

PROFESSIONAL MARKET STUDY
FOR THE SUSTAINABLE FELLWOOD APARTMENTS
APPLICATION # - 2007-049
A PROPOSED LIHTC DEVELOPMENT

LOCATED IN:
SAVANNAH, CHATHAM COUNTY, GA

PREPARED FOR:
GEORGIA DEPARTMENT of COMMUNITY AFFAIRS
OFFICE of AFFORDABLE HOUSING
60 Executive Park South, NE
Atlanta, GA 30329

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JUNE 2007

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INTRODUCTION

The proposed mixed income multi-family development will target LIHTC eligible and Market Rate households in the "Westside" Savannah area of Chatham County, Georgia.

The market study assignment was to ascertain market demand for a proposed multi-family development to be known as the **Sustainable Fellwood (Phase I) Apartments**, for the Georgia Department of Community Affairs (GA-DCA), under the following scenario:

Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
1BR/1b	30	821	Na
2BR/1.5b	46	1,055-1,099	Na
3BR/2b	28	1,300-1,337	Na
4BR/2b	6	1,445-1,451	Na
Total	110		

Project Rents:

The proposed development will target 80% of the units at 60% or below of area median income (AMI); of which half will have PBRA; and 20% of the units at Market. Rent excludes all utilities, yet will include trash removal. Note: The 46-units at 60% AMI will have 100% PBRA via the Savannah Housing Authority and HUD Section 8, essentially targeting renters at 30% AMI.

PROPOSED PROJECT RENTS @ 60% AMI with PBRA (30% AMI)				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	12	BOI	\$102	\$648
2BR/1.5b	19	BOI	\$119	\$777
3BR/2b	13	BOI	\$145	\$898
4BR/2b	2	BOI	\$216	\$1,002

PROPOSED PROJECT RENTS @ 60% AMI (without PBRA)				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	12	\$500	\$102	\$602
2BR/1.5b	17	\$600	\$119	\$719
3BR/2b	10	\$640	\$145	\$785
4BR/2b	3	\$675	\$216	\$891

PROPOSED PROJECT RENTS @ Market				
Bedroom Mix	# of Units	Net Rent	Utility Estimate*	Gross Rent
1BR/1b	6	\$530	\$102	\$632
2BR/1.5b	10	\$630	\$119	\$749
3BR/2b	5	\$670	\$145	\$815
4BR/2b	1	\$705	\$216	\$921

*Provided by applicant.

In addition, there are several terms that will be used throughout the study, which have very specific meanings within the program assisted framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

Type of Project Rent Structure:

- Conventional - also referred to as "market rate", reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.
- Assisted - projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance and in some cases private grants or preferential loans.
- Subsidized - projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them in assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

Rent Inclusions:

- Gross Rent - refers to the total rent payment, including utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in the study for program usage such as LIHTC maximum rents or HUD Fair Market Rents.
- Net Rent - sometimes known as "street rent", involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with conventional projects, and are also usually identified as a monthly rent.
- Utility Allowance - is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

As a final terminology note, capture rate and penetration rate are used interchangeably in this study. They refer to the proportion of a defined total pool of tenants that a specific project must capture (or the degree to which the project must penetrate the total pool) in order to be fully occupied. Different capture rates will be calculated for different market pools - for example, the capture rate applied to the total income-qualified renter base will be different from the capture rate applied to a annual target demand pool. Both are used in this study.

The analyst performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals and other persons knowledgeable in the local area housing market.

Among sources utilized and cited throughout the study are the U.S. Census of Population and Housing, the Georgia Department of Labor, the Savannah Area Chamber of Commerce, the Savannah Economic Development Authority, the City of Savannah, the US Department of Housing and Urban Development and pertinent information and materials collected from local professional real estate sources and subject related service providers.

Other, specific elements of the methodology are discussed in the text of the study.

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultant declares that he does not have, and will not have the future, any material interest in the proposed project, and that there is no identity between him and the client of the study. Further, the consultant declares that the payment of the study fee is in no way contingent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact. The analyst certifies that no attempt was made to contact the applicant directly for any information in the market study.
2. The information on which this analysis of conditions in Savannah and Chatham County has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultant assumes no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by private sources cited during the normal course of a thorough investigation. The consultant reserves the right to alter conclusions on the basis of any discovered inaccuracies.
3. No opinion of a legal or engineering nature is intentionally expressed or implied.
4. The fee charged for this study does not include payment for testimony nor further consultation.
5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age / handicapped eligibility established by law for units designated by elderly households and the handicapped.
6. The consultant affirms that a member of the firm made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units.

**Jerry M. Koontz, Principal
Koontz and Salinger**

SECTION A
EXECUTIVE SUMMARY

1. Market Area and Site Description:

- The Primary Market Area (PMA) for the proposed multi-family development consists of the following census tracts in Savannah and Chatham County:

1,	6.01,	12,	23,
28,	32,	33.01,	33.02,
44,	45,	105.01,	105.02,
106.01,	106.03,	106.04,	106.05.

- The overall character of the neighborhood within the immediate vicinity of the site can be defined primarily single-family residential with nearby small-scale commercial development. Currently, the site is zoned for multi-family development.
- The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. All major services and facilities are located within a 3.5 mile radius.

2. Appropriateness of Project Parameters

- Overall, the subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding the unit and the development amenity package.
- In the area of unit size, by bedroom type, the subject will offer a competitive unit size, based on the proposed floor plans.
- The subject will be competitive to very competitive with all of the existing program assisted and market rate apartment properties in the market regarding proposed net rents by bedroom type.
- The proposed subject 1BR net rent at 60% AMI is approximately 16% less and at Market is approximately 12% less than the comparable/competitive 1BR net rent.
- The proposed subject 2BR net rent at 60% AMI is approximately 11% less and at Market is approximately

7% less than the comparable/competitive 2BR net rent.

- The proposed subject 3BR net rent at 60% AMI is approximately 12% less and at Market is approximately 9% less than the comparable/competitive 3BR net rent.
- The proposed subject 4BR net rent at 60% AMI is approximately 10% less and at Market is approximately 6% less than the comparable/competitive 4BR net rent.
- The subject bedroom mix is considered to be appropriate. At present, the market is in need of larger bedroom sizes, as stated by most of the interviewed existing LIHTC apartment managers in Savannah.

3. Market Demand:

- The capture rates by income segment and bedroom mix are considered to be positive indicator of demand support for the proposed 110-unit subject family development, given the GA-DCA capture rate threshold parameters. The overall project capture rate is 2.9% for the LIHTC component and 13% for the Market Rate component of the proposed development.

Capture Rates by Bedroom Type & Income Targeting							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorption	Avg Mkt Net Rent	Proposed Net Rent
1BR	30% AMI	12	689	1.7%	1 mo.	\$600	BOI
	60% AMI	12	68	17.7%	9 mos.	\$600	\$500
	Market	6	42	14.3%	6 mos.	\$600	\$530
1BR	Total	30	799	3.8%	9 mos.		
2BR	30% AMI	19	1,240	1.5%	1 mo.	\$675	BOI
	60% AMI	17	123	13.8%	6 mos.	\$675	\$600
	Market	10	76	13.2%	6 mos.	\$675	\$630
2BR	Total	46	1,439	3.2%	6 mos.		
3BR	30% AMI	13	689	1.9%	1 mo.	\$735	BOI
	60% AMI	10	68	14.7%	6 mos.	\$735	\$640
	Market	5	42	11.9%	6 mos.	\$735	\$670
3BR	Total	28	799	3.5%	6 mos.		
4BR	30% AMI	2	138	1.5%	1 mo.	\$750	BOI
	60% AMI	3	14	21.46%	6 mos.	\$750	\$675
	Market	1	9	11.1%	6 mos.	\$750	\$705
4BR	Total	6	161	3.7%	6 mos.		

- At present there are four like-kind direct comparable family LIHTC complexes located within the PMA. All maintain a waiting and all have occupancy rates greater than 95%.
- Present indicators point to the fact that the introduction of the proposed 110-unit development will have little to no long term negative impact on the like-kind program assisted LIHTC family apartment market within the City of Savannah.
- The absorption rates identified above are a function of the proposed subject rents, building design, amenity package, and professional management and development team. It is forecasted that a stabilized occupancy level of 93%+ can be achieved within a 9 month (or less) to 6 month period for the proposed subject property.

5. Recommendation & Conclusion:

- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **proceed forward based on market findings, as presently configured.**

MARKET STUDY FOLLOWS

SECTION B
PROPOSED PROJECT DESCRIPTION

The proposed mixed income Low Income Housing Tax Credit (LIHTC) and Market Rate multi-family development will target the general population in Savannah and Chatham County, Georgia.

The subject property is located off Bay Street at the corner of West Street and Barnes Drive, within the Savannah city limits.

The market study assignment was to ascertain market demand for a proposed multi-family development to be known as the **Sustainable Fellwood (Phase I) Apartments**, for the Georgia Department of Community Affairs (GA-DCA), under the following scenario:

Project Description

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Total	110		

The proposed new construction project design will comprise 12 two and three-story buildings with a separate building that will include a managers office, community room and several other rooms designated for the tenants. The project will provide 231-parking spaces. The building designs comprise townhouse and three story garden walk-ups.

The proposed *Occupancy Type* is **Family** (with no age restrictions).

Project Rents:

The proposed development will target 80% of the units at 60% or below of area median income (AMI); of which half will have PBRA; and 20% of the units at Market. Rent excludes all utilities, yet will include trash removal. Note: The 46-units at 60% AMI will have 100% PBRA via the Savannah Housing Authority and HUD Section 8, essentially targeting renters at 30% AMI.

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*Provided by applicant.

Amenity Package

The development will include the following amenity package:

Unit Amenities

- range
- disposal
- central air
- smoke alarms
- carpet
- patio/balcony
- refrigerator
- dish washer
- cable ready
- washer/dryer hook-ups
- mini-blinds

Development Amenities

- on-site management
- central laundry
- walking path
- gazebo
- fenced community garden
- furnished childrens activity center
- community room
- picnic/grill area
- equipped playcourt
- equipped computer center

Supportive Services Package*

- 5% of units (6-units) will be set aside for Targeted Population
- Service Provider is Savannah Area Behavioral Health Collaborative*

The estimated projected year that Sustainable Fellwood (Phase I) Apartments will be placed in service is 2009.

SECTION C

**SITE & NEIGHBORHOOD
EVALUATION**

The site of the proposed LIHTC/Market Rate apartment development is located off Bay Street (aka State Road 25) and West Street. The site is located in the "Westside" area of Savannah, within the city limits, approximately .7 miles east of I-516 and 1.5 miles west

of Downtown Savannah. Specifically, the site is located in Census Tract 6.01 (a Qualified Census Tract), Census Block Group 2, Census Block 2000 and Zip Code 31415. See Site Map.

Street and highway accessibility are very good relative to the site. Ready access is available from the site to the following: major retail and service areas, employment opportunities, and local health care providers. All major facilities in the city can be accessed within a 15 to 25 minute drive. At the time of the market study, no significant infrastructure development was in progress within the immediate vicinity of the site.

Site Characteristics

The approximately 7.2-acre, L-shaped tract is relatively flat and mostly cleared. At present, there are no physical structures on the tract. Recently it was the location of a large public housing authority development, however, all of the units have been demolished. The site is considered to be marketable and buildable. However, this assessment is subject to both environmental and engineering studies. All public utility services are available to the tract and excess capacity exists.

The site is not located within a flood plain and appears to drain well. The site is zoned PUD-MXU, which allows multi-family development. The site is an in-fill development as all four sides surrounding the site are developed. The current zoning designations of the properties surrounding the site will likely remain the same into the near future. The surrounding land use and zoning designations around the site are detailed below:

Direction	Existing Land Use	Current Zoning
North	Commercial	BG
West	Single-family residential & Commercial	R4 & BG
South	Institutional & Residential	R4
East	undeveloped Phase II tract of Sustainable Fellwood	PUD-MUX

Zoning Key: BG: Business General
PUD-MXU: Planned Unit Development-Multi-family
R4: Residential

Source: City of Savannah

Neighborhood Description / Characteristics

The overall character of the neighborhood in the immediate vicinity of the site can be defined as primarily single-family residential with nearby commercial development, and limited institutional use. The overall description of the surrounding neighborhood would range from a stable to blighted condition.

Directly north of the site on the opposite side of Bay Street are several commercial properties. Further north by about .2 to .3 miles is a limited amount of residential development followed by extensive industrial land use along the Front River.

Directly west of the site along Bay Street is primarily commercial development. West of the site across West Street is mostly single-family residential use with a mixture of small businesses and churches. For the most part the homes are small to very small, in various stages of condition and the majority (but not all) were occupied.

Directly east of the site along Bay Street is primarily commercial development. East of the site across is a vacant tract that is being reserved for a Phase II development of Sustainable Fellwood. Further east across Delvon Street is mostly single-family residential use with a mixture of small businesses and churches. For the most part the homes are small to very small, in various stages of condition and the majority (but not all) were occupied.

Directly south of the site off Richards Street is the Moses Jackson Community Center and mostly single-family and duplex residential development. For the most part the homes are small to very small, in various stages of condition and the majority (but not all) were occupied. The duplexes appeared to be of average size, in good condition and 100% occupied.

The pictures on the following pages are of the site and surrounding land uses within the immediate vicinity of the site.



(1) - Site off West Street, near corner of Bay Street, west to east.



(2) - Site off West Street, north to south.



(3) - Site from the community center drive, south to north.



(4) - Site off Bay Street, north to south.

