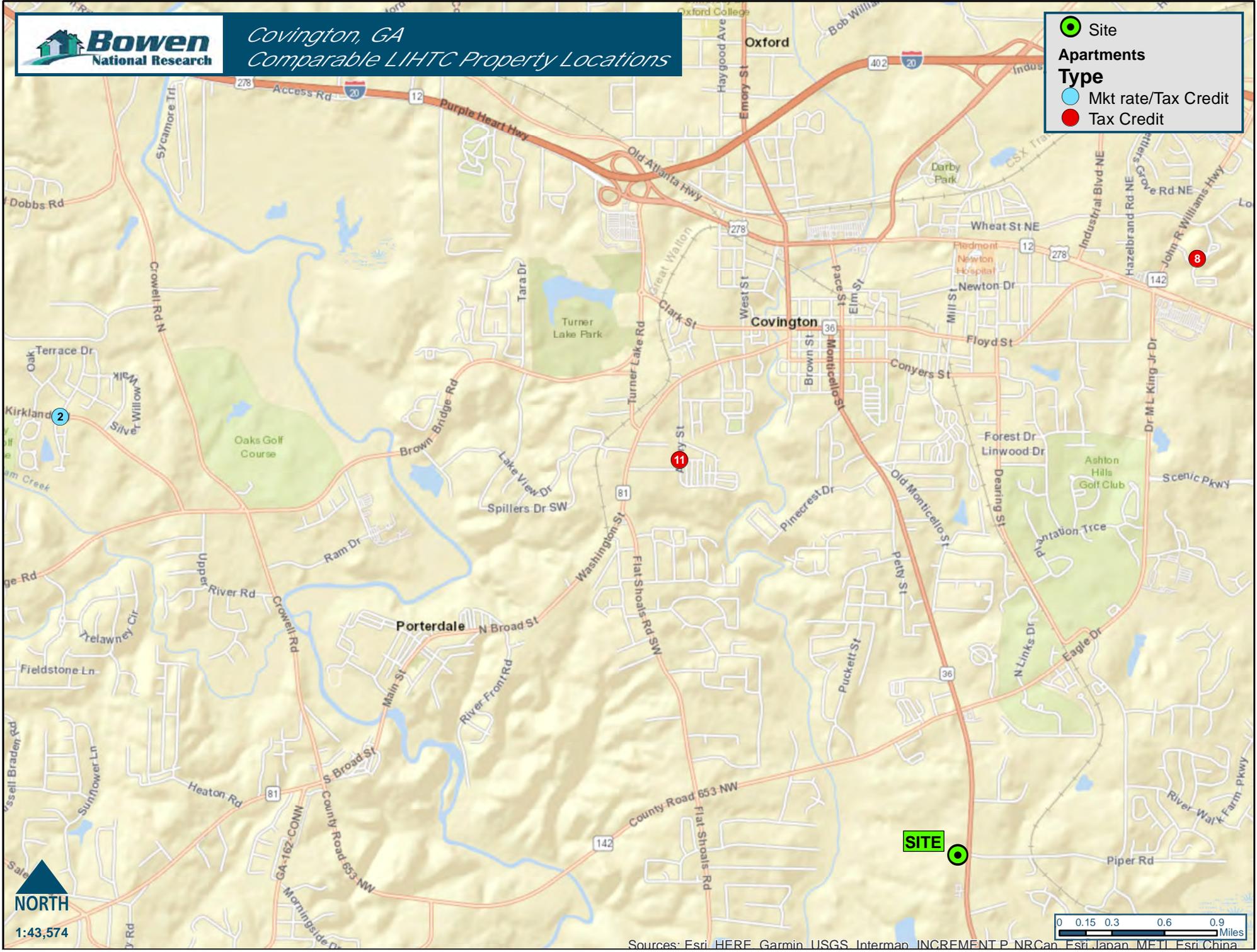
The map on the following page illustrates the location of the comparable Tax Credit properties relative to the proposed site location.



Covington, GA Comparable LIHTC Property Locations

Site
Apartments
Type

- Mkt rate/Tax Credit
- Tax Credit



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China

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.	Four-Br.	
Site	Arbours at Covington	\$838/60% (30)	\$1,008/60% (96)	\$1,136/60% (54)	-	-
2	Arbor Lake	\$871/60% (30/0)	\$1,125/60% (122/0)	\$1,136- \$1,242/60% (50/0)	-	None
8	Wellington Ridge	\$874/60% (70/0)	\$1,048/60% (122/0)	\$1,211/60% (28/0)	-	None
11	Village at Walkers Bend	-	-	\$831/50% (2/0) \$911/60% (12/0)	\$904/50% (3/0) \$995/60% (15/0)	None

The subject's proposed gross Tax Credit rents ranging from \$838 to \$1,136 will generally be the lowest in the market, with the exception of the units offered at Village at Walkers Bend (Map ID 11). These low proposed rents are expected to create a competitive advantage for the property and will represent a good value in the market, particularly when considering the newness and anticipated quality of the subject project.

Note that while some of the rents reported among the comparable properties are higher than current maximum allowable LIHTC rent limits, this is likely due to the age of these properties (built prior to 2003), which allows them to operate under the Hold Harmless Rule. This does not require these properties to operate under current maximum allowable LIHTC rents when an area experiences an income reduction. The comparable rents which are above current maximum allowable rent levels could also be attributed to the utility allowances utilized at these properties, as compared to that provided by the local housing authority and utilized within this report.

The following table illustrates the weighted average *collected* rents of the comparable LIHTC projects by bedroom type.

Weighted Average Collected Rent of Comparable LIHTC Units*		
One-Br.	Two-Br.	Three-Br.
\$747 (60%)	\$935 (60%)	\$973 (60%)

*Only units targeting similar AMHI levels as the subject project

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

Bedrooms	% AMHI	Weighted Avg. Rent	Proposed Rent	Difference	Proposed Rent	Rent Advantage
One-Br.	60%	\$747	- \$735	\$12	/\$735	1.6%
Two-Br.	60%	\$935	- \$880	\$55	/\$880	6.3%
Three-Br.	60%	\$973	- \$975	-\$2	/\$975	-0.2%

As the preceding illustrates, the proposed subject rents represent rent advantages ranging from -0.2% to 6.3%, depending upon unit type, as compared to the weighted average collected rents of the comparable LIHTC projects located in the Site PMA. As such, the subject's proposed collected rents are similar to, if not lower than, those reported among the comparable LIHTC projects. Please note, however, 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 table.

Map I.D.	Project Name	Square Footage			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Arbours at Covington	807-826	1,117-1,137	1,257-1,277	-
2	Arbor Lake	975	1,150	1,350	-
8	Wellington Ridge	651 - 902	1,050 - 1,316	1,353 - 1,424	-
11	Village at Walkers Bend	-	-	1,303	1,634

Map I.D.	Project Name	Number of Baths			
		One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Arbours at Covington	1.0	2.0	2.0	-
2	Arbor Lake	1.0	2.0	2.0	-
8	Wellington Ridge	1.0	2.0	2.0	-
11	Village at Walkers Bend	-	-	2.0	2.0

The proposed development will be competitive with the existing LIHTC projects in the market based on unit size (square footage) and the number of baths offered.

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

COMPARABLE PROPERTIES AMENITIES - COVINGTON, 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	X		C		X	X	X				B		S	Exterior Storage
2	X	X		X	X		X		C		X	X					B		S	Exterior Storage
8	X	X	X	X	X		X		C	O	X	S	S				B		D(o),S	Exterior Storage
11	X	X	X	X	X	X	X		C		X	X	X				B		A,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		X	X	X	
2	X	X	X		X	X		X	X	X			X	X			X		
8	X	X	X	X		X		X	X	X			X	X		X			DVD Library
11		X	X		A	X		X					X		X				

◆ 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 subject project will offer a comprehensive unit and project amenity package, which will feature premium amenities such as microwaves which are not commonly offered among the existing comparable LIHTC projects surveyed and are expected to create a competitive advantage for the property. The subject project does not lack any key amenities that would adversely impact its marketability within the Covington market.

