

HOUSING MARKET STUDY

FOR

WHITEHALL COMMONS APARTMENTS

**A LIHTC PROJECT FOR FAMILIES INVOLVING
NEW CONSTRUCTION FOR-RENT UNITS**

LOCATED IN:

**THE CITY OF CLEVELAND,
WHITE COUNTY, GEORGIA**

PREPARED FOR:

GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS

PREPARED BY:

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JUNE, 2007

DCA PROJECT NUMBER: 07-013

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultants declare that they do not have, and will not have in the future, any material interest in the proposed project, and that there is no identity between them and the applicant. Further, the consultants declare 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.
2. The consultants have based this analysis on information about conditions in Cleveland and White County, Georgia, which 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 consultants assume 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 sources cited during the normal course of a thorough investigation. The consultants reserve the right to alter their conclusions on the basis of any discovered inaccuracies.
3. No opinion of a legal, architectural, 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 eligibility established by law for units designated for occupancy by elderly households.
6. The study is designed to satisfy the underwriting guidelines, rules and methodology requirements of Georgia DCA and the conclusions reflect the predicted ability of the project to meet or exceed DCA market thresholds. A positive conclusion does not necessarily imply that the project would be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted market analysis standards and elements pre-empted by DCA guidelines.

The consultants affirm that the principal of the firm has 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.

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EXECUTIVE SUMMARY

1. Project Description:

- Whitehall Commons will comprise 64 apartments for rent for family households. The project will have assisted rents, but will have no project-based rental assistance. The project has the following profile:

<u>Units</u>	<u>Mix</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	<u>Target AMI</u>
9	2BR/2Ba	1,143	\$414	\$129	\$543	50% AMI
5	2BR/2Ba	1,143	\$490	\$129	\$619	60% AMI
7	2BR/2Ba	1,143	\$650	\$129	\$779	Market Rate
14	3BR/2BA	1,412	\$464	\$164	\$628	50% AMI
10	3BR/2BA	1,412	\$545	\$164	\$709	60% AMI
11	3BR/2BA	1,412	\$799	\$164	\$963	Market Rate
4	4BR/2Ba	1,615	\$495	\$206	\$701	50% AMI
1	4BR/2Ba	1,615	\$635	\$206	\$841	60% AMI
3	4BR/2Ba	1,615	\$925	\$206	\$1,131	Market Rate
64						

- Rents include trash collection only. Tenants will be responsible for all other utilities, including sewer and water, heat, hot water, electric and personal utilities, such as telephone and cable.
- The moderate rents, the mix oriented to larger households and generous unit sizes are considered appropriate for this development and are expected to be attractive to consumers.
- The unit amenities are considered appropriate for this project, particularly given the basic amenities at other market area apartments. The project amenities are also considered appropriate.

2. Site and Community Description

- The subject site is located at the eastern end of Bryant Street. Roughly two blocks east of Main Street in the southeastern section the City of Cleveland. The land is currently vacant and heavily wooded. It has utilities available to the site. The site is currently zoned for multi-family-apartment development.
- Land use in the immediate site vicinity is primarily multi- and single family residential. Neighborhood shopping and health care is very convenient (two blocks west) and other

community shopping, community services, highway options and employment concentrations are easily accessible via Main Street (US 129).

3. Market Area Description

- The Primary Market Area (PMA) market area for the project is defined as White County as a whole. This is based on the City's position as the market center of the County, the distance to population centers in adjacent markets, and depends largely on the opinions of apartment managers in White and adjacent counties, as well as other real estate and planning professionals.

4. Community Demographics:

The demographic conditions and forecasts in this study reflect recent trends, current conditions and official demographic forecasts. Growth in this market is exceptionally high.

- The population of the Cleveland Market Area experienced a well above average increase between 1990 and 2000 (4.4% annually). Based on official and private/commercial projections, this trend is expected to moderate only slightly to 3.1% through the forecast period.
- Household growth in the Cleveland Market Area was positive during the 90's, a result primarily of the population growth, but also slightly declining household sizes. The number of households is projected to increase by 319 households annually in the forecast period, in line with population gains and near stabilization in household size.
- Tenure among households showed a moderately increasing proportion of renters over the 90's for Cleveland PMA, but the proportion of renters remained fairly low at 21%. Net renter household growth in this market is projected to be around 66 units in the forecast period, all things being equal.
- Median household incomes are relatively low but have increased significantly since 1989. The median income for all households was roughly \$36,100 in 1999. The estimated median income for all households is now at approximately \$47,100, while the estimated renter median is only \$26,750.
- White County has a moderate employment base, with employment concentrations in and around the City of Cleveland.
- The largest employers in White County are in education, government and retail.
- Both job creation and the number of employed workers have showed strong increases over the past five years. Both continued to increase in 2006.