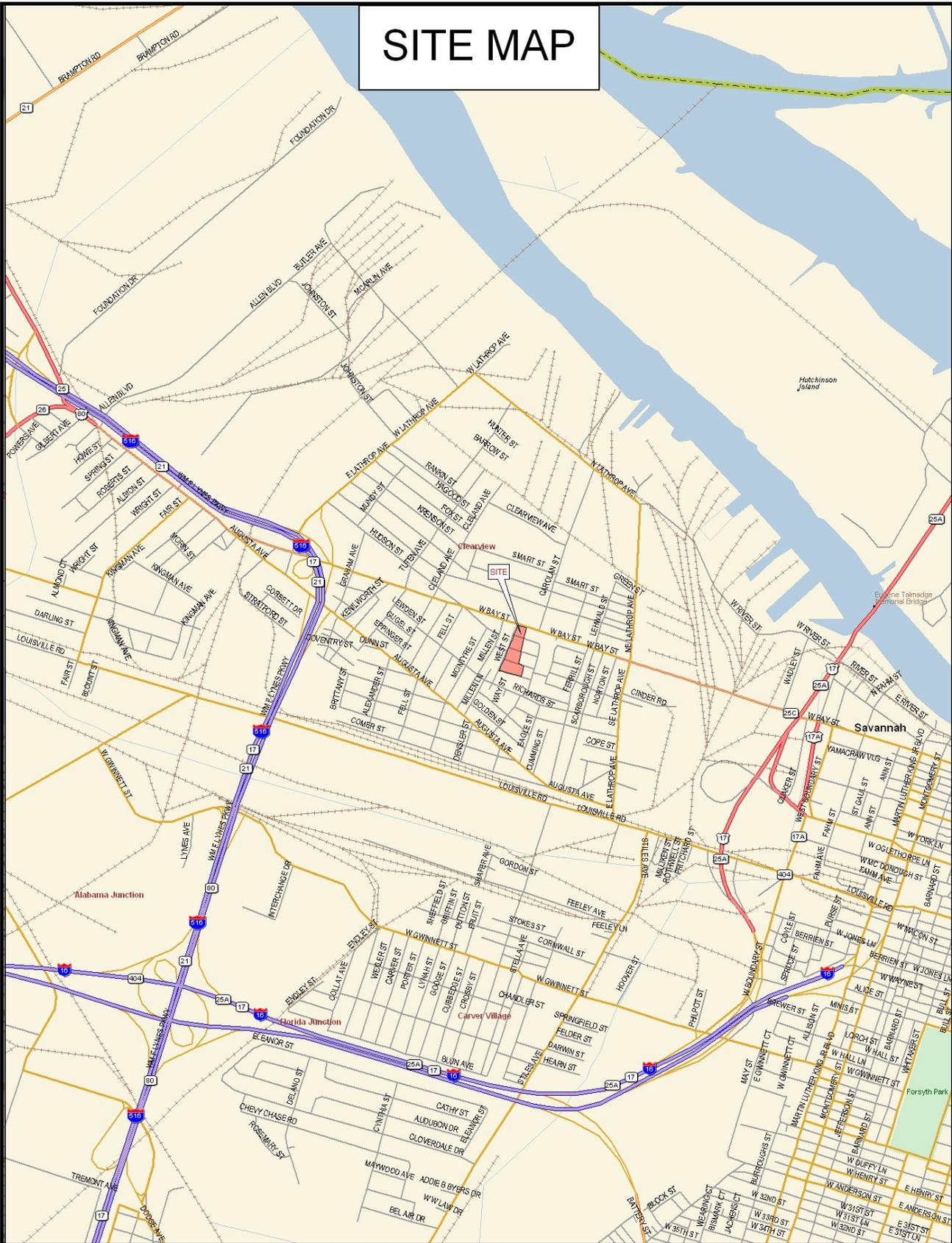


(5) - Typical single-family home in the vicinity of the site.



(6) - Moses Jackson Community Center, off Richards Street.
Site is located behind this property.

SITE MAP

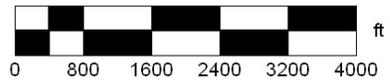


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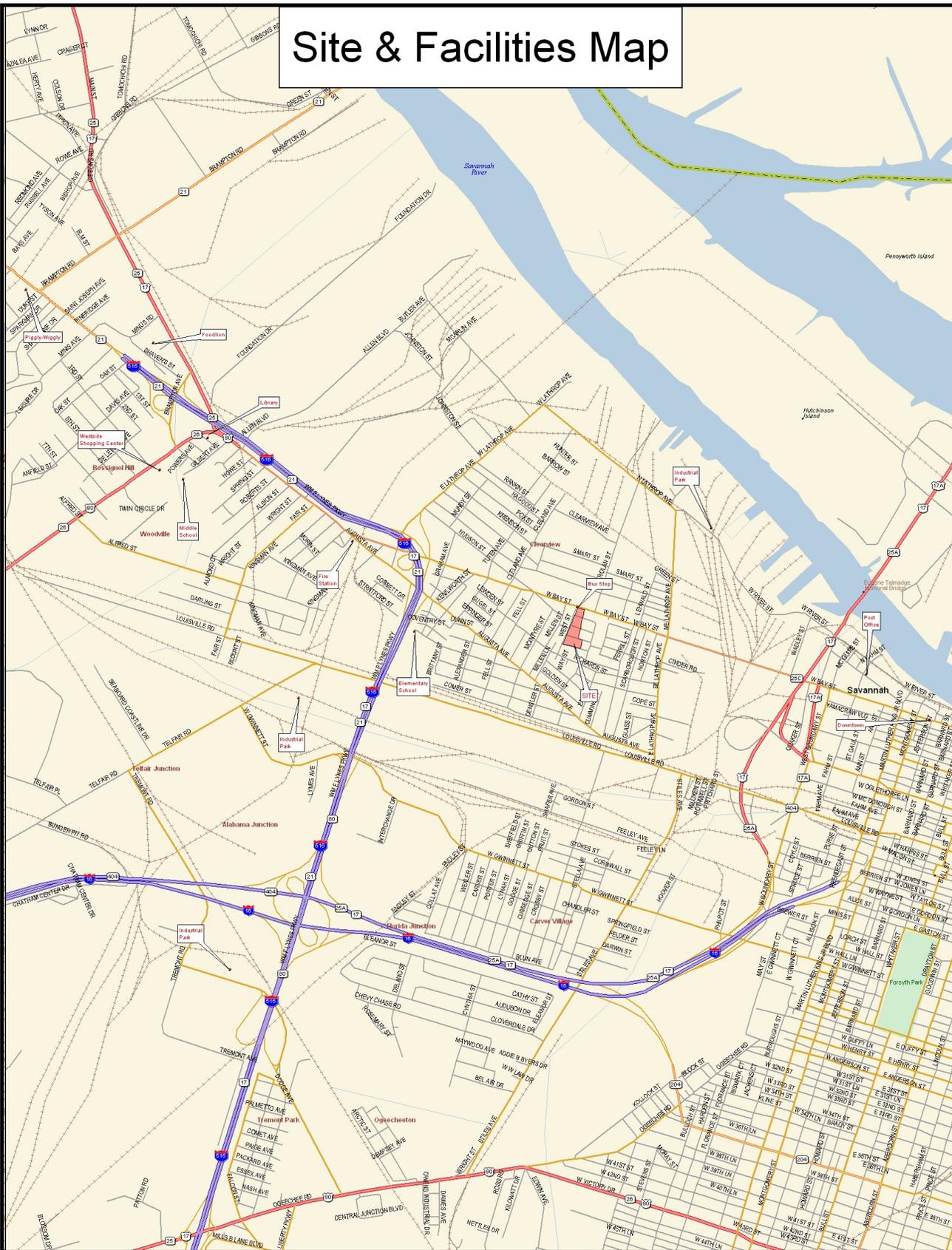
The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the site to community services are exhibited below:

Points of Interest	Distance from Subject
Bus Stop	.1
Industrial Area	.3
Elementary School	.7
Access to I-516	.7
Fire Station	.8
Post Office	.9
Garden City	1.5
Library	1.5
Middle School	1.5
Downtown Savannah	1.5
Westside Shopping Center	1.7
Industrial Park	2.0
Foodlion Grocery	2.0
Piggly Wiggly Grocery	2.3
Garden City Port terminal	3.5
Access to I-95	9.0

Note: Distance from subject is in tenths of miles and are approximated.

Site & Facilities Map

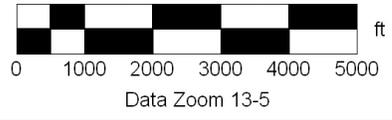




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Program Assisted LIHTC-family Apartments in Savannah

At present, there are eight existing LIHTC family apartment complexes in Savannah. Note: Technically, Bradley Point is located outside of the city (in Chatham County). However, it is east of I-95 and primarily targets the city more so than the county. Four of the eight LIHTC complexes are located within the PMA. Five of the eight LIHTC complexes have a market rate component. A map (on the next page) exhibits the LIHTC family properties within Savannah in relation to the site.

Project Name	Street Address	Program Type	Number of Units	Distance from Site
Ashley Midtown I	151 Park Ave	LIHTC/MR	169	4.5 miles
Bradley Point	1355 Bradley	LIHTC	144	13.5 miles
Indigo Pointe	4750 La Roach	LIHTC/MR	310	6.3 miles
Live Oak Plantation	9505 Waters	LIHTC/MR	208	10 miles
Montgomery Landing	714 W 57 th St	LIHTC/MR	144	4.5 miles
Oaks at Bradelwood	5110 Garrard	LIHTC/MR	324	5 miles
Heritage Row	W 35 th St	LIHTC	70	3.2 miles
Heritage Place	1910 Florance	LIHTC	86	3.3 miles

SUMMARY

The field visits for the site and surrounding market area were on June 13 and 14, 2007. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood within the immediate vicinity of the site can be defined as a mixture of: single-family residential with nearby small-scale commercial development. The site is located in the western portion of Savannah, within the city limits. Currently, the site is zoned for multi-family development.

Access to the site is available off West Street. West Street is a short low density residential connector, with a speed limit of 25 miles per hour in the immediate vicinity of the site. The location of the site off West Street does not present problems of egress and ingress to the site.

The site offers good accessibility and linkages to area services and facilities. The areas surrounding the site appeared to be void of most negative externalities (including noxious odors, close proximity to cemeteries, high tension power lines, rail lines and junk yards). A bus stop is located off Bay Street, within 50 yards of the entrance point to the site.

The site in relation to the subject and the surrounding roads is very agreeable to signage.

Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability. In the opinion of the analyst, the site of the subject is considered to be appropriate for a LIHTC family multi-family development.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, and major area employment nodes	
Good linkages to area road system	
Nearby road speed and noise is acceptable	
Surrounding land uses are acceptable, but the neighborhood is in need of revitalization	The overall immediate neighborhood area description at present ranges between "stable" to "blighted"

<p>SECTION D</p> <p>MARKET AREA DESCRIPTION</p>

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly

considers the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined**. The primary market is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and the secondary area is the location from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

Primary Market Area

Based upon field research in Savannah and a 2 to 5 mile area, along with an assessment of the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed family multi-family development consists of the following census tracts in Savannah, Garden City and Chatham County:

- 1,
- 6.01,
- 12,
- 23,
- 28,
- 32,
- 33.01,
- 33.02,
- 44,
- 45,
- 105.01,
- 105.02,
- 106.01,
- 106.03,
- 106.04,
- 106.05.

(See Market Area Map)

The PMA is bounded as follows:

North	Front River & Port Wentworth
East	Montgomery Street (City of Savannah)
South	CSX Rail Line & Hunter Army Airfield
West	Dean Forest Road (County Road 307)

Secondary Market Area

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area. Demand for the development from the SMA is considered to range from moderate to good. Typically, 5% to 25% of program assisted apartment complexes are occupied by tenants from outside the PMA. Note: The demand methodology in this market study utilized a GA-DCA market study guideline factor of 15%.



Pushpins
 SITE

Sustainable Fellwood PMA
 PMA



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SECTION E

COMMUNITY DEMOGRAPHIC DATA

Tables 1 through 6 exhibit indicators of trends in total population and household growth, for the Savannah PMA.

Population Trends

Table 1, exhibits the change in **total** population in Savannah, the Savannah PMA, and Chatham County between 1990 and 2011. The year 2009 is estimated to be the first year of availability for occupancy of the subject property. The year 2000 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure in accordance with the 2007 GA-DCA Market Study Guidelines.

The PMA exhibited slight to moderate total population losses during the 1990's, at approximately .25% per year. Population losses over the next several years (2006-2009) are forecasted for the PMA at an increased rate of decline, represented by a rate of change ranging between negative .40% to .55% per year.

A significant minority of the population in the PMA is located within the City of Savannah. It is estimated that approximately 75% of the PMA population is located within the City of Savannah.

Population Projection Methodology:

The forecast for total was interpolated (between 2006 and 2011) for a 2009 estimate.

The Ribbon Demographics HISTA data was used in the forecast of elderly household population, by persons per household, tenure and income. In addition, the Georgia Office of Planning & Budget 2015 forecast and the ESRI data were used as a cross check to the HISTA forecasts, but not in lieu of. Note: The forecasts for the City of Savannah are subject to local annexation policy and were not estimated beyond the 2005 census estimate.

Sources: (1) 1990 and 2000 US Census, and 2001 - 2005 US Census estimates.

(2) Georgia 2010-2015 Residential Population Project of Georgia Counties, Source: Georgia Governor's Office of Planning and Budget (as of December, 2004).

(3) ESRI 2005/2006 and 2010/2011 Projections, 17th & 18th Editions.

(4) Claritas 2006 and 2011 HISTA Projections, Ribbon Demographics.

Table 1					
Total Population Trends and Projections: Savannah, the Savannah PMA, and Chatham County					
Savannah					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	137,560	-----	-----	-----	-----
2000	131,510	-6,050	- 4.40	- 605	- 0.44
2005	128,453	-3,057	- 2.32	- 611	- 0.46
Savannah PMA					
1990	40,304	-----	-----	-----	-----
2000	39,202	-1,102	- 2.73	- 110	- 0.27
2006	37,900	-1,302	- 3.32	- 217	- 0.56
2009*	37,465	- 435	- 1.15	- 145	- 0.38
2011	37,177	- 288	- 0.77	- 144	- 0.38
Chatham County					
1990	216,935	-----	-----	-----	-----
2000	232,048	+15,113	+ 6.97	+1,511	+ 0.70
2006	241,396	+ 9,348	+ 4.03	+1,558	+ 0.67
2009*	246,725	+ 5,329	+ 2.21	+1,776	+ 0.74
2011	250,275	+ 3,550	+ 1.44	+1,775	+ 0.72

* 2009 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. June, 2007.