Comparable/Competitive Tax Credit Summary

Within the Site PMA, we surveyed three LIHTC properties which we consider comparable to and competitive with the subject project. These three properties have an overall occupancy rate of 100.0%. The subject project will be at least eight years newer than these existing properties and is expected to be of superior overall quality. The subject’s proposed gross rents will be some of the lowest in the market relative to those reported among similar unit types at the comparable LIHTC projects. The property will be very competitive in the way of unit design (i.e. square feet and number of bathrooms offered). In terms of amenities, the subject project will be slightly superior to the comparable properties surveyed, as premium features such as microwaves will create a competitive advantage for the property. Overall, the subject project is considered marketable as proposed and is expected to represent a value to low-income renters within the Covington Site PMA.

Comparable/Competitive Housing Impact

The anticipated occupancy rates of the existing comparable Tax Credit developments upon completion of the subject site are as follows:

Map I.D.	Project Name	Occupancy Rate	
		Current	Projected*
2	Arbor Lake	100.0%	95.0% +
8	Wellington Ridge	100.0%	95.0% +
11	Village at Walkers Bend	100.0%	95.0% +

*Projected occupancy rate at the time the subject project completes its initial lease-up

Considering the high occupancy rates reported among the existing comparable LIHTC projects and the depth of support for general-occupancy LIHTC product in this market (capture rate), we do not anticipate the development of the subject project having any significant impact on future occupancy rates among these existing properties. While it is possible that some tenants of these existing properties will choose to relocate to the subject project, any vacated units are expected to be quickly filled, assuming the property is properly marketed, given the depth of support within the Covington Site PMA.

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 \$154,985. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$154,985 home is \$933, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$154,985
Mortgaged Value = 95% of Median Home Price	\$147,236
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$746
Estimated Taxes and Insurance*	\$187
Estimated Monthly Mortgage Payment	\$933

*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$735 to \$975 per month. While some potential tenants of the subject project may be able to afford the cost of a typical monthly mortgage in the area, the number that could also afford the cost of a typical down payment, routine maintenance costs, and/or utility expenses associated with such a home is considered minimal. Additionally, the subject project is expected to primarily attract existing renter households which prefer renting over homeownership. Based on the preceding factors, we do not expect any competitive overlap with 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 guidelines that assume a 2020 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2020.

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 high occupancy rates and waiting lists maintained among the existing comparable LIHTC properties in the Covington Site PMA. The subject's competitive position among existing comparable product surveyed has also been considered in our absorption projections. We also consider the subject's capture rate, achievable market rents and assume that the developer and/or management will successfully market the project throughout the Site PMA.

Based on our analysis, it is our opinion that the 180 proposed units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately 18 months of opening. This absorption period is based on an average monthly absorption rate of approximately nine to ten units per month.

These absorption projections assume a May 2020 opening date. A different opening date may impact (positively or negatively) the absorption potential for the subject project. Further, these absorption projections assume the project will be built and operated 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. Note that Voucher support has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development ultimately receives.

Section J – Interviews

The following are summaries of interviews conducted with various local sources regarding the need for affordable housing within the Covington Site PMA.

- According to Dave Bernd, Vice President of the Covington, Newton County Office of Economic Development, there is always a need for new construction affordable housing in the Covington area. Mr. Bernd further explained that there has not been a new apartment complex building in the area for quite some time and there is a need for all levels of multifamily housing.
- Caroline Gerard, Property Manager at Wellington Ridge (Map ID 8), a general-occupancy LIHTC property in the Site PMA, stated that there is an overall need for more rental housing in Covington. Ms. Gerard said that a new Tax Credit property would likely do well, as her property and other Tax Credit properties in Covington are fully occupied. Ms. Gerard also believes that additional market-rate units would also be beneficial to the area. According to Ms. Gerard, two- and three-bedroom units are most in demand.
- Sherry Davis, Property Manager at Magnolia Heights Apartments (Map ID 6), stated that there is a strong need for more housing in Covington, including Tax Credit units. Ms. Davis continued to explain that the newest properties in the area were built in the early 2000's and that a new Tax Credit project would likely attract a lot of people as not everyone in the area can afford homes or market-rate rents. Ms. Davis said she receives at least 15 calls per day asking about vacancies and that she keeps a waiting list.
- Felicia Rockmore, is the Property Manager for Village at Walker's Bend (Map ID 11) and Harristown Park Apartments (Map ID 10), two LIHTC properties in the Site PMA. Ms. Rockmore stated that there is a strong need for additional affordable multifamily housing in the Covington area. The two properties Ms. Rockmore manages are set at 50%/60% AMHI and she expressed a specific need for more units set at lower AMHI levels in the area. Ms. Rockmore further stated that the two Tax Credit properties that she manages are 100.0% occupied with waiting lists up to four years, which is further indication of the need for additional affordable rental units in the area.

Section K – Conclusions & Recommendations

Based on the findings reported in our market study, it is our opinion that a market exists for the 180 general-occupancy LIHTC units proposed for the subject site, assuming it is developed as detailed in this report.

The proposed subject project will offer one- through three-bedroom units which will allow the project to appeal to both small and large household sizes. The subject units will be offered within three-story walk-up style residential buildings and will include a full kitchen appliance package, dedicated laundry area with washer/dryer hookups, and a patio/balcony area with exterior storage closets. This design is considered appropriate for the targeted general-occupancy population and is expected to have a positive impact on the property's overall marketability. In addition to the residential units, the subject project will also feature a centrally located community building and swimming pool. The community building will also feature an on-site management office, fitness center, and computer/business center. These project amenities are expected to enhance marketability of the subject project. Overall, the subject project is considered appropriate for and marketable to the targeted tenant population.

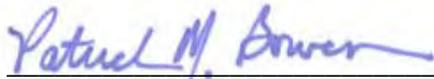
The subject project is considered very competitive with the three existing comparable LIHTC projects in the market, which are 100.0% occupied. The subject project will be at least eight years newer than the existing properties but will also offer some of the lowest gross Tax Credit rents among the comparable properties. The subject's unit size (square feet) and number of bathrooms, as well as the amenity package proposed, are also competitive with the existing comparable LIHTC projects. In fact, the inclusion of microwaves in the subject units is expected to create a slight competitive advantage for the property, as this feature is not commonly offered among the existing comparable LIHTC projects.

It is also important to note that one existing property, Park at Arlington (Map ID 7), is currently in the process of converting from LIHTC to market-rate. This property previously offered 128 units (one- to three-bedroom) set at the 60% AMHI level. The development of similar unit types at the subject site is expected to provide an affordable rental alternative to previous residents of this property which may become displaced due to this property converting to market-rate and increasing its rents.

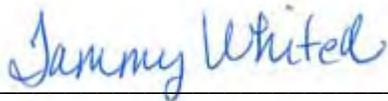
Considering the high occupancy rates reported among the existing comparable LIHTC projects and the depth of support for general-occupancy LIHTC product in this market (capture rate), we do not anticipate the development of the subject project having any significant impact on future occupancy rates among the existing comparable properties. While it is possible that some tenants of these existing properties will choose to relocate to the subject project, any vacated units are expected to be quickly filled, assuming the property is properly marketed, given the depth of support within the Covington Site PMA.

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 (GDCA) 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 GDCA market study manual and GDCA Qualified Action Plan.



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Date: January 28, 2019



Tammy Whited
Market Analyst
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Date: January 28, 2019



Craig Rupert
Market Analyst
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Date: January 28, 2019

Section M – Market Study Representation

The Georgia Department of Community Affairs (GDCA) 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 GDCA 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.

Company Leadership

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, since 1996. 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 has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

Desirée Johnson is the Director of Operations for Bowen National Research. Ms. Johnson is responsible for all client relations, the procurement of work contracts, and the overall supervision and day-to-day operations of the company. She has been involved in the real estate market research industry since 2006. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

Market Analysts

Christopher T. Bunch, Market Analyst has over ten years of professional experience in real estate, including five years of experience in the real estate market research field. Mr. Bunch is responsible for preparing market feasibility studies for a variety of clients. Mr. Bunch earned a bachelor's degree in Geography with a concentration in Urban and Regional Planning from Ohio University in Athens, Ohio.

Lisa Goff, 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.