Table 2 exhibits the change in population by age group in the City of Savannah (which is representative of the PMA) between 1990 and 2000.

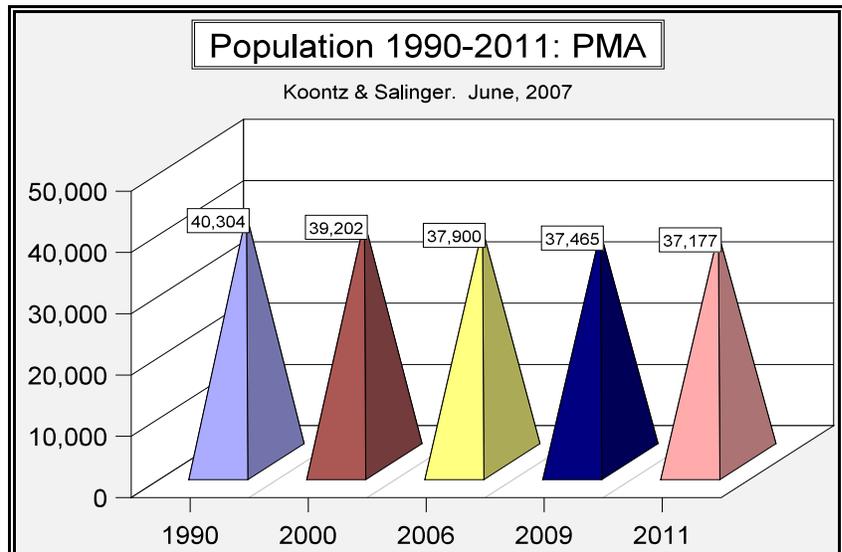
Table 2						
Population by Age Groups: City of Savannah, 1990 - 2000						
	1990 Number	1990 Percent	2000 Number	2000 Percent	Change Number	Change Percent
Age Group						
0 - 4	11,253	8.18	9,186	6.99	-2,067	-18.37
5 - 17	25,599	18.61	24,432	18.58	-1,167	- 4.56
18 - 24	16,370	11.90	17,346	13.19	+ 976	+ 5.96
25 - 44	41,825	30.40	37,446	28.47	-4,379	-10.47
45 - 54	12,254	8.91	15,260	11.60	+3,006	+24.53
55 - 64	11,302	8.22	10,373	7.89	- 929	- 8.22
65 +	18,957	13.78	17,467	13.28	-1,490	- 7.86

Sources: 1990 & 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2007.

Table 2 revealed that population decreased in most of the displayed age groups in the City of Savannah between 1990 and 2000. The decrease was moderate in the primary renter age group: of 18 to 44, at around 5%. Overall, a significant portion of the total population is in the target property primary renter group of 18 to 44, representing around 42% of the total population.

Between 2006 and 2011 total population is projected to decrease in the PMA at approximately .4% per year.

The figure to the right presents a graphic display of the numeric change in population in the PMA between 1990 and 2011.



HOUSEHOLD TRENDS & CHARACTERISTICS

Tables 3 exhibits the change in total households in the Savannah PMA between 2000 and 2011. The moderate decrease in household formations in the PMA has continued over a 10 year period and is reflective of a stabilization in overall household size, as well as, a moderate decrease in PMA population.

The forecast for group quarters is based on trends in the last two censuses. In addition, it includes information collected from local sources as to conditions and changes in group quarters' supply since the 2000 census was taken.

Table 3					
Household Formations: 2000 to 2011					
Savannah PMA					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household ¹	Total Households ²
2000	39,202	1,469	37,733	2.6526	14,225
2006	37,900	1,500	36,400	2.6591	13,689
2009	37,465	1,500	35,965	2.6680	13,480
2011	37,177	1,500	35,677	2.6744	13,340

Sources: Claritas based 2006 and 2011 HISTA Projections, Ribbon Demographics.
 _____ 2000 Census of Population, Georgia. _____

Calculations: Data was interpolated between 2006 and 2011 and estimated for 2009.
 Koontz & Salinger. June, 2007.

¹Continuation of the 1990 to 2000 persons per household rate of change.

²Population in Households divided by persons per unit count.

Table 4								
Households Age 55 and Over, by Tenure, by Person Per Household Savannah PMA, 2000 - 2011								
Households	Owner				Renter			
	2000	2011	Change	% 2011	2000	2011	Change	% 2011
1 Person	2,198	1,999	- 199	28.97%	1,800	1,984	+ 184	30.81%
2 Person	2,403	1,903	- 500	27.58%	1,508	1,383	- 125	21.48%
3 Person	1,408	1,284	- 124	18.61%	1,222	1,200	- 22	18.64%
4 Person	931	930	- 1	13.48%	960	953	- 7	14.80%
5 + Person	827	785	- 42	11.38%	968	919	- 49	14.27%
Total	7,767	6,901	- 866	100%	6,458	6,439	- 19	100%

Sources: 2000 Census of Population, Georgia.
 Claritas based 2011 HISTA Projection, Ribbon Demographics.
 Koontz and Salinger. June, 2007.

Table 4 indicates that in 2011 approximately 95% of the renter-occupied households in the Savannah PMA contain 1 to 6 persons (the target group by household size).

The majority of these households are:

- couples, roommates,
- single head of households with children, and
- families with children.

A noticeable increase in renter households by size is exhibited by 1 person per households. Note: Moderate decreases were exhibited in most of the large renter household sizes. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 20% and 25% of the renter households in the PMA fit the bedroom profile for a 3BR and 4BR unit. Given the proposed income targeting, rent positioning of the subject and 2000 and 2011 trends, the appropriate estimate is considered to be 25% versus 20%.

Table 5 exhibits households in the Savannah PMA by owner-occupied and renter-occupied tenure. The 2000 to 2011 projected trend supports a change in the tenure ratio favoring renter-occupied households on a percentage basis, based on forecasted data base.

Overall, moderate to slight net numerical losses are forecasted for both owner-occupied and renter-occupied households in the PMA.

Table 5 Households by Tenure: 2000-2011 Savannah PMA					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
PMA					
2000	14,225	7,767	54.60	6,458	45.40
2006	13,689	7,250	52.96	6,439	47.04
2009	13,480	7,041	52.23	6,439	47.77
2011	13,340	6,901	51.73	6,439	48.27

Sources: 2000 Census of Population, Georgia.
 Claritas based 2006 and 2011 HISTA Projections, Ribbon Demographics.
 Koontz and Salinger. June, 2007.

Table 6 exhibits building permit data between 2000 and 2007. The permit data is for the City of Savannah.

Between 2000 and 2007, 2,689 permits were issued in the city, of which, 797 or approximately 30% were multi-family units.

Table 6 New Housing Units Permitted: City of Savannah, 2000-2007¹			
Year	Net Total ²	Single-Family Units	Multi-Family Units
2000	153	121	32
2001	167	127	40
2002	194	139	55
2003	213	150	63
2004	241	164	77
2005	255	178	77
2006	1,143	787	356
2007/04	323	226	97
Total	2,689	1,892	797

¹Source: New Privately Owned Housing Units Authorized In Permit Issuing Places, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

Selig Center for Economic Growth.

Censtats - US Census web page

²Net total equals new SF and MF dwellings units.

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those elderly households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents, and/or the availability of deep subsidy rental assistance (RA) for USDA-RD, PHA/Hope VI and HUD Section 8/202 developments.

The estimate of the upper income limit is based upon the most recent set of HUD Median Income Guidelines for six person households (the maximum household size allowable for the estimation of 4BR-units in the GA-DCA Market Study Guidelines) in Chatham County, Georgia at 30% and 60% of the area median income (AMI).

For market-rate projects or components of mixed income projects, the entire range is estimated using typical expenditure patterns. While a household may spend as little for rent as required to occupy an acceptable unit, households tend to move into more expensive housing with better features as their incomes increase. In this analysis, the market-rate limits are set at an expenditure pattern of 25% to 45% of household income.

Tables 7A and 7B exhibit renter-occupied households, by income group, in the Savannah PMA in 2000, forecasted to 2006 and 2011.

The projection methodology is based on Claritas forecasts for households, by tenure, by age and by income group for the year 2006 and 2011, with a base year data set of 2000 (US Census). A 2009 estimate was interpolated based on the trend between the 2006 and 2011 data sets and utilized within the quantitative demand methodology. Note: The data set used in Tables 7A and 7B is from Claritas and Ribbon Demographics.

Tables 7A and 7B exhibit renter-occupied households, by income in the Savannah PMA in 2000, estimated to 2006, and projected to 2011.

Table 7A				
Savannah PMA: Renter-Occupied Households, by Income Groups				
Households by Income	2000 Number	2000 Percent	2006 Number	206 Percent
Under \$10,000	1,677	25.97	1,580	24.54
10,000 - 20,000	1,606	24.87	1,556	24.17
20,000 - 30,000	1,192	18.46	1,073	16.66
30,000 - 40,000	715	11.07	796	12.36
40,000 - 50,000	446	6.91	410	6.37
50,000 - 60,000	298	4.61	349	5.42
\$60,000 and over	524	8.11	675	10.48
Total	6,458	100%	6,439	100%

Table 7B				
Savannah PMA: Renter-Occupied Households, by Income Groups				
Households by Income	2006 Number	2006 Percent	2011 Number	2011 Percent
Under \$10,000	1,580	24.54	1,484	23.05
10,000 - 20,000	1,556	24.17	1,467	22.78
20,000 - 30,000	1,073	16.66	1,029	15.98
30,000 - 40,000	796	12.36	857	13.31
40,000 - 50,000	410	6.37	415	6.45
50,000 - 60,000	349	5.42	360	5.59
\$60,000 and over	675	10.48	827	12.84
Total	6,439	100%	6,439	100%

Sources: 2000 Census of Population, Georgia.
 Claritas, HISTA Data, Ribbon Demographics.
 Koontz and Salinger. June, 2007.

Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

- (1) - Occupied by households at 60 percent or below of area median income.
- (2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)
- (3) - The proposed development be available to Section 8 voucher holders.
- (4) - The 2007 HUD Income Guidelines were used.
- (5) - 20% of the units will be set aside as market rate with no income restrictions.

Analyst Note: The subject will comprise 110 one, two, three and four-bedroom units. The recommended maximum number of people per unit is:

1BR - 1 and 2 persons
2BR - 2, 3 and 4 persons
3BR - 3, 4, 5 and 6 persons
4BR - 4, 5, 7 and 8 persons

Analyst Note: As long as the unit in demand is income qualified there is no minimum number of people per unit.

The proposed development will target 80% of the units at 60% or below of area median income (AMI); of which half will have PBRA; and 20% of the units at Market. Rent excludes all utilities, yet will include trash removal. Note: The 46-units at 60% AMI will have 100% PBRA via the Savannah Housing Authority and HUD Section 8.

The lower portion of the target income range is set by the proposed subject net rents by income targeting.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property's intended target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for non elderly applications at 35%.

Gross Rents Annualized @ 35% (rent to income ratio) by Income Group

60% AMI

<u>Bedroom Type</u>	<u>Gross Rent</u>	<u>Annualized @ 35%</u>
1BR	\$602	\$20,640
2BR	\$719	\$24,650
3BR	\$785	\$26,915
4BR	\$891	\$30,550

The lower segment of the income range for the targeting of income eligible households at 60% AMI is \$20,640.

Market Rate

<u>Bedroom Type</u>	<u>Gross Rent</u>	<u>Annualized @ 35%</u>
1BR	\$632	\$21,670
2BR	\$749	\$25,680
3BR	\$815	\$27,945
4BR	\$921	\$31,580

The lower segment of the income range for the targeting of income eligible households at Market is \$21,670.

The AMI at 30%, 50% and 60% for 1 to 6 person households in Chatham County follows:

	<u>30%</u> <u>AMI</u>	<u>50%</u> <u>AMI</u>	<u>60%</u> <u>AMI</u>
1 Person -	\$12,100	\$20,150	\$24,180
2 Person -	\$13,850	\$23,050	\$27,660
3 Person -	\$15,550	\$25,900	\$31,080
4 Person -	\$17,300	\$28,800	\$34,560
5 Person -	\$18,700	\$31,100	\$37,320
6 Person -	\$20,050	\$33,400	\$40,080

Source: 2007 HUD Median Income Guidelines.

Overall Income Ranges by Target Group

The overall income range for the targeting of income eligible households at 30% AMI is \$0 to \$19,450.

The overall income range for the targeting of income eligible households at 60% AMI is \$20,640 to \$40,800.

The overall income range for the targeting of income eligible households at Market is \$21,670 to \$50,000. Note: Technically there is no upper income limit for market rate units. However, in order to be conservative and take into consideration the overall income mix of the development, as well as competition from the home buyer market (for this income segment) the upper limit was capped.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

30% AMI

The overall **Target Income Range** for the proposed subject property targeting households at 30% AMI is \$0 to \$19,450.

It is projected that in 2009 approximately **47%** of the renter-occupied households in the PMA were in the subject property 30% AMI LIHTC target income group of \$0 to \$19,450.

60% AMI

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI is \$20,640 to \$40,080.

It is projected that in 2009 approximately **29.5%** of the renter-occupied households in the PMA were in the subject property 60% AMI LIHTC target income group of \$20,640 to \$40,080.

Market Rate

The overall **Target Income Range** for the proposed subject property targeting households at Market is \$21,670 to \$50,000.

It is projected that in 2009 approximately **36%** of the renter-occupied households in the PMA were in the subject property Market Rate target income group of \$21,670 to \$50,000.

Adjustments*

In order to adjust for income overlap between the 60% AMI and Market Rate income segments several adjustments were made resulting in the following discrete estimates/percentages of household within the 60% and AMI income range and at Market:

	<u>Initial Estimate</u>	<u>Adjusted Estimate</u>
60% AMI	29.5%	22%
Market	36.0%	14%

*The adjustment process takes into consideration: (1) the fact that the data trend over the last two censuses exhibited increases in the middle to upper income groups versus a decrease primarily in the \$10,000 and below and \$10,000 to \$20,000 income groups; (2) the proposed subject net/gross rents are in very close proximity at Market and 60% AMI; and (3) the subject's 60% AMI and Market Rate income ranges are in close proximity with a tight overlap; thus the units will be taken on a first come basis owing to affordability issues. In addition, much of that portion of the Market Rate income range that fell within the LIHTC eligible income range at 60% AMI was allocated to the LIHTC segments and the residual was estimated as the income component for non LIHTC eligible households.

ECONOMIC & EMPLOYMENT TRENDS

The economic trends reflect the ability of the area to create and sustain growth, and job formation is typically the primary motivation for positive net immigration.

Tables 8 through 13 exhibit labor force trends by employment, changes in employment sectors and changes in average annual weekly wages for Chatham County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

Table 8			
Civilian Labor Force and Employment Trends, Chatham County: 2000, 2005 and 2006			
	2000	2005	2006
Civilian Labor Force	112,074	126,261	130,632
Employment	108,158	120,415	125,385
Unemployment	3,916	5,846	5,247
Rate of Unemployment	3.5%	4.6%	4.0%

Table 9				
Change in Employment, Chatham County				
Years	# Total	# Annual*	% Total	% Annual*
2000 - 2005	+12,257	+2,043	+11.33	+ 1.89
2005 - 2006	+ 4,970	Na	+ 4.13	Na

* Rounded

Na - Not applicable

Sources: Georgia Labor Force Estimates, 2000 - 2006. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2007.

Employment Trends

Table 10

Employment Change and Rates of Unemployment, Chatham County

Year	Number Employed	Change Over Previous Year	Unemployment Rate
2000	108,158	-----	3.5
2001	107,881	- 277	3.6
2002	109,418	+ 1,537	4.2
2003	109,608	+ 190	4.3
2004	113,898	+ 4,290	4.2
2005	120,415	+ 6,517	4.6
2006	125,385	+ 4,970	4.0
2007 (01)	127,289	-----	4.1
2007 (02)	127,181	- 108	3.7
2007 (03)	128,794	+ 1,613	3.4
2007 (04)	128,002	- 792	3.5

Table 11							
Average Monthly Covered Employment by Sector, Chatham County, 2005 and 2006							
Year	Total	Con	Mfg	T	FIRE	HCSS	G
2005	131344	7,333	11,715	22,111	6,135	16,077	3,194
2006	135056	7,941	12,456	21,565	5,598	16,518	3,127
05-06 # Ch.	+3,712	+ 608	+ 741	- 546	- 537	+ 441	+ 21
05-06 % Ch.	+ 2.8	+ 8.3	+ 6.3	- 2.5	- 8.8	+ 2.7	+0.1

% Ch. 2005 to 2006 = % Increase/Decrease

Note: Con - Construction; Mfg - Manufacturing; T - Retail and Wholesale Trade; FIRE - Finance, Insurance and Real Estate; HCSS - Health Care and Social Services; G - Federal, State & Local Government

Sources: Georgia Labor Force Estimates, 2000 - 2007. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2007.

Table 12, exhibits average annual weekly wages in 2005 and 2006 in the major employment sectors in Chatham County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation, as measured by the consumer price index (CPI) for most of the employment sectors and has slowed or stabilized for the remainder. It is estimated that the majority of workers in the service and trade sectors in 2007 will have average weekly wages between \$350 and \$700.

Table 12				
Average Annual Wages, 2005 and 2006				
Chatham County				
Employment Sector	2005	2006	% Numerical Change	Annual Rate of Change
Total	\$ 663	\$ 695	+ 32	+ 4.8
Construction	\$ 704	\$ 717	+ 13	+ 1.9
Manufacturing	\$1076	\$1124	+ 48	+ 4.5
Wholesale Trade	\$ 986	\$1075	+ 89	+ 9.0
Retail Trade	\$ 440	\$ 467	+ 27	+ 6.1
Transportation & Warehouse	\$ 659	\$ 704	+ 45	+ 6.8
Finance	\$ 825	\$ 935	+ 110	+13.3
Real Estate Leasing	\$ 541	\$ 584	+ 43	+ 8.0
Health Care Services	\$ 823	\$ 827	+ 4	+ 0.5
Hospitality	\$ 262	\$ 270	+ 8	+ 3.0
Federal Government	\$1116	\$1154	+ 38	+ 3.4
State Government	\$ 705	\$ 746	+ 41	+ 5.8
Local Government	\$ 673	\$ 704	+ 31	+ 4.6

Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, Wages and Contributions, 2005 and 2006.

Koontz and Salinger. June, 2007.

Major Employers

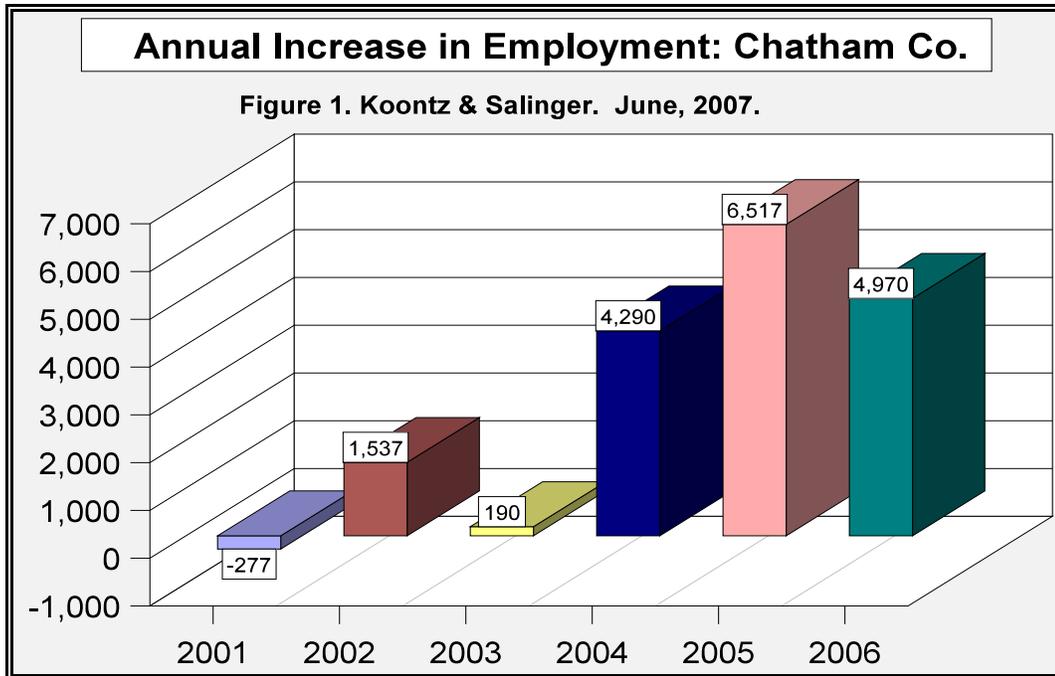
The major employers in Savannah and Chatham County are listed in Table 13.

Table 13			
Major Employers			
Firm	Product/Service	Employees	Year Built
Industrial			
Gulfstream Aerospace	Jet Aircraft	5,000	1958
Amcom Project	Military Equipment	400	1960
Chatham Ind.	Workshop	300	1980
Georgia Pacific	Plywood	1,461	1950
Great Dane	Trailers	675	1900
International Paper	Paper	970	1936
Tronox	Pigments	470	1955
Roger Wood Foods	Meat Processing	250	1935
Southeastern Newspaper	Publishing	420	1850
Crystal Diamond	Sugar	211	1986
Derst Baking	Breads	475	
JCB Inc.	Backhoe Loaders	345	
Non Industrial			
Memorial Health	Hospital	4,583	
St. Joseph's	Hospital	3,400	
Savannah-Chatham	School System	4,781	
Ft Stewart/Hunter Army Air	Military-Civilian	1,900	
City of Savannah	Government	1,900	
Chatham County	Government	1,218	
Armstrong Atlantic State Un.	Education	1,115	
Savannah College of Art	Education	1,200	
GA Ports Authority	Ship Terminal Operator	781	
US Army Corps of Engineers	Civil Engineering	649	
Savannah State Un.	Education	450	

Sources: Savannah Area Chamber of Commerce
2007 Georgia Manufacturers Directory, Harris Infosource

SUMMARY

The economic situation for Chatham County is statistically represented by employment activity, both in workers and jobs. As represented in Tables 8-11, Chatham County has experienced employment gains thus far in each year of the new decade. Over the last year the increase in employment in the Chatham County was very significant.



As represented in Figure 1 (and Table 10), between 2000 and 2005, the average increase in employment was approximately 2,050 workers or almost 2% per year. The rate of employment gain between 2005 and 2006, was extremely significant at approximately 4%, representing a net increase of almost 5,000 workers.

The Savannah - Chatham County local economy is very well diversified, with the major sectors of economy comprised of: (1) the Port of Savannah and a closely related industrial sector, (2) the Hunter Army Airfield, (3) tourism, (4) education and (5) a large service and trade sector.

Port of Savannah

"The Georgia Ports Authority operates two deepwater terminals at Savannah: the Garden City and Ocean terminals. The Port of Savannah is the fifth largest container port in the United States. In fiscal year 2005 it broke a record by moving more than 16 million tons of cargo across its docks, more tonnage than at any time in its 60-year history. An economic impact study found that the Port of Savannah is truly an economic powerhouse for the state. The Georgia Ports supported more than 275,000 total and indirect jobs in Georgia in 2003, when the study was conducted, or more than seven percent of the state's employment. Today, the Port of Savannah is expanding. When the CB-8

expansion is complete, it will provide shippers more than 9,800 feet in linear berthing space, enlarging a single terminal container facility that is already the largest on the US coast from Maine to Texas. This expansion is projected to create 10,800 new direct and indirect jobs." Source: Savannah Chamber of Commerce and the University of Georgia, Terry College of Business.

Based on Port Authority data in 2006, the Port of Savannah is poised to pass the Port of Charleston and become the fourth largest container port in the Country. The primary reason for the significant growth is due to an increase in market share at 15.3% from the growing Asian market, second on the east coast to the Port of New Jersey/New York. Source: Savannah Morning News, 5/23/06.

The announcement of several new shipping services at the Port of Savannah, including a 20-year agreement with Maersk Line and a 15-year agreement with CMA CGM, enhance the prospects for future growth. Source: 2007 Forecast and 2006 Economic Trends, Savannah Area Chamber of Commerce.

Manufacturing/Industrial

As exhibited in Table 11, overall the manufacturing sector in Chatham County continues to grow, which is a stark contrast to many areas in the State and the Nation. A major reason for this growth is the location of the Port of Savannah, as well as the location of two nearby interstate highways, I-95 and I-16. Both of the large paper manufacturing companies (Weyerhaeuser and International Paper) in Savannah are reporting an increase in capital investment in their local facilities. JCB, a manufacturer of earth moving equipment will soon be increasing employment by 100-jobs as a result of a new contract with the US Army.

The largest manufacturer in Savannah is Gulfstream. The company has reported a strong new plane order backlog and as a result production rates in 2006 are expected to increase. In May of 2006, Gulfstream opened its new 100,300 sf research and development center in Savannah. The new center is expected to generate 1,100 new jobs, of which up to 700 will be aeronautical engineers. Source: Savannah Economic Development Authority and the Savannah Morning News, 5/20/06.

Military

The 2005 BRAC commission was very beneficial to both Fort Stewart in nearby Hinesville and Hunter Army Airfield in Savannah. Together the two bases are a \$1.5 billion economic powerhouse for the Metro Area. Hunter Army Airfield is forecasted to grow by 20% in uniformed personnel and by over 70 additional combat helicopters. Source: Savannah Chamber of Commerce.

Tourism

"The city is a premier destination for national conventions and trade shows, thus convention business will be one of the areas's fastest-growing economic sections." Source: 2007 Forecast and 2006 Economic Trends, Savannah Area Chamber of Commerce.

Tourism is a major component of the Savannah Metro Area economy. Savannah attracts more than 6 million visitors a year, generating \$1.7 billion for the local economy. It is estimated that a total of 16,000 people work in the Savannah tourism industry. The US Department of Labor estimates that more than 22,000 local jobs are supported by tourism. Since 2000, significant growth has been exhibited in all of the typical measures of tourism impact on a local economy. For example: (1) the number of lodging rooms increased by almost 13%, (2) the number of overnight stays increased by over 10%, (3) the number of paid accommodation stays increased by almost 9%, (4) direct spending increased by over 11% and (5) room tax revenue increased by over 25%. Source: Savannah Convention and Visitors Bureau. The forecast for this sector of the economy in 2006 and 2007 is strong. Accommodations are forecasted to increase by 5%, with 3.5% growth in room rate and 1.5% growth in room occupancy. Air travel is forecasted to increase as is auto travel into the area. Business travel and conventions/meetings are expected to remain stable.