Jeff Peters, Market Analyst, has conducted on-site inspection and analysis for rental properties throughout the country since 2014. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Peters graduated from The Ohio State University with a Bachelor of Arts in Economics.

Gregory Piduch, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Piduch holds a Bachelor of Arts in Communication and Rhetoric from the University of Albany, State University of New York and a Master of Professional Studies in Sports Industry Management from Georgetown University.

Craig Rupert, Market Analyst, has conducted market analysis in both urban and rural markets throughout the United States since 2010. Mr. Rupert is experienced in the evaluation of multiple types of housing programs, including market-rate, Tax Credit and various government subsidies and uses this knowledge and research to provide both qualitative and quantitative analysis. Mr. Rupert has a degree in Hospitality Management from Youngstown State University.

Jack Wiseman, Market Analyst, has conducted extensive market research in over 200 markets throughout the United States since 2007. 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, student housing, and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

Jude Warner, Market Analyst, is experienced in the assessment of housing operating under various programs throughout the country, as well as other development alternatives. He is also experienced in evaluating projects in the development pipeline and economic trends. Mr. Warner received his Bachelor's Degree in Marketing from St. Mary's University of Minnesota.

Tammy Whited, 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.

Faysal Ahmed, Market Analyst, has a background in multifamily property management. This experience has provided him with inside knowledge of the day-to-day operations of rental housing. Mr. Ahmed holds a Bachelor of Public Affairs from The Ohio State University and a Master of Science in Applied Economics from Southern New Hampshire University.

Zachary Seaman, Market Analyst, has experience in the property management industry and has managed a variety of rental housing types. He has the ability to analyze market and economic trends and conditions, as well as to assess a proposed site's ability to perform successfully in the market.

Research Staff

Bowen National Research employs a staff of in-house researchers who are experienced in the surveying and evaluation of all rental and for-sale housing types, as well as in conducting interviews and surveys with city officials, economic development offices, chambers of commerce, housing authorities and residents.

Stephanie Viren is the Research and Travel Coordinator 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 University.

Kelly Wiseman, Research Specialist Director, has significant experience in the evaluation and surveying of housing projects operating under a variety of programs. In addition, she has conducted numerous interviews with experts throughout the country, including economic development, planning, housing authorities and other stakeholders.

June Davis, Office Manager of Bowen National Research, has been in the market feasibility research industry since 1988. Ms. Davis has overseen production on over 20,000 market studies for projects throughout the United States.

ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

COVINGTON, 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.

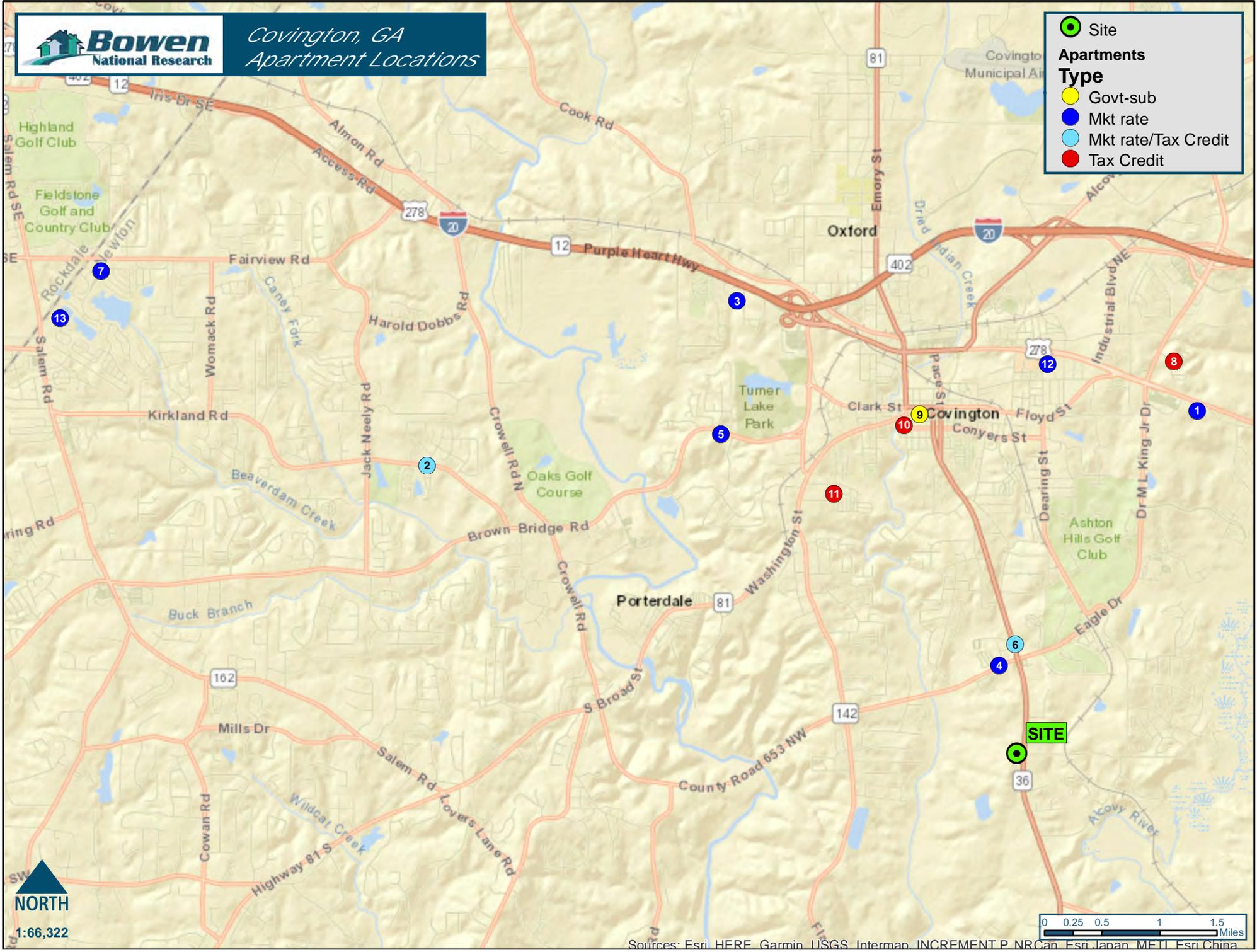


Covington, GA Apartment Locations

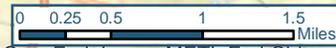
Site
 Site

Apartments Type

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



NORTH
 1:66,322



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China

MAP IDENTIFICATION LIST - COVINGTON, GEORGIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	Alcovy Terrace Apts.	MRR	C	1985	64	0	100.0%	3.6
2	Arbor Lake	MRT	A	2002	250	4	98.4%	6.7
3	Field Crest Walk Apts.	MRR	B	1987	250	4	98.4%	4.8
4	Park View	MRR	B	1993	100	3	97.0%	0.8
5	Leaf Stone	MRR	B	2001	232	5	97.8%	4.5
6	Magnolia Heights	MRT	B+	2000	200	0	100.0%	0.8
7	Park at Arlington	MRR	A-	2001	188	0	100.0%	9.7
8	Wellington Ridge	TAX	A	2002	220	0	100.0%	3.6
◆ 9	Covington Square	GSS	C+	1985	114	0	100.0%	2.7
◆ 10	Harristown Park	TAX	A	2011	60	0	100.0%	2.7
11	Village at Walkers Bend	TAX	A-	2012	32	0	100.0%	3.7
12	Willow Creek Apts.	MRR	C	1972	36	4	88.9%	3.4
13	Oxford Apts.	MRR	B+	1999	240	7	97.1%	10.4

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	7	1,110	23	97.9%	0
MRT	2	450	4	99.1%	0
TAX	3	312	0	100.0%	0
GSS	1	114	0	100.0%	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)

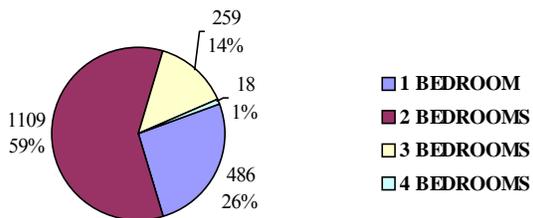
Survey Date: December 2018

DISTRIBUTION OF UNITS - COVINGTON, GEORGIA

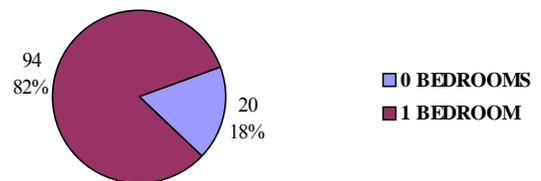
MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	361	28.3%	7	1.9%	\$1,026
2	1	213	16.7%	4	1.9%	\$1,187
2	1.5	32	2.5%	0	0.0%	\$581
2	2	512	40.2%	13	2.5%	\$1,202
3	2	157	12.3%	3	1.9%	\$1,356
TOTAL		1,275	100.0%	27	2.1%	
TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	125	20.9%	0	0.0%	\$874
2	2	352	59.0%	0	0.0%	\$1,048
3	2	102	17.1%	0	0.0%	\$1,211
4	2	18	3.0%	0	0.0%	\$995
TOTAL		597	100.0%	0	0.0%	
GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
0	1	20	17.5%	0	0.0%	N.A.
1	1	94	82.5%	0	0.0%	N.A.
TOTAL		114	100.0%	0	0.0%	
GRAND TOTAL		1,986	-	27	1.4%	

DISTRIBUTION OF UNITS BY BEDROOM

NON-SUBSIDIZED



SUBSIDIZED



SURVEY OF PROPERTIES - COVINGTON, GEORGIA

1 Alcovy Terrace Apts.			
	Address 10144 Henderson Dr. Covington, GA 30014	Phone (770) 787-5323 (Contact in person)	Total Units 64
	Year Built 1985 Comments Does not accept HCV; Higher priced 2-br/1-ba units have washer/dryer hookups	Contact Joe	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating C
Waiting List None			
2 Arbor Lake			
	Address 431 Kirkland Rd. Covington, GA 30016	Phone (888) 693-5921 (Contact in person)	Total Units 250
	Year Built 2002 Comments Market-rate (48 units); 60% AMHI (202 units); HCV (53 units); Higher rent for 3-br due to updates; Unit mix estimated by management	Contact Shannon	Vacancies 4 Occupied 98.4% Floors 2,3 Quality Rating A
Waiting List None			
3 Field Crest Walk Apts.			
	Address 10238 Fieldcrest Walk NW Covington, GA 30014	Phone (770) 786-0445 (Contact in person)	Total Units 250
	Year Built 1987 Comments Does not accept HCV; Built in phases 1987-2001; 125 units have fireplaces; Higher rent for renovated units; Eight 2-br damaged by fire property will not be renovating them	Contact Kaitlyn	Vacancies 4 Occupied 98.4% Floors 2 Quality Rating B
Waiting List None			
4 Park View			
	Address 10920 By Pass Rd. Covington, GA 30014	Phone (770) 786-8500 (Contact in person)	Total Units 100
	Year Built 1993 Renovated 2010 Comments Does not accept HCV; Renovated units have disposal, microwaves, icemaker & ceiling fans; Rent range due to renovations	Contact Richie	Vacancies 3 Occupied 97.0% Floors 2,3 Quality Rating B
Waiting List None			
5 Leaf Stone			
	Address 10100 Brown Bridge Rd. Covington, GA 30014	Phone (770) 784-8044 (Contact in person)	Total Units 232
	Year Built 2001 Comments Does not accept HCV; Rent range due to upgrades	Contact Heather	Vacancies 5 Occupied 97.8% Floors 2,3 Quality Rating B
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: December 2018

SURVEY OF PROPERTIES - COVINGTON, GEORGIA

6 Magnolia Heights			
	Address 10156 Magnolia Heights Cir. Covington, GA 30014	Phone (770) 786-0458 (Contact in person)	Total Units 200
	Year Built 2000	Contact Tammy	Vacancies 0
	Comments Market-rate (117 units); 50% AMHI (83 units); Accepts HCV; HUD Insured		Occupied 100.0%
			Floors 2,3
			Quality Rating B+
			Waiting List 15 households
7 Park at Arlington			
	Address 30 Grosslake Pkwy. Covington, GA 30016	Phone (678) 342-7144 (Contact in person)	Total Units 188
	Year Built 2001	Contact Anna	Vacancies 0
	Comments Does not accept HCV; Unit mix estimated		Occupied 100.0%
			Floors 2,3
			Quality Rating A-
			Waiting List 4 households
8 Wellington Ridge			
	Address 9145 Wellington Dr. Covington, GA 30016	Phone (678) 625-2777 (Contact in person)	Total Units 220
	Year Built 2002	Contact Caroline	Vacancies 0
	Comments 60% AMHI; Accepts HCV; HUD Insured; Select units have ceiling fans & patio/balcony; Some units have enclosed sunroom		Occupied 100.0%
			Floors 3,4
			Quality Rating A
			Waiting List None
9 Covington Square			
	Address 2101 Washington St. SW Covington, GA 30014	Phone (770) 786-3227 (Contact in person)	Total Units 114
	Year Built 1985	Contact Sandra	Vacancies 0
	Comments HUD Section 202		Occupied 100.0%
			Floors 6
			Quality Rating C+
			Senior Restricted (62+) Waiting List 25-30 households
10 Harristown Park			
	Address 2135 Reynolds St. SW Covington, GA 30014	Phone (678) 625-3235 (Contact in person)	Total Units 60
	Year Built 2011	Contact Felcia	Vacancies 0
	Comments 50% & 60% AMHI; HCV (6 units); Select units have patio/balcony; Two handicap units have E-call button; Waitlist shared with sister property; Unit mix estimated		Occupied 100.0%
			Floors 1,4
			Quality Rating A
			Senior Restricted (55+) Waiting List 3-4 years

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: December 2018

SURVEY OF PROPERTIES - COVINGTON, GEORGIA

11 Village at Walkers Bend			
	Address 5978 Everett St. SW Covington, GA 30014	Phone (770) 385-5228 (Contact in person)	Total Units 32
	Year Built 2012	Contact Felicia	Vacancies 0
	Comments 50% & 60% AMHI; HCV (4 units); Waitlist shared with sister property		Occupied 100.0%
			Floors 1,2
			Quality Rating A-
			Single-Family Homes Waiting List
			3-4 years
12 Willow Creek Apts.			
	Address 5142 Bede Dr. NE Covington, GA 30014	Phone (770) 771-8922 (Contact in person)	Total Units 36
	Year Built 1972	Contact Dexter	Vacancies 4
	Comments HCV (2 units); 2-br have central AC		Occupied 88.9%
			Floors 2
			Quality Rating C
			Waiting List
			None
13 Oxford Apts.			
	Address 50 Greenleaf Rd. Conyers, GA 30013	Phone (770) 788-1165 (Contact in person)	Total Units 240
	Year Built 1999 Renovated 2018	Contact Laurie	Vacancies 7
	Comments Does not accept HCV; HUD Insured; Rent range based on unit location; Unit mix estimated		Occupied 97.1%
			Floors 2,3
			Quality Rating B+
			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: December 2018

COLLECTED RENTS - COVINGTON, GEORGIA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1			\$490 to \$520						
2		\$745 to \$998	\$973 to \$1111	\$950 to \$1183					
3		\$861 to \$1111	\$875 to \$1186						
4		\$661 to \$686	\$731 to \$786	\$861 to \$886					
5		\$895 to \$995	\$975 to \$1065	\$1145 to \$1260					
6		\$635 to \$700	\$760 to \$790	\$873 to \$890					
7		\$900 to \$950	\$1070 to \$1100	\$1170 to \$1200					
8		\$748	\$896	\$1025					
10		\$501 to \$528	\$592 to \$603						
11				\$645 to \$725					\$674 to \$765
12		\$600	\$700						
13		\$940 to \$955	\$1035 to \$1085	\$1355					