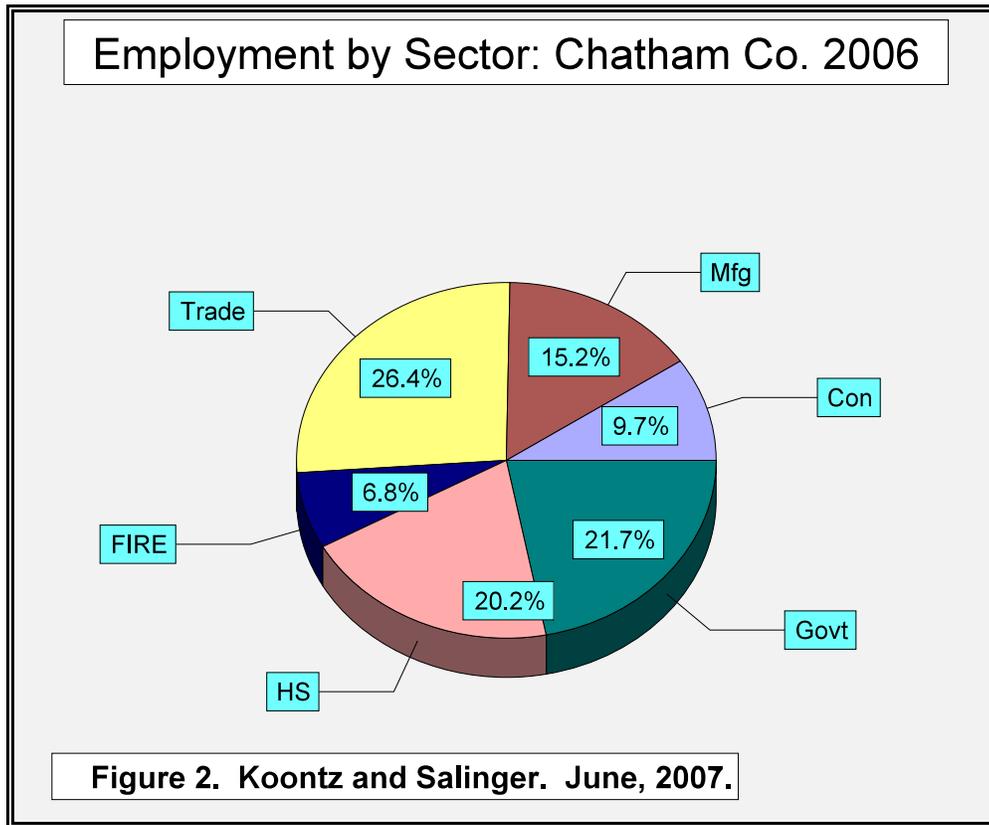
Education

_____Employment based on education is a major component of the area economic engine. Not only is the public education a major employer in Savannah/Chatham County with almost 5,000 employees, but the area schools of higher education are major employers as well. The Savannah College of Art and Design is a major employer in the downtown area with over 1,000 workers. More importantly its 7,000 students have a significant impact on the downtown economy, as well as a significant impact on the downtown area rental housing market. Other major education base employers in the market are Savannah State University, Savannah Technical College and Armstrong Atlantic State University.

Service & Trade

_____The service and trade sectors of local economy are very strong and very large, owing to the fact that Savannah commands a large regional market. Over the last few years health service employment has increased by about 5% annually, government employment by about 2% and trade sector employment by around 3%. The local real estate market is still strong, but has been exhibiting signs of decline, owing primarily to recent increases in interest rates. Still the local office market remains strong and is the commercial real estate market. The City is has several new hotels in the pipeline for development, as well as several new condominium projects.

Figure 2 exhibits employment by sector in Chatham County in 2006. The top employment sectors in the County are: manufacturing, trade, government and service. The forecast for 2007, is for the manufacturing sector to stabilize. The forecast for the service, trade and government sectors is for an increase in employment.



Local Economy - Relative to Subject & Impact on Housing Demand

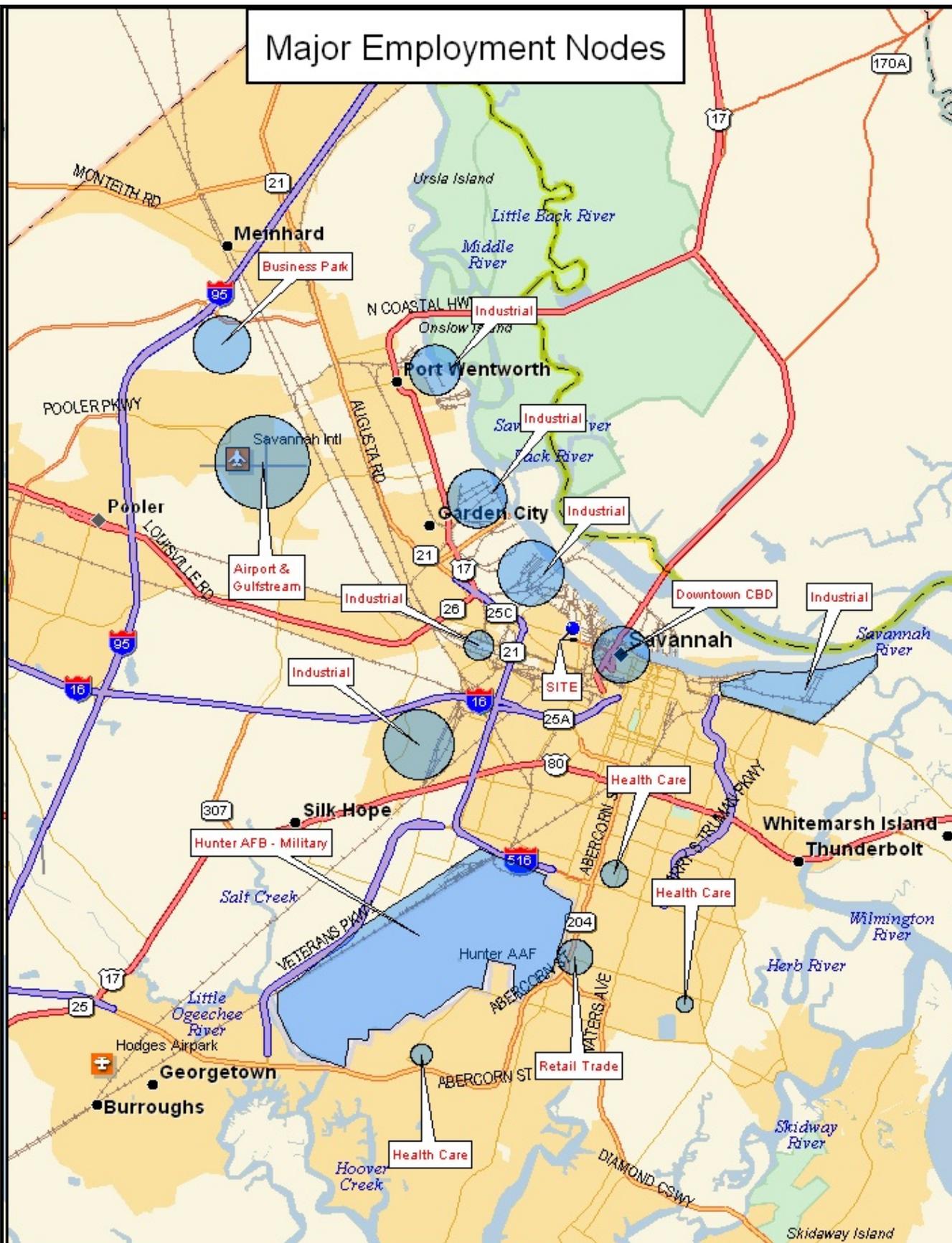
In summary, recent economic indicators are more supportive of an expanding local economy in Savannah and Chatham over the next year, with a worst case scenario of a stable economy. A stable to growing economy helps to strengthen the overall demand for rentals by younger and new immigrant households and to give support for local landlords to increase rents on an annual basis as overall supply versus demand tightens.

The forecast for the Savannah MSA is that employment in 2007 will increase at a rate twice that of the State. Employment in 2007 will rise by 2.7 percent (or by 4,200 jobs), which is the third largest percent gain predicted for any of the states's metropolitan areas, behind only Columbus and Brunswick.

The Selig Center for Economic Growth (Terry College of Business, University of Georgia) forecasts an annual positive growth rate with net employment gains of 1.8% per year between 2006 and 2011 for Chatham County.

A map of the major employment concentrations in the PMA is exhibited on the next page.

Major Employment Nodes



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SECTION F

**PROJECT-SPECIFIC
DEMAND ANALYSIS**

This analysis examines the area market demand in terms of a specified GA-DCA demand methodology. This incorporates several sources of income eligible demand, including demand from new renter household growth and demand from

existing renter households already in the Savannah PMA market. In addition, given the amount of substandard housing that still exists in the PMA market, the potential demand from substandard housing will be examined.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units. The demand analysis is premised upon an estimated projected year that the subject will be placed in service of 2009.

In this section, the effective project size is 110-units. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 7A and 7B from the previous section of the report. This demand analysis will be two-fold. It will examine potential demand for the LIHTC segment (by discrete income ranges) of the subject and potential demand for the Market Rate segment of the subject.

Subsequent to the derivation of the annual demand estimate, the project is considered within the context of the current market conditions. This analysis assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like-kind competitive supply. In this case discriminated by age and income.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other like-kind assisted family apartment projects in the market area.

Effective Demand Pool

In this methodology, there are three basic sources of demand for an apartment project to acquire potential tenants:

- * net household formation (normal growth),
- * existing renters who are living in substandard housing, and
- * existing renters who choose to move to another unit, typically based upon affordability (rent overburdened), project location and features.

As required by the most recent set of GA-DCA Market Study Guidelines, several adjustments are made to the basic model. The methodology adjustments are:

- (1) taking into consideration like-kind competitive units now in the "pipeline", and/or under construction within the 2000 to 2009 forecast period,
- (2) taking into consideration like-kind competition introduced into the market between 2000 and 2007, and
- (3) for secondary market area demand (a 15% adjustment factor).

Note: The secondary market area adjustment factor is pre determined and specified in the most current GA-DCA Market Study Guideline instructions.

Growth

For the PMA, forecast housing demand through household formation totals 0 households over the 2000 to 2009 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2000 to 2009, forecast period it is calculated that 0 new household formations would be renters.

Based on 2009 income forecasts, 0 new renter households fall into the 30% AMI target income segment of the proposed subject property; 0 into the 60% AMI target income segment; and 0 into the Market Rate target income segment.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 96 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA and 268 households were living in renter-occupied dwellings in over crowded conditions (1.5 or more persons per room). The total number of existing renters that were in substandard housing based on the 2000 Census was 364.

Based on a field analysis of Savannah and the PMA, along with an examination of the trends in substandard data between the 1990 and 2000 censuses and the introduction of several large LIHTC/Market Rate properties (both new construction and acquisition/rehab since the 2000 census) within and within close proximity to the PMA, it is estimated that in 2009 there are 164 renter households in substandard housing conditions in the PMA.

Based on 2009 income forecasts, 77 substandard renter households fall into the target income segment of the proposed subject property at 30% AMI; 36 substandard renter households fall into the target income segment of the proposed subject property at 60% AMI; and 8 households at Market.

Demand from Existing Renters that are Rent Overburdened

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included in the demand analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent*. The most recent census based data for the percentage of households that are rent overburdened by income group is the 2000 census. Forecasting this percentage estimate forwarded into 2009 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households (in 2009) have remained the same since 2000. That is approximately 80% of the renters with incomes in the 30% AMI target income segment are rent overburdened; 40% of the renters with incomes in the 60% AMI target income segment are rent overburdened; and 25% of the renters with incomes in the Market Rate target income segment are rent overburdened.

*Note: HUD and the US Census define a rent over burdened household at 30% of income to rent.

In the PMA it is estimated that 2,359 existing renter households are rent overburdened and fall into the 30% AMI target income segment of the proposed subject property. In the PMA it is estimated that 552 existing renter households are rent overburdened and fall into the 60% AMI target income segment of the proposed subject property. In the PMA it is estimated that 220 existing renter households are rent overburdened and fall into the Market Rate target income segment of the proposed subject property.

Total Effective Tenant Pool - PMA

The potential demand from these sources (in the PMA) total 2,436 households/units at 30% AMI; 588 households/units at 60% AMI; and 228 households/units at Market. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA.

Secondary Market Area Adjustment (15% factor)

The following is stated on page 8 of 18 in the 2007 GA-DCA Market Study Guidelines: "To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area." The 15% adjustment factor is applied to all of the **combined** demand estimates (regardless of tenure) as detailed in the overall demand methodology.

The secondary market area adjustment factor increased demand by 365 households at 30% of AMI; by 88 households at 60% of AMI; and by 34 households at Market.

Total Effective Tenant Pool - PMA & SMA

The potential demand from the demand methodology sources from both the PMA and SMA total 2,801 households/units at 30% AMI; 676 households/units at 60% AMI; and 262 households/units at Market. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from both the PMA and SMA.

These estimates of demand were adjusted for the introduction of new like-kind supply into the PMA between the 2007 to 2009 forecast period, as well as between 2000 and 2006. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final segmentation process of the demand methodology was to subject out like-kind competition/supply in the PMA built since 2000. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments. Note: Since 2000, four like-kind competitive family apartment developments have been introduced into the PMA: Heritage Place (86-units) in 2005, Heritage Row (70-units) in 2005, Montgomery Landing (144-units) in 2005, and Oaks at Brandlewood (324-units) in 2003.

Taking these properties into consideration reduced the potential demand to 2,756 at 30% AMI; 273 at 60% AMI; and 169 at Market.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to local sources, no other like-kind multi-family apartment development supply is under construction or in the pipeline for development, within the PMA. Near the PMA, yet not within it, the Montgomery Landing Apartments (LIHTC) were completed in 2005; Ashley Midtown I was completed in 2004, the elderly component of the Ashley Midtown development opened in May, 2007 and Ashley Midtown II (38-units) is just beginning the development process. These developments are located within the Central submarket of Savannah.

According to Mr. Brian White, City Planner for the City of Savannah Community Planning and Development there is no on-going construction/development of multi-family properties in the vicinity of the site nor the Westside market. In particular, no competitive/like kind affordable multi-family housing development.

A review of the 2000 to 2006 list of awards made by the Georgia Department of Community Affairs revealed that in the last seven rounds, four awards were made for a LIHTC **family** development in the PMA. These awards will be taken into consideration in the demand methodology.

The segmented, effective demand pool for the LIHTC component of the proposed development is summarized in Table 14, on the following pages. The segmented, effective demand pool for the Market Rate component of the proposed development is summarized in Table 15, on the following pages.

Table 14: LIHTC Component

Quantitative Demand Estimate: Sustainable Fellwood PMA

	30%	60%
	<u>AMI</u>	<u>AMI</u>
● <u>Demand from New Growth - Renter Households</u>		
Total Projected Number of Households (2009)	6,439	6,439
Less: Current Number of Households (2000)	<u>6,458</u>	<u>6,458</u>
Change in Total Renter Households	- 19	- 19
% of Renter Households in Target Income Range	<u>47%</u>	<u>22%</u>
Total Demand from New Growth	0	0
● <u>Demand from Substandard Housing with Renter Households</u>		
Number of Households in Substandard Housing(2000)	364	364
Number of Households in Substandard Housing(2009)	164	164
% of Substandard Households in Target Income Range	<u>47%</u>	<u>22%</u>
Number of Income Qualified Renter Households	77	36
● <u>Demand from Existing Renter Households</u>		
Number of Renter Households (2009)	6,439	6,439
Minus substandard housing segment	164	164
Net Number of Existing Renter Households	6,275	6,275
% of Households in Target Income Range	<u>47%</u>	<u>22%</u>
Number of Income Qualified Renter Households	2,949	1,381
Proportion Income Qualified (that are Rent Overburden)	<u>80%</u>	<u>40%</u>
Total	2,359	552
● <u>Net Total Demand from the PMA</u>	2,436	588
● <u>Secondary Market Area Adjustment</u>		
Net Total Demand	2,436	588
Adjustment Factor of 15%	<u>15%</u>	<u>15%</u>
Demand from SMA Adjustment	365	88
● <u>Gross Total Demand (PMA & SMA)</u>	2,801	676
Minus New Supply of Competitive Units (2000-2007)	<u>45*</u>	<u>403*</u>
● <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	2,756	273

*Heritage Place, Heritage Row, Montgomery Landing and Oaks @ Brandlewood

Capture Rate Analysis

Total Number of Households Income Qualified = 3,029. For the subject 88 LIHTC units this equates to an overall LIHTC Capture Rate of 2.9%.

LIHTC Capture Rates by AMI

	30%	60%
● <u>Capture Rate</u> (88 unit subject, by AMI)	<u>AMI</u>	<u>AMI</u>
Number of Units in Subject Development	46	42
Number of Income Qualified Households	2,756	273
Required Capture Rate	1.7%	15.4%

● Total Demand by Bedroom Mix

It is estimated that approximately 25% of the target group fits the profile for a 1BR unit, 45% for a 2BR unit; 25% of the target group is estimated to fit a 3BR unit profile; and 5% of the target group is estimated to fit a 4BR unit profile. Source: Table 4 and Survey of the Competitive Environment.

Total Demand by Bedroom Type (at 30% AMI)

1BR	-	689
2BR	-	1,240
3BR	-	689
4BR	-	138
Total	-	2,756

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	689	0	689	12	1.7%
2BR	1,240	0	1,240	19	1.5%
3BR	689	0	689	13	1.9%
4BR	138	0	138	2	1.5%

* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

Total Demand by Bedroom Type (at 60% AMI)

1BR - 68
2BR - 123
3BR - 68
4BR - 14

Total - 273

	<u>Total Demand</u>	<u>New Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	68	0	68	12	17.7%
2BR	123	0	123	17	13.8%
3BR	68	0	68	10	14.7%
4BR	14	0	14	3	21.4%

* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

Table 15: Market Rate Component

Quantitative Demand Estimate: Sustainable Fellwood PMA

	Market Rate
● <u>Demand from New Growth - Renter Households</u>	
Total Projected Number of Households (2009)	6,439
Less: Current Number of Households (2000)	<u>6,458</u>
Change in Total Renter Households	- 19
% of Renter Households in Target Income Range	<u>14%</u>
Total Demand from New Growth	46
● <u>Demand from Substandard Housing with Renter Households</u>	
Number of Households in Substandard Housing(2000)	364
Number of Households in Substandard Housing(2009)	164
% of Substandard Households in Target Income Range	<u>5%</u>
Number of Income Qualified Renter Households	8
● <u>Demand from Existing Renter Households</u>	
Number of Renter Households (2009)	6,439
Minus substandard housing segment	164
Net Number of Existing Renter Households	6,275
% of Households in Target Income Range	<u>14%</u>
Number of Income Qualified Renter Households	879
Proportion Income Qualified (that are Rent Overburden)	<u>25%</u>
Total	220
● <u>Net Total Demand from the PMA</u>	228
● <u>Secondary Market Area Adjustment</u>	
Net Total Demand	228
Adjustment Factor of 15%	<u>15%</u>
Demand from SMA Adjustment	34
● <u>Gross Total Demand (PMA & SMA)</u>	262
Minus New Supply of Competitive Units (1999-2008)	<u>93*</u>
● <u>Gross Total Demand (Renter, Owner, Non Tenure & SMA)</u>	169

*Montgomery Landing & Oaks @ Brandlewood

Capture Rate Analysis - Market Rate Component

● <u>Capture Rate</u> (22 Market Rate units)	Market <u>Rate</u>
Number of Units in Subject Development	22
Number of Income Qualified Households	169
Required Capture Rate	13.0%

● Total Demand by Bedroom Mix

It is estimated that approximately 25% of the target group fits the profile for a 1BR unit, 45% for a 2BR unit; 25% of the target group is estimated to fit a 3BR unit profile; and 5% of the target group is estimated to fit a 4BR unit profile. Source: Table 5 and Survey of the Competitive Environment.

Total Demand by Bedroom Type (at Market)

1BR	-	42
2BR	-	76
3BR	-	42
4BR	-	9
Total	-	169

	<u>Total Demand</u>	New <u>Supply*</u>	<u>Net Demand</u>	Units <u>Proposed</u>	Capture <u>Rate</u>
1BR	42	0	42	6	14.3%
2BR	76	0	76	10	13.2%
3BR	42	0	42	5	11.9%
4BR	9	0	9	1	11.1%

* At present there is no supply of Market Rate apartment units under construction or in the approved pipeline for development within the PMA.

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

Absorption Rate Analysis

Given the strength (or lack of strength) of the demand estimated in Tables 14 and 15, the worst case scenario for 93% to 100% rent-up is estimated to be 9 months (at 12-units per month on average). The most likely/best case rent-up scenario suggests a 6-month rent-up time period or less (an average of 18-units per month).

Note: In addition, the absorption of the project is contingent upon an attractive product and professional management.

Stabilized occupancy, subsequent to initial lease-up is expected to be 93% or higher.

Overall Impact to the Rental Market

Given the current rental market vacancy rate and the forecasted strength of demand for the expected entry of the subject in 2009, it is estimated that the introduction of the proposed development will probably have little to no long term negative impact on the PMA program assisted apartment market. However, short term negative impact of up to 9 months could be expected at the Heritage Place LIHTC family complex. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than / up to 1 year. (**Note:** This expectation is contingent upon neither catastrophic natural nor economic forces effecting the Savannah apartment market and local economy in 2009.)

SECTION G

**COMPETITIVE ENVIRONMENT &
SUPPLY ANALYSIS**

This section of the report evaluates the general rental housing market conditions in the PMA, for both program assisted properties and market rate properties.

Part I of the survey focused upon a sample of market rate properties within and adjacent to the PMA. Part II consisted of a survey of existing LIHTC family program assisted properties in Savannah. The analysis includes individual summaries and pictures of properties as well as an overall summary rent reconciliation analysis.

The Savannah apartment market is representative of an urban apartment market, with a mixture of small to large apartment properties as well as a mixture of conventional properties and program assisted properties. Most of the upscale apartment properties are located within the southern (aka "The Southside") section of the City and what is known as the "Islands" area of Savannah, an area comprised of Oakland, Whitmarsh and Wilmington Islands, immediately east of the City. Upscale complexes are also located off I-95 in the Pooler area and off SR 204 and US 17 in Chatham County. Most of the program assisted rental stock is located near the downtown and to a lesser degree in the "Westside" and "Southside" markets.

Note: At the time of the survey no competing LIHTC family apartment development was under construction or in the pipeline for development in the PMA (other than the subject).

Part I - Survey of the Market Rate Apartment Market

Six market rate properties, representing 762 units, were surveyed in the subjects competitive environment, in detail. Several key factors in the local conventional apartment market include:

- * At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was approximately 2%.
- * The bedroom mix of the surveyed market rate apartment properties is 24% 1BR, 61% 2BR, and 15% 3BR.
- * A survey of the conventional apartment market exhibited the following median and range of net rents, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Net Rents			
BR/Rent	Average	Median	Range
1BR/1b	\$627	Na	\$625-\$1105
2BR/1b	\$622	\$650	\$550-\$745
2BR/2b	\$713	\$725	\$695-\$1135
3BR/2b	\$795	\$780	\$755-\$1280

Source: Koontz & Salinger. June, 2007

* A survey of the conventional apartment market exhibited the following average, median and range of size of units, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Unit Size		
BR/Size	Median	Range
1BR/1b	770	642-1013
2BR/1b	940	915-1100
2BR/2b	1106	985-1211
3BR/2b	1295	1115-1418

Source: Koontz & Salinger. June, 2007

* In the area of unit size, by bedroom type, the subject will offer a competitive unit size, by floor plan, with the existing market rate properties, particularly those located near the PMA in the Central/Downtown submarket.

Part II - Survey of LIHTC Apartment Market

Eight LIHTC family properties, representing 1,455 units, were surveyed in detail in the Savannah apartment market. Four of the eight properties, Heritage Place, Heritage Row, Montgomery Landing and Oaks at Brandlewood are located within the subject PMA. Five of the eight LIHTC complexes have a market rate component. Several key factors in the LIHTC apartment market include:

* At the time of the survey, the overall estimated vacancy rate of the surveyed LIHTC family properties was approximately 2%. At the time of the survey, the vacancy rate for the newest LIHTC developments in the market were very low: Ashley Midtown I was 0%, Heritage Place was 0%, Heritage Row was 0%, and Montgomery Landing was approximately 3%. The majority of the vacant LIHTC family units were at one complex, the Oaks at Brandlewood. Twelve or about 45% of all of the vacant LIHTC family units (in the market) were located at this complex. In the opinion of the analyst, the high vacancy rate at this complex is due to: (a) its overly large size (324-units), (b) the tax credit net rents are near the max

allowable and (c) units that turnover remain vacant for an extended period of time beyond what is normal. This could be an indication that the complex is experiencing a shortage of reserve monies allocated to unit re-leasing efforts.

* Heritage Place, Heritage Row and Montgomery Landing are the newest LIHTC properties in the vicinity of the PMA. Montgomery landing opened in 2005 and took approximately 5 months to attain 95+% occupancy. Both Heritage Place and Heritage Row opened in 2005 and took around six months to nine months to fill.

* At the time of the survey, none of the LIHTC properties were offering concessions.

* The bedroom mix of the surveyed LIHTC family properties was 17% 1BR; 47% 2BR, 31% 3BR and 5% 4BR.

* The survey of the LIHTC family apartment market exhibited the following median and range of 50% & 60% AMI net rents, by bedroom type, in the area competitive environment:

LIHTC Competitive Environment - Net Rents		
BR/Rent	Median	Range
1BR/1b	\$468	\$365-\$551
2BR/1b	\$560	\$454-\$625
2BR/2b	\$603	\$477-\$665
3BR/2b	\$640	\$532-\$765
4BR/2b	\$740	\$578-\$840

Source: Koontz & Salinger. June, 2007

* The survey of the LIHTC family apartment market exhibited the following median and range of net rents for the market rate component of the LIHTC complexes, by bedroom type, in the area competitive environment:

LIHTC Competitive Environment - Net Rents Market Rate Component		
BR/Rent	Median	Range
1BR/1b	\$505	\$484-\$670
2BR/2b	\$685	\$556-\$770
3BR/2b	\$735	\$665-\$825
4BR/2b	\$765	\$745-\$775

Source: Koontz & Salinger. June, 2007

* The survey of the LIHTC family apartment market exhibited the following median and range of unit size, by bedroom type, in the area competitive environment:

LIHTC Competitive Environment - Unit Size		
BR/Size	Median	Range
1BR/1b	712	600-869
2BR/1b	917	880-1186
2BR/2b	1047	834-1189
3BR/2b	1217	1012-1354
4BR/2b	1428	1134-1499

Source: Koontz & Salinger. June, 2007

* Among the most comparable LIHTC apartment properties to the subject are: Ashley Midtown I, Heritage Place and Montgomery Landing.

HUD Section 8 Voucher Program

At present, the Savannah Housing Authority manages the HUD Section 8 program for the City and all of Chatham County. Currently, the program has 2,519 Section 8 vouchers in its portfolio, of which, 1,900 are in use and the remaining 529 have yet to be issued. The waiting list for a voucher is very long, with approximately 4,100 applicants. At present, the list is closed with the exception of applicants age 62 and over. Over 90% of the applicants on the waiting list are very low income and are classified as 30% or below of AMI. In addition, about 75% to 80% are families with children, many of which are single-mothers with children. Less than 5% of those on the list are age 62 and over. Source: Ms. Lynn Coleman, Section 8 Coordinator, Savannah Housing Authority, (919) 235-5844, ext. 109. Interview date: 6/22/07

Fair Market Rents

The 2007 Fair Market Rents for the Savannah, GA metropolitan area (which includes Chatham County) are as follows:

Efficiency = \$ 583
 1 BR Unit = \$ 631
 2 BR Unit = \$ 703
 3 BR Unit = \$ 933
 4 BR Unit = \$ 963

*Fair Market Rents are gross rents (include utility costs)

Source: www.huduser.org

Note: The proposed subject property LIHTC gross rents are set below the maximum Fair Market Rent by bedroom type at 60% AMI. Thus, the subject property LIHTC units at 650% AMI will be readily marketable to Section 8 voucher holders in Chatham County.

Table 16, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed market rate apartment properties in and within close proximity of the PMA competitive environment.