◆	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: December 2018

PRICE PER SQUARE FOOT - COVINGTON, GEORGIA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Field Crest Walk Apts.	1	864	\$987 to \$1237	\$1.14 to \$1.43
4	Park View	1	736	\$787 to \$812	\$1.07 to \$1.10
5	Leaf Stone	1	816	\$1006 to \$1106	\$1.23 to \$1.36
7	Park at Arlington	1	794 to 850	\$1026 to \$1076	\$1.27 to \$1.29
12	Willow Creek Apts.	1	475	\$726	\$1.53
13	Oxford Apts.	1	636 to 722	\$1066 to \$1081	\$1.50 to \$1.68
2	Arbor Lake	1	975	\$871 to \$1124	\$0.89 to \$1.15
6	Magnolia Heights	1	975	\$708 to \$773	\$0.73 to \$0.79
8	Wellington Ridge	1	651 to 902	\$874	\$0.97 to \$1.34
10	Harristown Park	1	750	\$612 to \$639	\$0.82 to \$0.85
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
1	Alcovy Terrace Apts.	1	782	\$576 to \$606	\$0.74 to \$0.77
		1.5	782	\$581 to \$591	\$0.74 to \$0.76
3	Field Crest Walk Apts.	1	930 to 980	\$1027 to \$1288	\$1.10 to \$1.31
		2	980 to 1280	\$1038 to \$1338	\$1.05 to \$1.06
4	Park View	1 to 2	880	\$883 to \$938	\$1.00 to \$1.07
5	Leaf Stone	2	1072	\$1112 to \$1202	\$1.04 to \$1.12
7	Park at Arlington	2	1119 to 1176	\$1222 to \$1252	\$1.06 to \$1.09
12	Willow Creek Apts.	1	600	\$852	\$1.42
13	Oxford Apts.	1 to 2	894 to 1051	\$1187 to \$1237	\$1.18 to \$1.33
2	Arbor Lake	2	1150	\$1125 to \$1263	\$0.98 to \$1.10
6	Magnolia Heights	2	1150	\$848 to \$878	\$0.74 to \$0.76
8	Wellington Ridge	2	1050 to 1316	\$1048	\$0.80 to \$1.00
10	Harristown Park	2	900	\$729 to \$740	\$0.81 to \$0.82
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
4	Park View	2	1152	\$1047 to \$1072	\$0.91 to \$0.93
5	Leaf Stone	2	1292	\$1316 to \$1431	\$1.02 to \$1.11
7	Park at Arlington	2	1320 to 1365	\$1356 to \$1386	\$1.02 to \$1.03
13	Oxford Apts.	2	1304	\$1541	\$1.18
2	Arbor Lake	2	1350	\$1136 to \$1369	\$0.84 to \$1.01
6	Magnolia Heights	2	1350	\$979 to \$996	\$0.73 to \$0.74
8	Wellington Ridge	2	1353 to 1424	\$1211	\$0.85 to \$0.90
11	Village at Walkers Bend	2	1303	\$831 to \$911	\$0.64 to \$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: December 2018



PRICE PER SQUARE FOOT - COVINGTON, GEORGIA

FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
11	Village at Walkers Bend	2	1634	\$904 to \$995	\$0.55 to \$0.61

◆	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: December 2018

AVERAGE GROSS RENT PER SQUARE FOOT - COVINGTON, GEORGIA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.32	\$1.06	\$1.02
TOWNHOUSE	\$0.00	\$0.00	\$0.00

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.02	\$0.89	\$0.84
TOWNHOUSE	\$0.00	\$0.00	\$0.00

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.24	\$1.01	\$0.95
TOWNHOUSE	\$0.00	\$0.00	\$0.00

TAX CREDIT UNITS - COVINGTON, GEORGIA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 10	Harristown Park	2	750	1	50%	\$501
◆ 10	Harristown Park	10	750	1	60%	\$528
6	Magnolia Heights	13	975	1	50%	\$635
2	Arbor Lake	30	975	1	60%	\$745
8	Wellington Ridge	70	651 - 902	1	60%	\$748
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 10	Harristown Park	7	900	2	50%	\$592
◆ 10	Harristown Park	41	900	2	60%	\$603
6	Magnolia Heights	60	1150	2	50%	\$760
8	Wellington Ridge	122	1050 - 1316	2	60%	\$896
2	Arbor Lake	122	1150	2	60%	\$973
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
11	Village at Walkers Bend	2	1303	2	50%	\$645
11	Village at Walkers Bend	12	1303	2	60%	\$725
6	Magnolia Heights	10	1350	2	50%	\$873
2	Arbor Lake	50	1350	2	60%	\$950 - \$1056
8	Wellington Ridge	28	1353 - 1424	2	60%	\$1025
FOUR-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
11	Village at Walkers Bend	3	1634	2	50%	\$674
11	Village at Walkers Bend	15	1634	2	60%	\$765

◆ - Senior Restricted

QUALITY RATING - COVINGTON, GEORGIA

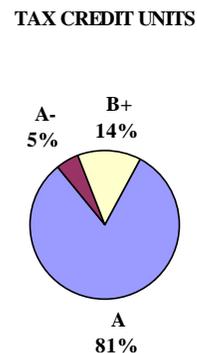
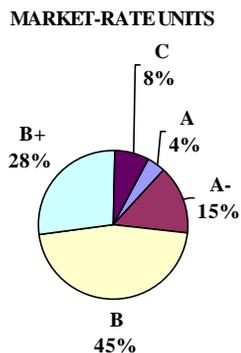
MARKET-RATE PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	1	48	8.3%		\$1,124	\$1,263	\$1,369	
A-	1	188	0.0%		\$1,026	\$1,222	\$1,356	
B+	2	357	2.0%		\$1,066	\$1,187	\$1,541	
B	3	582	2.1%		\$1,006	\$1,112	\$1,072	
C	2	100	4.0%		\$726	\$591		

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	3	482	0.0%		\$874	\$1,048	\$1,211	
A-	1	32	0.0%				\$911	\$995
B+	1	83	0.0%		\$708	\$848	\$979	

DISTRIBUTION OF UNITS BY QUALITY RATING



YEAR BUILT - COVINGTON, GEORGIA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	1	36	4	11.1%	36	1.9%
1980 to 1989	2	314	4	1.3%	350	16.8%
1990 to 1999	2	340	10	2.9%	690	18.2%
2000 to 2005	5	1090	9	0.8%	1780	58.2%
2006 to 2010	0	0	0	0.0%	1780	0.0%
2011	1	60	0	0.0%	1840	3.2%
2012	1	32	0	0.0%	1872	1.7%
2013	0	0	0	0.0%	1872	0.0%
2014	0	0	0	0.0%	1872	0.0%
2015	0	0	0	0.0%	1872	0.0%
2016	0	0	0	0.0%	1872	0.0%
2017	0	0	0	0.0%	1872	0.0%
2018**	0	0	0	0.0%	1872	0.0%
TOTAL	12	1872	27	1.4%	1872	100.0 %

YEAR RENOVATED - COVINGTON, 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	0	0	0	0.0%	0	0.0%
1990 to 1999	0	0	0	0.0%	0	0.0%
2000 to 2005	0	0	0	0.0%	0	0.0%
2006 to 2010	1	100	3	3.0%	100	29.4%
2011	0	0	0	0.0%	100	0.0%
2012	0	0	0	0.0%	100	0.0%
2013	0	0	0	0.0%	100	0.0%
2014	0	0	0	0.0%	100	0.0%
2015	0	0	0	0.0%	100	0.0%
2016	0	0	0	0.0%	100	0.0%
2017	0	0	0	0.0%	100	0.0%
2018**	1	240	7	2.9%	340	70.6%
TOTAL	2	340	10	2.9%	340	100.0 %

Note: The upper table (Year Built) includes all of the units included in the lower table.