Table 16											
SURVEY OF PMA MARKET RATE APARTMENT COMPLEXES											
PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	110	30	46	34	Na	BOI-\$530	BOI-\$630	BOI-\$705	821	1055-1099	1300-1451
Arbor Terrace	106	--	70	36	1	--	\$745-\$750	\$835	--	1033-1106	1295
Birchwood	44	16	28	--	0	Na	Na	--	960	1100	--
Kessler Point	120	40	48	32	1	\$610-\$650	\$660-\$750	\$755-\$805	770	940-985	1115
Plantation	112	--	112	--	0	--	\$550	--	--	915	--
Walden @ Chatham	236	92	120	24	12	\$830-\$1005	\$1010-\$1135	\$1165-\$1280	642-1013	1131-1211	1358-1418
Wyndmere	144	32	88	24	0	\$607-\$640	\$650-\$695	\$755	770	940-985	1115
Total*	762	180	466	116	14						

* - Excludes the subject property

Source: Koontz and Salinger. June, 2007.

Table 17, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed LIHTC family apartment properties in the Savannah competitive environment.

Table 17											
SURVEY OF SAVANNAH LIHTC APARTMENT COMPLEXES											
PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3 & 4BR	Vac. Units	1BR Rent	2BR Rent	3 & 4BR Rent	SF 1BR	SF 2BR	SF 3 & 4BR
Subject	110	30	46	34	Na	BOI-\$530	BOI-\$630	BOI-\$705	821	1055-1099	1300-1451
Ashley Midtown	169	--	85	84	0	--	\$610-\$725	\$695-\$825	--	1186	1354
Bradley Point	144	32	64	48	0	\$551	\$665	\$765-\$840	791	1047	1226-1499
Indigo Pointe	310	32	168	110	6	\$474-\$505	\$540-\$556	\$615-\$745	705	834	1012-1134
Live Oak Plantation	208	40	90	78	4	\$484	\$586	\$662-\$710	712	934	1034-1135
Montgomery Landing	144	16	48	80	4	\$195-\$575	\$227-\$685	\$253-\$775	792	1062	1267-1428
Oaks @ Brandlwd	324	96	132	96	12	\$548-\$670	\$662-\$770	\$762-\$870	773	1043	1217
Heritage Row	70	4	49	17	0	\$168-\$468	\$218-\$564	\$259-\$640	690-757	880-1153	1320
Heritage Place	86	27	41	18	0	\$415-\$465	\$495-\$560	\$570-\$625	600-869	917-1189	1146
Total*	1,455	247	677	531	26						

* - Excludes the subject property

Note: 4BR included in with the 3BR for Bradley Point, Indigo Pointe, Live Oak Plantation and Montgomery Landing

Source: Koontz and Salinger. June, 2007.

Table 18 exhibits the key amenities of the subject and the surveyed market rate apartment properties. Overall, the subject is competitive to very competitive with the PMA market rate apartment properties in the market regarding the unit and development amenity package.

Table 18													
SURVEY OF PMA MARKET RATE APARTMENT COMPLEXES													
UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x	x	x	x	x	x	x	x	x
Arbor Terrace	x	x	x	x	x	x	x	x	x	x	x	x	x
Birchwood			x			x	x	x	x	x	x		
Kessler Point	x	x	x		x	x	x	x	x	x	x	x	x
Plantation		x				x	x	x	x	x	x		
Walden @ Chatham	x		x		x	x	x	x	x	x	x	x	x
Wyndmere	x	x	x	x	x	x	x	x	x	x	x	x	x

Source: Koontz and Salinger. June, 2007.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
 D - Tennis Court E - Playground/Rec Area F - Dishwasher
 G - Disposal H - W/D Hook-ups I - A/C
 J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
 M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Table 19 exhibits the key amenities of the subject and the surveyed LIHTC family apartment properties. Overall, the subject is competitive with the existing LIHTC program assisted family apartment properties in the market regarding the unit and development amenity package.

Table 19													
SURVEY OF SAVANNAH LIHTC APARTMENT COMPLEXES													
UNIT & PROJECT AMENITIES													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x	x	x	x	x	x	x	x	x
Ashley Midtown	x	x	x		x	x	x	x	x	x	x	x	x
Bradley Point	x	x	x		x	x	x	x	x	x	x	x	x
Indigo Pointe	x	x			x	x	x	x	x	x	x		x
Live Oak Plantation	x	x			x	x	x	x	x	x	x		x
Montgomery Landing	x	x	x		x	x	x	x	x	x	x	x	x
Oaks at Brandelwd	x	x	x		x	x	x	x	x	x	x	x	x
Heritage Row	x	x				x	x	x	x	x	x	x	x
Heritage Place	x	x			x	x	x	x	x	x	x	x	

Source: Koontz and Salinger. June, 2007.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
 D - Tennis Court E - Playground/Rec Area F - Dishwasher
 G - Disposal H - W/D Hook-ups I - A/C
 J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
 M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

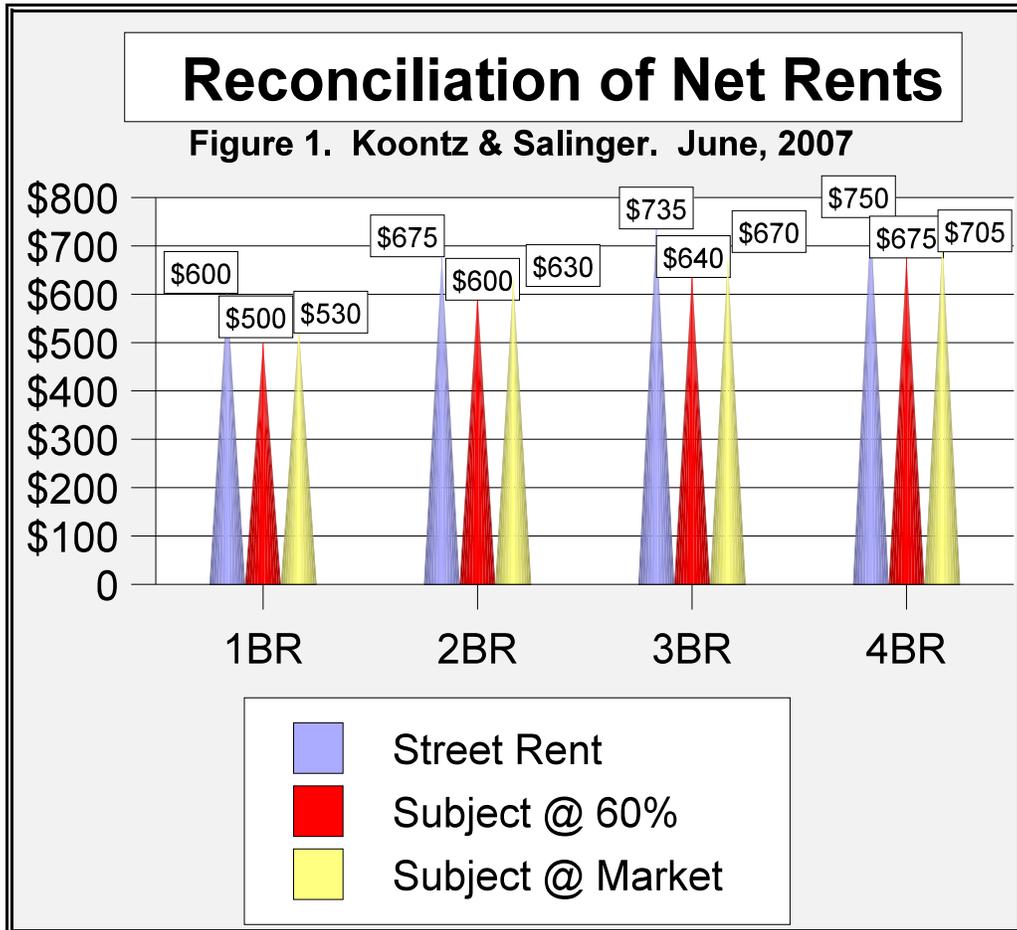
Reconciliation of Net Rents

The survey of the market rate competitive environment revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated average conventional (street) net rent by bedroom type in relation to the proposed subject property net rents at 60% AMI, and Market.

Bedroom Type	Street Rent*	Subject Rents at	
		60% AMI	Market
1BR/1b	\$600	\$500	\$530
2BR/1.5b	\$675	\$600	\$630
3BR/2b	\$735	\$640	\$670
4BR/2b	\$750	\$675	\$705

* net rent - for comparable units

Figure 1, reveals that the proposed subject 1BR net rent at 60% AMI is approximately 16% less and at Market is approximately 12% less than the comparable/competitive 1BR net rent. The proposed subject 2BR net rent at 60% AMI is approximately 11% less and at Market is approximately 7% less than the comparable/competitive 2BR net rent. The proposed subject 3BR net rent at 60% AMI is approximately 12% less and at Market is approximately 9% less than the comparable/competitive 3BR net rent. The proposed subject 4BR net rent at 60% AMI is approximately 10% less and at Market is approximately 6% less than the comparable/competitive 4BR net rent.



The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed market rate properties is provided on page 75. A map showing the location of the surveyed LIHTC elderly properties is provided on page 13.

Survey of the Competitive Environment-Market Rate

1. Arbor Terrace, 4035 Kessler Ave, Garden City (912) 964-8787

Contact: Jennifer, Lsg Consultant (6/1/07) **Type:** Market Rate
Date Built: 1990 **Condition:** Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent per SF</u>	<u>Vacant</u>
2BR/1b	44	\$745	1033	\$.72	1
2BR/2b	26	\$750	1106	\$.68	0
3BR/2b	36	\$835	1295	\$.64	0
Total	106				1

Typical Occupancy Rate: 96% **Waiting List:** No
Security Deposit: \$350-\$500 **Concessions:** No
Utilities Included: water, sewer, trash **Turnover:** Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Tennis Courts	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Car Wash Area	Yes

Design: 1 story



2. Birchwood Apartments, 6 Almond Ct, Savannah (912) 964-9491

Contact: Manager (6/8/07)
Date Built: 1982-89

Type: Market Rate
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent per SF</u>	<u>Vacant</u>
1BR/1b	16	Na	960	Na	*
2BR/1b	28	Na	1100	Na	*
Total	44				0

Typical Occupancy Rate: Na
Security Deposit: Na
Utilities Included: Na

Waiting List: Na
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	Yes
Laundry Room	No	Tennis Courts	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Car Wash Area	No

Design: 2 story

Remarks: manager was uncooperative



3. Kessler Point, 901 Kessler Pt, Garden City (912) 964-4452

Contact: Cindy, Lsg Consultant (6/4/07)
Date Built: 1989

Type: Market Rate
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent per SF</u>	<u>Vacant</u>
1BR/1b	40	\$610-\$650	770	\$.79-\$.84	0
2BR/1b	32	\$660-\$710	940	\$.70-\$.76	0
2BR/2b	16	\$700-\$750	985	\$.71-\$.76	0
3BR/2b	32	\$755-\$805	1115	\$.68-\$.72	1
Total	120				1

Typical Occupancy Rate: 96%-99%
Security Deposit: \$500
Utilities Included: sewer, trash

Waiting List: Yes (5-2BR)
Concessions: No
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes (office)	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: 2-story walk-up



4. Plantation Apartments, 112 Denmark St, Garden City (912) 964-2344

Contact: Ms Denmark (6/8/07)
Date Built: 1983

Type: Market Rate
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent per SF</u>	<u>Vacant</u>
2BR/1.5b	112	\$550	915	\$.60	0
Total	112				0

Typical Occupancy Rate: 95%
Security Deposit: \$200
Utilities Included: water & trash

Waiting List: Yes (20 apps)
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	Yes	Tennis Courts	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Car Wash Area	No

Design: 2 story



5. Walden @ Chatham Apartments, 100 Walden Ln, Savannah (912) 238-8596

Contact: Kelly, Lsg Consultant (6/8/07)
Date Built: 2003

Type: Market Rate
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent per SF</u>	<u>Vacant</u>
1BR/1b	92	\$830-\$1005	642-1013	\$1.29-\$.99	*
2BR/2b	120	\$1010-\$1135	1131-1211	\$.89-\$.94	*
3BR/2b	24	\$1165-\$1280	1358-1418	\$.86-\$.90	*
Total	236				12

Typical Occupancy Rate: 92%-95%
Security Deposit: \$150
Utilities Included: trash

Waiting List: No
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes (office)	Pool	Yes
Laundry Room	No	Tennis Court	No
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Car Wash Area	Yes

Design: 3-story walk-up; gated entry

Remarks: recent vacant units due a reduction in the number of military renters as a result over significant overseas assignments



6. Wyndmere Apartments, 1 Wyndmere Pl, Garden City (912) 964-9211

Contact: Pat, Lsg Consultant (6/1/07)
Date Built: 1987

Type: Market Rate
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Rent per SF</u>	<u>Vacant</u>
1BR/1b	32	\$607-\$640	770	\$.79-\$.83	0
2BR/1b	24	\$650	940	\$.69	0
2BR/2b	64	\$695	985	\$.71	0
3BR/2b	24	\$755	1115	\$.68	0
Total	144				0

Typical Occupancy Rate: 95%-97%
Security Deposit: \$90-\$500
Utilities Included: trash

Waiting List: Yes (1)
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes (office)	Pool	Yes
Laundry Room	Yes	Tennis Court	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Car Wash Area	Yes

Design: 2-story walk-up



Survey of the Competitive Environment-LIHTC family Projects

1. Ashley Midtown I Apartments, 151 Park Ave (912) 233-3075

Contact: Ms Anderson (6/8/07)
Date Built: 2004
Contact Type: Telephone interview

Type: LIHTC/Market Rate
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>			<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		50%	60%	MR			
2BR/1b	10	\$625	\$625	\$725	\$124	1186	0
2BR/1.5b	75	\$610	\$610	\$725	\$124	1186	0
3BR/2b	9	\$695	\$695	\$825	\$146	1354	0
3BR/2.5b	75	\$695	\$695	\$825	\$146	1354	0
Total	169						0