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

** As of December 2018

APPLIANCES AND UNIT AMENITIES - COVINGTON, GEORGIA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	12	100.0%	1,872
REFRIGERATOR	12	100.0%	1,872
ICEMAKER	7	58.3%	1,084
DISHWASHER	10	83.3%	1,772
DISPOSAL	10	83.3%	1,772
MICROWAVE	3	25.0%	192
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	12	100.0%	1,872
AC - WINDOW	1	8.3%	36
FLOOR COVERING	12	100.0%	1,872
WASHER/DRYER	2	16.7%	300
WASHER/DRYER HOOK-UP	12	100.0%	1,872
PATIO/DECK/BALCONY	9	75.0%	1,548
CEILING FAN	9	75.0%	1,358
FIREPLACE	1	8.3%	250
BASEMENT	0	0.0%	
INTERCOM SYSTEM	1	8.3%	60
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	12	100.0%	1,872
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	1	8.3%	60

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

PROJECT AMENITIES - COVINGTON, GEORGIA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	8	66.7%	1,680
ON-SITE MANAGEMENT	12	100.0%	1,872
LAUNDRY	10	83.3%	1,776
CLUB HOUSE	3	25.0%	648
MEETING ROOM	4	33.3%	378
FITNESS CENTER	9	75.0%	1,522
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	8	66.7%	1,462
COMPUTER LAB	6	50.0%	994
SPORTS COURT	5	41.7%	1,160
STORAGE	0	0.0%	
LAKE	3	25.0%	740
ELEVATOR	1	8.3%	60
SECURITY GATE	4	33.3%	858
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	5	41.7%	1,192
PICNIC AREA	7	58.3%	1,032
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	1	8.3%	250

DISTRIBUTION OF UTILITIES - COVINGTON, GEORGIA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
LANDLORD			
ELECTRIC	1	114	5.7%
TENANT			
ELECTRIC	12	1,872	94.3%
			100.0%
COOKING FUEL			
LANDLORD			
ELECTRIC	1	114	5.7%
TENANT			
ELECTRIC	12	1,872	94.3%
			100.0%
HOT WATER			
LANDLORD			
ELECTRIC	1	114	5.7%
TENANT			
ELECTRIC	11	1,672	84.2%
GAS	1	200	10.1%
			100.0%
ELECTRIC			
LANDLORD	1	114	5.7%
TENANT	12	1,872	94.3%
			100.0%
WATER			
LANDLORD	3	378	19.0%
TENANT	10	1,608	81.0%
			100.0%
SEWER			
LANDLORD	3	378	19.0%
TENANT	10	1,608	81.0%
TRASH PICK-UP			
LANDLORD	4	470	23.7%
TENANT	9	1,516	76.3%
			100.0%

UTILITY ALLOWANCE - COVINGTON, GEORGIA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$6	\$12		\$8	\$3	\$9	\$2	\$5	\$20	\$18	\$18	\$15	\$20
1	GARDEN	\$10	\$17		\$9	\$4	\$14	\$3	\$8	\$29	\$21	\$22	\$15	\$20
1	TOWNHOUSE	\$11	\$18		\$9	\$4	\$14	\$3	\$8	\$30	\$21	\$22	\$15	\$20
2	GARDEN	\$12	\$20		\$11	\$6	\$19	\$3	\$10	\$37	\$25	\$26	\$15	\$20
2	TOWNHOUSE	\$13	\$23		\$11	\$6	\$19	\$3	\$10	\$38	\$25	\$26	\$15	\$20
3	GARDEN	\$15	\$26		\$16	\$7	\$24	\$4	\$12	\$46	\$30	\$33	\$15	\$20
3	TOWNHOUSE	\$17	\$29		\$16	\$7	\$24	\$4	\$12	\$47	\$30	\$33	\$15	\$20
4	GARDEN	\$20	\$31		\$20	\$8	\$29	\$5	\$15	\$57	\$36	\$40	\$15	\$20
4	TOWNHOUSE	\$21	\$36		\$20	\$8	\$29	\$5	\$15	\$59	\$36	\$40	\$15	\$20

GA-North Region (1/2018)

Survey Date: December 2018

ADDENDUM B:

**COMPARABLE
PROPERTY PROFILES**

4 Park View

0.8 miles to site



Address	10920 By Pass Rd. Covington, GA 30014		
Phone	(770) 786-8500	Contact	Richie
Total Units	100	Vacancies	3
		Percent Occupied	97.0%
Project Type	Market-Rate		
Year Open	1993	Renovated	2010
		Floors	2,3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	B	Neighborhood Rating	B
Remarks	Does not accept HCV; Renovated units have disposal, microwaves, icemaker & ceiling fans; Rent range due to renovations		



Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Fitness Center, Playground, Picnic Area

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
1	1	G	10	0	736	\$0.90 - \$0.93	\$661 to \$686
2	1 to 2	G	55	2	880	\$0.83 - \$0.89	\$731 to \$786
3	2	G	35	1	1152	\$0.75 - \$0.77	\$861 to \$886

5 Leaf Stone

4.5 miles to site



Address	10100 Brown Bridge Rd. Covington, GA 30014		
Phone	(770) 784-8044	Contact	Heather
Total Units	232	Vacancies	5
		Percent Occupied	97.8%
Project Type	Market-Rate		
Year Open	2001	Floors	2,3
Concessions	No Rent Specials		
Parking	Detached Garages, Surface Parking		
Waiting List	NONE		
Quality Rating	B	Neighborhood Rating	B
Remarks	Does not accept HCV; Rent range due to upgrades		

Features and Utilities

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Icemaker, 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

Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	72	2	816	\$1.10 - \$1.22	\$895 to \$995
2	2	G	124	3	1072	\$0.91 - \$0.99	\$975 to \$1065
3	2	G	36	0	1292	\$0.89 - \$0.98	\$1145 to \$1260

7 Park at Arlington

9.7 miles to site



Address	30 Grosslake Pkwy. Covington, GA 30016		
Phone	(678) 342-7144	Contact	Anna
Total Units	188	Vacancies	0
		Percent Occupied	100.0%
Project Type	Market-Rate		
Year Open	2001	Floors	2,3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	4 households		
Quality Rating	A-	Neighborhood Rating	A
Remarks	Does not accept HCV; Unit mix estimated		



Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Tennis Court(s), Security Gate, Picnic Area, Gazebo; Dog Park

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
1	1	G	18	0	850	\$1.12	\$950
1	1	G	44	0	794	\$1.13	\$900
2	2	G	34	0	1176	\$0.94	\$1100
2	2	G	68	0	1119	\$0.96	\$1070
3	2	G	8	0	1365	\$0.88	\$1200
3	2	G	16	0	1320	\$0.89	\$1170

13 Oxford Apts.

10.4 miles to site



Address	50 Greenleaf Rd. Conyers, GA 30013		
Phone	(770) 788-1165	Contact	Laurie
Total Units	240	Vacancies	7
		Percent Occupied	97.1%
Project Type	Market-Rate		
Year Open	1999	Renovated	2018
		Floors	2,3
Concessions	No Rent Specials		
Parking	Detached Garages, Surface Parking		
Waiting List	NONE		
Quality Rating	B+	Neighborhood Rating	B
Remarks	Offers Tennis; Does not accept HCV; HUD Insured; Rent range based on unit location; Unit mix estimated		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Wood Flooring, Washer & Dryer, 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, Tennis Court(s), Sports Court, Storage, Lake, Car Wash Area, Gazebo

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	60	2	636 to 722	\$1.32 - \$1.48	\$940 to \$955
2	1 to 2	G	144	3	894 to 1051	\$1.03 - \$1.16	\$1035 to \$1085
3	2	G	36	2	1304	\$1.04	\$1355

2 Arbor Lake

6.7 miles to site



Address	431 Kirkland Rd. Covington, GA 30016		
Phone	(888) 693-5921	Contact	Shannon
Total Units	250	Vacancies	4
		Percent Occupied	98.4%
Project Type	Market-Rate & Tax Credit		
Year Open	2002	Floors	2,3
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	A	Neighborhood Rating	A
Remarks	Market-rate (48 units); 60% AMHI (202 units); HCV (53 units); Higher rent for 3-br due to updates; Unit mix estimated by management		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds, Exterior Storage
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Tennis Court(s), Sports Court, Lake, Security Gate, Computer Lab, Car Wash Area, Social Services

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	8	0	975	\$1.02	\$998	
1	1	G	30	0	975	\$0.76	\$745	60%
2	2	G	28	4	1150	\$0.97	\$1111	
2	2	G	122	0	1150	\$0.85	\$973	60%
3	2	G	12	0	1350	\$0.88	\$1183	
3	2	G	50	0	1350	\$0.70 - \$0.78	\$950 to \$1056	60%