Typical Occupancy Rate: 98% **Waiting List:** Yes (100-apps)
Security Deposit: \$300 **Concessions:** No
Utilities Included: Water, sewer, trash **Turnover:** low

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 2 story walk-up & townhouse

Remarks: 67-units have Public Housing rental assistance; serves households
 Mainly from the north and northeast sections of the city



2. Bradley Pointe Apartments, 1355 Bradley Blvd (912) 920-2151

Contact: Kathryn Canchola, Mgmt (6/8/07) **Type:** LIHTC - 60% AMI
Date Built: 2004 **Condition:** Excellent
Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	32	\$551	\$ 89	791	0
2BR/2b	64	\$665	\$115	1047	0
3BR/2b	32	\$765	\$140	1226	0
4BR/3b	16	\$840	\$178	1499	0
Total	144				0

Typical Occupancy Rate: 95%-97% **Waiting List:** Yes (12-apps)
Security Deposit: \$200 or 1 mo rent **Concessions:** No
Utilities Included: Trash removal **Turnover:** 10 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 2 story walk-up / gated entry

Remarks: 11 tenants have a Section 8 voucher; tenants came from the city and a county-wide area; 2BR units are in greatest demand



3. Indigo Pointe Apartments, 4750 LaRoach (912) 355-4005

Contact: Ms. Rogers, Mgr. (6/8/07)
Date Built: 1972 rehabed - 2000
Contact Type: Telephone interview

Type: LIHTC/Market Rate
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u> 60%	<u>MR</u>	<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	32	\$474	\$505	\$114	705	*
2BR/2b	168	\$540	\$556	\$125	834	*
3BR/2b	102	\$615	\$665	\$145	1012	*
4BR/2b	8	Na	\$745	\$176	1134	*
Total	310 -	290	20			6

Typical Occupancy Rate: 97% **Waiting List:** Yes (5 apps)
Security Deposit: 1 month rent **Concessions:** No
Utilities Included: Water, sewer, trash **Turnover:** 8 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: 2 story walk-up

Remarks: 74 tenants have a Section 8 voucher; tenants came from a city-wide area; the complex was built in 1972 as a HUD Section 8 property; it was acquired and rehabed in the LIHTC program; the rent range at 60% AMI is due to different specials offered over the last year; at present there are no specials; all of applicants on the waiting are in need of a 2BR unit



4. Live Oak Plantation Apartments, 8505 Waters Ave (912) 927-1188

Contact: Ms. Mitchell, Mgr. (6/15/07)
Date Built: 1975 rehabed - 2000
Contact Type: Telephone interview

Type: LIHTC/Market Rate
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>		<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		40% & 60%	MR			
1BR/1b	40	\$484	\$484	\$114	712	0
2BR/2b	90	\$568	\$568	\$125	934	4
3BR/2b	52	\$662	Na	\$145	1034	0
4BR/2b	26	\$710	Na	\$176	1135	0
Total	208 -	196	12			4

Typical Occupancy Rate: 96% to 97%

Waiting List: Yes (7 apps)

Security Deposit: 1 month rent

Concessions: No

Utilities Included: Water, sewer, trash

Turnover: 6 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: townhouse

Remarks: 52 tenants have a Section 8 voucher; tenants came from a city-wide area; the complex was built in 1975 as a HUD Section 8 property; it was acquired and rehabed in the LIHTC program; offers only one set of rents; good demand for large bedroom formats



5. Montgomery Landing Apartments, 714 W 57th St (912) 495-0655

Contact: Paula Brockman, (6/8/07)
Date Built: 2005
Contact Type: Telephone interview

Type: LIHTC/Market Rate
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>				<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		30%	50%	60%	MR			
1BR/1b	16	\$195	\$404	\$508	\$575	\$119	792	0
2BR/2b	48	\$227	\$477	\$603	\$685	\$150	1062	0
3BR/2b	64	\$253	\$543	\$688	\$735	\$182	1267	4
4BR/2b	16	\$256	\$578	\$740	\$775	\$230	1428	0
Total	144 - 15	43	57	29				4

Typical Occupancy Rate: 95%
Security Deposit: \$250-\$500
Utilities Included: Trash removal

Waiting List: Yes (100 apps)
Concessions: No
Turnover: 4-6 units per mo

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 2 & 3 story walk-up

Remarks: 34 tenants have a Section 8 voucher; tenants came from the city-wide area; the complex was absorbed over a 5 month period
 1BR & 2BR units are in most demand; good demand for market rate units by military households; good walk-in and telephone traffic



6. Oaks at Brandlewood Apartments, 5110 Garrard Ave (912) 232-9400

Contact: Yolanda Tremble (6/8/07)
Date Built: 2003
Contact Type: Telephone interview

Type: LIHTC/Market Rate
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u> 60%	<u>MR</u>	<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	96	\$548	\$670	\$100	773	0
2BR/2b	132	\$662	\$770	\$115	1043	4
3BR/2b	96	\$762	\$870	\$136	1217	8
Total	324 -	260	64			12

Typical Occupancy Rate: 90% to 94%
Security Deposit: \$199 or 1 mo rent
Utilities Included: Trash removal

Waiting List: Yes (1-app)
Concessions: No
Turnover: 25%-40% annually

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: 3 story walk-up (car care center)

Remarks: 52 tenants have a Section 8 voucher; tenants came from a city-wide area; 2 of the 12 vacant units are market rate; tax credit rents are at the maximum allowable, thus there are problems in the area of affordability issues



7. Heritage Row Apartments, W 35-41 Sts

(912) 234-8420

Contact: Jenelle (6/8/07)

Type: LIHTC

Date Built: 2005

Condition: Excellent

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>			<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		30%	50%	60%			
1BR/1b	4	\$168	\$365	\$468	\$149	690-757	0
2BR/1&2b	49	\$218	\$454	\$564	\$168	880-1153	0
3BR/2b	17	\$259	\$532	\$640	\$197	1320	0
Total	70						0

Typical Occupancy Rate: 95%+

Waiting List: Yes (1.5 yrs)

Security Deposit: 1 month rent

Concessions: No

Utilities Included: Trash removal

Turnover: "very low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	No
Storage	Yes	Picnic Area	Yes

Design: 1 story

Remarks: 7 tenants have a Section 8 voucher; 100% occupied within 12 months



8. Heritage Place, 1901 Florance St

(912) 234-8420

Contact: Jenelle (6/8/07)

Type: LIHTC

Date Built: historic rehab 2005

Condition: Excellent

Contact Type: Telephone interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>		<u>Utility Allowance</u>	<u>Size sf</u>	<u>Vacant</u>
		50%	60%			
1BR/1b	27	\$415	\$465	\$100	600-869	0
2BR/1&2b	41	\$495	\$560	\$115	917-1189	0
3BR/2b	18	\$570	\$625	\$136	1146	0
Total	86					0

Typical Occupancy Rate: 95%+

Waiting List: Yes (3 yrs)

Security Deposit: 1 month rent

Concessions: No

Utilities Included: water & trash

Turnover: "very low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 1 story

Remarks: 10 tenants have a Section 8 voucher; historic rehab of an old hospital plus new construction; 100% occupied within 12 months

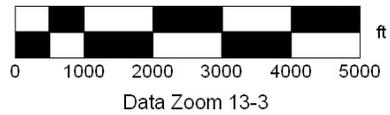


Competitive Environment



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SECTION H

INTERVIEWS

The following are observations and comments relating to the subject property. They were obtained via a survey of local contacts interviewed during the course of the market study research process.

In most instances the project parameters of the proposed development were presented to the "key contact", in particular: the proposed site location, project size, bedroom mix, income targeting/primary funding source and net rents. The following statements/comments were made:

(1) - The City of Savannah Community Planning and Development Office was contacted, Mr. Brian White, (912) 651-6520. *Mr. White stated that there was significant ongoing development activity in Savannah, both in market rate and more moderately positioned affordable housing. The respondent noted that the City was in favor of the proposed Sustainable Fellwood Apartment development on the Westside. He stated the recently updated City Plan strongly recommended the need for city funds to be committed to the revitalization of the Westside residential district.*

(2) - Mr. Martin Fretty, Executive Director of the Savannah Housing Department was interviewed, (912) 651-6926. *Mr. Fretty stated that there is strong local support for additional LIHTC apartment housing in the City, both elderly and family that fits with the overall plan and objectives of revitalizing the City. He went on to state that the need will become even more significant over the next two years as the city loses more market rate rental stock that targets population with low to moderate incomes. For example, owners/management of the following properties have stated that their complexes will be either converted into condominiums or razed and new commercial uses or condos will replace the demolished/rehabed property: Drayton Tower (180-units), Abercorn Terrace (188-units), Plantation Oaks (40-units), and (Robby Robinson-Snap approximately 100-units).*

(3) - Ms. Lisa Sundrla, Executive Director of the Savannah Development and Renewal Authority was interviewed, (912) 651-6973. *Ms. Sundrla stated that Savannah has been in an active phase of multi-income development that has generated a wide array of housing and integrated retail opportunities. Throughout the Savannah area there are over 9 million square feet of units planned east of the downtown area from very low income-to moderate income-to upper income. Seven new hotels are planned for the downtown which is anticipated to generate further residential and commercial development. There is significant ongoing interest in providing affordable housing, mixed income areas, family ownership strategies and designated proportions of commercial development appropriately interspersed with affordable housing in the downtown area of the City, including the large Savannah Riverwalk Project. Ms Sundrla, stated that she is familiar with the proposed LIHTC applications for 2007 in the City and that the City and the Renewal Authority is very supportive of the proposed developments.*

(4) - Ms. Rogers, Manager of the Indigo Pointe (LIHTC/Market Rate-

family) Apartments was interviewed, (912) 355-4005. At the time of the interview Ms. Rogers expressed a positive opinion regarding the proposed LIHTC family and elderly developments. Ms Rogers stated that the proposed net rents and bedroom mix of the Sustainable Fellwood application were well positioned for the market and should not be problematic in terms of marketing and the rent-up process. She did state that her property might be negatively impacted by the proposed elderly development in the short term. In particular during a likely six to nine month rent-up period. However, in the long term she felt that the market was so strong for LIHTC type housing that the proposed development would fit within the market appropriately along with the other LIHTC properties in the City. At present, her property typically has a waiting list and about 50 of her tenants are age 55 and over. Most of her tenants came from a city-wide area, with 74 utilizing HUD Section 8 vouchers. In summary, she believes that the proposed elderly and family developments would be successful in Savannah.

(5) - Ms. Mitchell, Manager of the Live Oak Plantation (LIHTC/Market Rate-family) Apartments was interviewed, (912) 927-1188. At the time of the interview Ms. Mitchell expressed a positive opinion regarding the proposed LIHTC elderly and family development in the City. Ms Mitchell reviewed the proposed net rents and bedroom mix of the Sustainable Fellwood application and stated that they were well positioned for the market and should not be problematic in terms of marketing and the rent-up process. In general, she felt that the Savannah apartment market was strong enough for additional LIHTC housing. At present, her property typically has a waiting list with 7 applicants. Most of her tenants came from a city-wide area, with 52 utilizing HUD Section 8 vouchers. In summary, she believes that the proposed development would be absorbed rapidly given present LIHTC demand characteristics in Savannah.

(6) - Ms. Paula Brockman, Manager of the Montgomery Landing (LIHTC/Market Rate-family) Apartments was interviewed, (912) 495-0655. At the time of the interview Ms. Brockman expressed a very positive opinion regarding the proposed LIHTC developments. Ms. Brockman stated that she is very familiar with the proposed Mossy Branch Senior site and the surrounding area, owing to the fact that the developer of Mossy Branch Senior is the same developer of Montgomery Landing. She stated that a primary reason that the Mossy Branch Senior site is excellent and the proposed development will be very well received is due to the fact that a bus stop is located on the corner of the site. She stated that there is very good demand for LIHTC apartments in the City as evident by the very successful rent-up of Montgomery Landing. Montgomery Landing, a 144-unit development was 95+% occupied within a five month period. Ms. Brockman reviewed the proposed Mossy Branch Senior and Sustainable Fellwood net rents and bedroom mix and stated that the proposed developments will offer rents that will be very competitive in the Savannah market. In summary, she believes that the proposed developments would be absorbed very rapidly given present LIHTC demand characteristics in Savannah.

(7) - Ms. Anderson, Manager of the Ashley Midtown (LIHTC/Market Rate-family) Apartments was interviewed, (912) 233-3075. At the time of the interview Ms. Anderson expressed a very positive opinion regarding the proposed LIHTC developments. She stated that the Sustainable Fellwood development on the Westside would be very well received by the market.

SECTION I
**CONCLUSIONS &
RECOMMENDATION**

As proposed in Section B of this study, it is of the opinion of the analyst, based on the findings in the market study that the Sustainable Fellwood Apartments (a proposed mixed income LIHTC/Market Rate property) proceed forward with the development process.

Detailed Support of Recommendation

1. Product Mix - The target group is large enough to absorb the proposed product development of **110** units.
2. Assessment of rents - The proposed net rents will be competitive to very competitive in the PMA.
3. The current apartment market is **not** representative of an over saturated market, for well maintained, well amenitized and professionally managed properties.
4. The proposed complex unit amenity package is considered to be competitive to very competitive within the PMA.
5. Stabilized occupancy, subsequent to initial lease-up, is forecasted to be 93% or higher.
6. The site location is considered to be marketable.
7. The proposed development will not negatively impact the existing supply of program assisted LIHTC family properties in the City of Savannah.

SECTION J
ANALYST QUALIFICATIONS

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental

agencies.

JERRY M. KOONTZ

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A.A. Urban Studies 1978 Prince George Comm. Coll.

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1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.

1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

AREAS OF

EXPERIENCE: Real Estate Market Analysis: Residential Properties and Commercial Properties

WORK PRODUCT: Over last 24+ years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d) (4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

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Market Analyst Certification and Checklist

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

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

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

Signed: _____ Date: _____

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