8 Wellington Ridge

3.6 miles to site



Address	9145 Wellington Dr. Covington, GA 30016		
Phone	(678) 625-2777	Contact	Caroline
Total Units	220	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2002	Floors	3,4
Concessions	No Rent Specials		
Parking	Detached Garages, Surface Parking		
Waiting List	NONE		
Quality Rating	A	Neighborhood Rating	A
Remarks	60% AMHI; Accepts HCV; HUD Insured; Select units have ceiling fans & patio/balcony; Some units have enclosed sunroom		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Icemaker, 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, Club House, Fitness Center, Playground, Tennis Court(s), Sports Court, Security Gate, Computer Lab, Car Wash Area, Picnic Area, DVD Library

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	70	0	651 to 902	\$0.83 - \$1.15	\$748	60%
2	2	G	122	0	1050 to 1316	\$0.68 - \$0.85	\$896	60%
3	2	G	28	0	1353 to 1424	\$0.72 - \$0.76	\$1025	60%

11 Village at Walkers Bend

3.7 miles to site



Address	5978 Everett St. SW Covington, GA 30014		
Phone	(770) 385-5228	Contact	Felicia
Total Units	32	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2012	Floors	1,2
Concessions	No Rent Specials		
Parking	Attached Garages, Surface Parking		
Waiting List	3-4 years		
Quality Rating	A-	Neighborhood Rating	B
Remarks	50% & 60% AMHI; HCV (4 units); Waitlist shared with sister property		



Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Computer Lab, Picnic Area

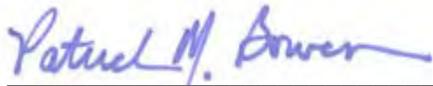
Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
3	2	G	12	0	1303	\$0.56	\$725	60%
3	2	G	2	0	1303	\$0.50	\$645	50%
4	2	T	15	0	1634	\$0.47	\$765	60%
4	2	T	3	0	1634	\$0.41	\$674	50%

Addendum C – NCHMA 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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Date: January 28, 2019

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>.

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	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	N/A
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	E
27.	Households by tenure	E
Competitive Environment		
28.	Comparable property profiles	Addendum B
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
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 & Addendum E
45.	Derivation of Achievable Market Rent and Market Advantage	Addendum E
46.	Derivation of Achievable Restricted Rent	N/A
47.	Precise statement of key conclusions	A
48.	Market strengths and weaknesses impacting project	A
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	A
53.	Interviews with area housing stakeholders	J

CHECKLIST (Continued)

Other Requirements		Section (s)
54.	Preparation date of report	Title Page
55.	Date of Field Work	Addendum A
56.	Certifications	L
57.	Statement of qualifications	N
58.	Sources of data not otherwise identified	Addendum 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 Covington, Georgia by Merchants Capital (developer).

This market feasibility analysis complies with the requirements established by the Georgia Department of Community Affairs (GDCA) 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, as well as projections that determine what the characteristics of the market will be when the project opens and after it 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 (GDCA)
- 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

Addendum E – Achievable Market Rent Analysis

A. INTRODUCTION

We identified five market-rate properties within the Covington Site PMA that we consider most comparable to the proposed subject development. These selected properties are used to derive market rents 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
- Target market (seniors, families, disabled, etc.)
- Unit types offered (garden or townhouse, bedroom types, etc.)
- Building type (single-story, midrise, 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 rents (the actual rents 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, then 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.

It is important to note that one or more of the selected properties may be more similar to the subject property than others. These properties are given more weight in terms of reaching the final achievable market rent determination. While monetary adjustments are made for various unit and project features, the final market rent determination is based upon the judgments of our market analysts.

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	Arbours at Covington	2020	180	-	30 (-)	96 (-)	54 (-)
2	Arbor Lake	2002	48*	91.7%	8 (100.0%)	28 (85.7%)	12 (100.0%)
4	Park View	1993 / 2010	100	97.0%	10 (100.0%)	55 (96.4%)	35 (97.1%)
5	Leaf Stone	2001	232	97.8%	72 (97.2%)	124 (97.6%)	36 (100.0%)
7	Park at Arlington	2001	188	100.0%	62 (100.0%)	102 (100.0%)	24 (100.0%)
13	Oxford Apts.	1999 / 2018	240	97.1%	60 (96.7%)	144 (97.9%)	36 (94.4%)

Occ. – Occupancy

*Market-rate units only

The five selected market-rate projects have a combined total of 808 units with an overall occupancy rate of 97.6%. None of the comparable properties has an occupancy rate below 91.7% indicating that these properties are well-received within the market and will serve as accurate benchmarks with which to compare the subject site.

The Rent Comparability Grids on the following pages show the collected rents for each of the selected properties and illustrate 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 subject development.

Rent Comparability Grid

Unit Type →

ONE-BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Arbours at Covington		Arbor Lake		Park View		Leaf Stone		Park at Arlington		Oxford Apts.	
State Route 36 and Piper Road		431 Kirkland Rd.		10920 By Pass Rd.		10100 Brown Bridge Rd.		30 Grosslake Pkwy.		50 Greenleaf Rd.	
Covington, GA		Covington, GA		Covington, GA		Covington, GA		Covington, GA		Conyers, GA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$998		\$686		\$995		\$900		\$955	
2	Date Surveyed	Nov-18		Dec-18		Nov-18		Nov-18		Nov-18	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		100%		97%		100%		97%	
5	Effective Rent & Rent/ sq. ft	\$998	1.02	\$686	0.93	\$995	1.22	\$900	1.13	\$955	1.32
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/3		WU/2,3		WU/2,3		WU/2,3		WU/2,3	
7	Yr. Built/Yr. Renovated	2020	\$18	1993/2010	\$18	2001	\$19	2001	\$19	1999/2018	\$11
8	Condition/Street Appeal	E		G	\$15	G	\$15	E		G	\$15
9	Neighborhood	G	(\$10)	G		G		E	(\$10)	G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	807	(\$47)	736	\$20	816	(\$3)	794	\$4	722	\$24
14	Balcony/Patio	Y		N	\$5	Y		N	\$5	Y	
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	Y/Y	\$5	Y/Y		N/Y	\$5	N/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU	(\$5)	HU/L	(\$5)	HU/L	(\$5)	HU/L	(\$5)	W/D	(\$25)
19	Floor Coverings	C		C		C		C		W	
20	Window Coverings	B		B		B		B		B	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		Y		Y		Y	
23	Ceiling Fans/Storage	Y/Y	\$10	Y/N	\$5	Y/Y		Y/N	\$5	Y/Y	
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		Y		Y		Y	
26	Security Features	N	(\$5)	N		N		Y	(\$5)	N	
27	Community Space	Y		N	\$5	N	\$5	Y		Y	
28	Pool/Recreation Areas	P/F	(\$3)	P/F		P/F		P/F/G	(\$3)	P/F/S/G	(\$6)
29	Computer/Business Center	Y		N	\$3	Y		N	\$3	N	\$3
30	Picnic Area	Y	\$3	Y		Y		Y		N	\$3
31	Playground	Y		Y		Y		Y		Y	
32	Social Services	Y		N	\$10	N	\$10	N	\$10	N	\$10
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	N/N		N/N		N/N		N/N		N/N	
39	Trash/Recycling	Y/N	\$15	N/N	\$15	Y/N		N/N	\$15	N/N	\$15
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	4	5	8	1	5	2	7	4	7	2
41	Sum Adjustments B to D	\$36	(\$70)	\$81	(\$5)	\$54	(\$8)	\$51	(\$23)	\$71	(\$31)
42	Sum Utility Adjustments	\$15		\$15				\$15		\$15	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$19)	\$121	\$91	\$101	\$46	\$62	\$43	\$89	\$55	\$117
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$979		\$777		\$1,041		\$943		\$1,010	
45	Adj Rent/Last rent		98%		113%		105%		105%		106%
46	Estimated Market Rent	\$1,005		\$1.25		← Estimated Market Rent/ Sq. Ft					

Rent Comparability Grid

Unit Type →

TWO-BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Arbours at Covington		Arbor Lake		Park View		Leaf Stone		Park at Arlington		Oxford Apts.	
State Route 36 and Piper Road		431 Kirkland Rd.		10920 By Pass Rd.		10100 Brown Bridge Rd.		30 Grosslake Pkwy.		50 Greenleaf Rd.	
Covington, GA		Covington, GA		Covington, GA		Covington, GA		Covington, GA		Conyers, GA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,111		\$786		\$1,065		\$1,070		\$1,085	
2	Date Surveyed	Nov-18		Dec-18		Nov-18		Nov-18		Nov-18	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	86%		96%		98%		100%		98%	
5	Effective Rent & Rent/ sq. ft	\$1,111	0.97	\$786	0.89	\$1,065	0.99	\$1,070	0.96	\$1,085	1.03
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/3		WU/2,3		WU/2,3		WU/2,3		WU/2,3	
7	Yr. Built/Yr. Renovated	2020	\$18	1993/2010	\$18	2001	\$19	2001	\$19	1999/2018	\$11
8	Condition/Street Appeal	E		G	\$15	G	\$15	E		G	\$15
9	Neighborhood	G	(\$10)	G		G		E	(\$10)	G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2		2		2	
12	# Baths	2		2		2		2		2	
13	Unit Interior Sq. Ft.	1117	(\$8)	880	\$58	1072	\$11	1119	(\$0)	1051	\$16
14	Balcony/Patio	Y		N	\$5	Y		N	\$5	Y	
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	Y/Y	\$5	Y/Y		N/Y	\$5	N/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU	(\$5)	HU/L	(\$5)	HU/L	(\$5)	HU/L	(\$5)	W/D	(\$25)
19	Floor Coverings	C		C		C		C		W	
20	Window Coverings	B		B		B		B		B	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		Y		Y		Y	
23	Ceiling Fans/Storage	Y/Y	\$10	Y/N	\$5	Y/Y		Y/N	\$5	Y/Y	
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		Y		Y		Y	
26	Security Features	N	(\$5)	N		N		Y	(\$5)	N	
27	Community Space	Y		N	\$5	N	\$5	Y		Y	
28	Pool/Recreation Areas	P/F	(\$3)	P/F		P/F		P/F/G	(\$3)	P/F/S/G	(\$6)
29	Computer/Business Center	Y		N	\$3	Y		N	\$3	N	\$3
30	Picnic Area	Y	\$3	Y		Y		Y		N	\$3
31	Playground	Y		Y		Y		Y		Y	
32	Social Services	Y		N	\$10	N	\$10	N	\$10	N	\$10
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	N/N		N/N		N/N		N/N		N/N	
39	Trash/Recycling	Y/N	\$15	N/N	\$15	Y/N		N/N	\$15	N/N	\$15
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	4	5	8	1	6	1	6	5	7	2
41	Sum Adjustments B to D	\$36	(\$31)	\$119	(\$5)	\$65	(\$5)	\$47	(\$23)	\$63	(\$31)
42	Sum Utility Adjustments	\$15		\$15				\$15		\$15	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$20	\$82	\$129	\$139	\$60	\$70	\$39	\$85	\$47	\$109
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,131		\$915		\$1,125		\$1,109		\$1,132	
45	Adj Rent/Last rent		102%		116%		106%		104%		104%
46	Estimated Market Rent	\$1,130		\$1.01							

← Estimated Market Rent/ Sq. Ft

Rent Comparability Grid

Unit Type → **THREE-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Arbours at Covington		Arbor Lake		Park View		Leaf Stone		Park at Arlington		Oxford Apts.	
State Route 36 and Piper Road		431 Kirkland Rd.		10920 By Pass Rd.		10100 Brown Bridge Rd.		30 Grosslake Pkwy.		50 Greenleaf Rd.	
Covington, GA		Covington, GA		Covington, GA		Covington, GA		Covington, GA		Conyers, GA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,183		\$886		\$1,260		\$1,170		\$1,355	
2	Date Surveyed	Nov-18		Dec-18		Nov-18		Nov-18		Nov-18	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		97%		100%		100%		94%	
5	Effective Rent & Rent/ sq. ft	\$1,183	0.88	\$886	0.77	\$1,260	0.98	\$1,170	0.89	\$1,355	1.04
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/3		WU/2,3		WU/2,3		WU/2,3		WU/2,3	
7	Yr. Built/Yr. Renovated	2020	\$18	1993/2010	\$18	2001	\$19	2001	\$19	1999/2018	\$11
8	Condition/Street Appeal	E		G	\$15	G	\$15	E		G	\$15
9	Neighborhood	G	(\$10)	G		G		E	(\$10)	G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		3		3		3		3	
12	# Baths	2		2		2		2		2	
13	Unit Interior Sq. Ft.	1257	(\$21)	1152	\$24	1292	(\$8)	1320	(\$14)	1304	(\$11)
14	Balcony/Patio	Y		N	\$5	Y		N	\$5	Y	
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	Y/Y	\$5	Y/Y		N/Y	\$5	N/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU	(\$5)	HU/L	(\$5)	HU/L	(\$5)	HU/L	(\$5)	W/D	(\$25)
19	Floor Coverings	C		C		C		C		W	
20	Window Coverings	B		B		B		B		B	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		Y		Y		Y	
23	Ceiling Fans/Storage	Y/Y	\$10	Y/N	\$5	Y/Y		Y/N	\$5	Y/Y	
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		Y		Y		Y	
26	Security Features	N	(\$5)	N		N		Y	(\$5)	N	
27	Community Space	Y		N	\$5	N	\$5	Y		Y	
28	Pool/Recreation Areas	P/F	(\$3)	P/F		P/F		P/F/G	(\$3)	P/F/S/G	(\$6)
29	Computer/Business Center	Y		N	\$3	Y		N	\$3	N	\$3
30	Picnic Area	Y	\$3	Y		Y		Y		N	\$3
31	Playground	Y		Y		Y		Y		Y	
32	Social Services	Y		N	\$10	N	\$10	N	\$10	N	\$10
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	N/N		N/N		N/N		N/N		N/N	
39	Trash/Recycling	Y/N	\$15	N/N	\$15	Y/N		N/N	\$15	N/N	\$15
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	4	5	8	1	5	2	6	5	6	3
41	Sum Adjustments B to D	\$36	(\$44)	\$85	(\$5)	\$54	(\$13)	\$47	(\$37)	\$47	(\$42)
42	Sum Utility Adjustments	\$15		\$15				\$15		\$15	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$7	\$95	\$95	\$105	\$41	\$67	\$25	\$99	\$20	\$104
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,190		\$981		\$1,301		\$1,195		\$1,375	
45	Adj Rent/Last rent		101%		111%		103%		102%		101%
46	Estimated Market Rent	\$1,275		\$1.01							

← Estimated Market Rent/ Sq. Ft

Once all adjustments to collected rents were made, the adjusted rents for each comparable were used 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 \$1,005 for a one-bedroom unit, \$1,130 for a two-bedroom unit and \$1,275 for a three-bedroom unit, which are illustrated as follows:

Bedroom Type	% AMHI	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	60%	\$735	\$1,005	26.9%
Two-Bedroom	60%	\$880	\$1,130	22.1%
Three-Bedroom	60%	\$975	\$1,275	23.5%

Typically, Tax Credit rents are set 10% or more below achievable market rents to ensure that the project will represent a value and have a sufficient flow of tenants. Considering that the proposed subject Tax Credit rents represent market rent advantages ranging between 22.1% and 26.9%, they will likely be viewed as substantial values within the Site PMA. This is considered in our absorption rate estimates.

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. When multiple rent levels were offered, we included an average rent.

7. The subject project is expected to be complete in 2020. The selected properties were built between 1993 and 2003, with the two oldest properties being renovated in 2010 and 2018. We have adjusted the rents at the selected properties by \$1 per year of effective age difference to reflect the age of these properties.

8. It is anticipated that the proposed subject project will have an excellent quality finish once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.

9. Two of the selected properties are located in more desirable neighborhoods than the subject project, in terms of overall quality, access/visibility, and/or proximity to area services. As such, we have made negative adjustments to these properties to account for differences in neighborhood desirability among these projects and the subject project.
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% of the average for this adjustment.
- 14.- 23. The proposed subject project will offer a unit amenity package which is generally competitive with those offered among the selected properties. We have made, however, adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The proposed project offers a comprehensive project amenities package which is also considered relatively competitive with those offered among most of the selected market-rate 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 as needed. The utility adjustments were based on the local housing authority's utility cost estimates.