5. Demand

- Demand for the assisted LIHTC apartment development is generated from new household growth, and from existing renters in substandard housing and those paying more than 35% of income for rent (rent overburden). Each demand component is adjusted for income eligibility, and for potential competition.

Demand by bedroom mix and target AMI level is shown below, along with capture rates and absorption periods:

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Mean Market Net Rent	Proposed Net Rent
2 Bdrm	50%AMI	9	103	0	103	8.7%	3 months	\$626	\$414
	60% AMI	5	135	0	135	3.7%	1 month	\$626	\$490
	Market	7	169	62	107	6.5%	3 months	\$626	\$650
2 Bdrm	TOTAL	21	283	62	221	9.5%	3 months	\$626	
3 Bdrm	50%AMI	14	53	0	53	26.3%	6 months	\$928	\$464
	60% AMI	10	69	0	69	14.4%	4 months	\$928	\$545
	Market	11	59	4	55	19.9%	6 months	\$928	\$799
3 Bdrm	TOTAL	35	118	4	114	30.8%	6 months	\$928	
4Bdrm	50%AMI	4	9	0	9	44.4%	6 months	\$1,135	\$495
	60% AMI	1	12	0	12	8.5%	3 months	\$1,135	\$635
	Market	3	9	0	9	32.1%	6 months	\$1,135	\$925
4 Bdrm	TOTAL	8	19	0	19	41.5%	6 months	\$1,135	

Proposed Project Capture Rate LIHTC Units	11.4%
Proposed Project Capture Rate Market Rate Units	8.5%
Proposed Project Capture Rate ALL Units	12.6%
Proposed Project Stabilization Period	6 months

- While the larger household market is underserved in this PMA, the concentration of units in the 3BR and 4BR size, combined with the smaller number of households with 4 persons or more, result in marginally higher capture rates for the 3BR units at the 50% and 60% level. This is considered normal and acceptable, as is the high capture rate required by the 4BR units, particularly at the 50% level.

6. Supply

- The multi-family stock in the Cleveland Market Area is typical of small cities in rural areas, with a mix primarily of small, assisted housing options, many of which are directly subsidized. The survey included 7 rental projects comprising more than 250 units with a current vacancy rate of 4.3%; the rate is somewhat higher than normal due to the inclusion of one project just reaching initial stabilization. One comparable project is located outside the PMA, but is included since it is a recent LIHTC addition reasonably close to the PMA, with a similar scale, mix and rent structure to the proposed.

- The most directly comparable projects are Heritage Garden (Baldwin), Sunny Ridge and Hidden Creek. Absorption at Heritage Garden averaged over 9 units per month since initially introduced last year. Current vacancies are 3.7% in these three projects with 164 units.
- Rents range from \$495 to \$700 for 2BR units, and \$875 to \$1,250 for all 3BR units including single family homes; both exclude tax credit rents. The subject rents appear to be well within the range. There are no 4BR apartment units in the survey sample, but single family and mobile home rentals with 4BR range from \$800 to \$1,300. Average rents are \$626 for 2BR, \$928 for 3BR and \$1,135 for 4BR.
- There are no other assisted apartment projects for families planned at this time in the Cleveland PMA. There is a 48-unit apartment project for seniors proposed by the same developer as the subject, on an adjacent parcel to the subject.

7. Conclusions

- **Given the analysis and conclusions of each of the report sections, this project is deemed to have sufficient potential for successful development and operation as it is presently configured for consideration in this LIHTC cycle, and no changes are recommended. The housing market is expected to become tighter, with increased demand across the affordability spectrum, as the strong in-migration growth continues.**
- Based on the data from the survey of the Cleveland rental market, particularly the occupancy among the existing conventional and non-subsidized projects and the absorption of recent additions, it is estimated that the proposed is likely to have only moderate impact on the existing apartment market in the short term. This impact is likely to affect only one project in Cleveland, which has exhibited some occupancy problems in the past.
- **Based on the indicated levels of market support, the project should be absorbed to stabilization at 93% occupancy within a 6-month period, at an average rate of 10 units per month, and maintain a 95% occupancy rate or better thereafter.** The velocity of absorption will be affected by economic conditions that may exist at the point of project entry, and may not be as high as expected if a downturn in the local economy occurs.

INTRODUCTION

The following is a professional real estate market study for the determination of the need and demand for an assisted multi-family development for family households in the City of Cleveland in White County, Georgia. The study follows standard procedures for a multi-family market study, including the identification and analysis of the site circumstances, the demographic and income characteristics, and economic conditions in the market area; determination of projected demand among family households for rental housing, and evaluation of the existing multi-family housing supply.

The study will conform to professional standards of real estate market analysis, and is designed to satisfy the market study requirements of the Low Income Housing Tax Credit program as outlined in the Market Study Manual of the Georgia Department of Community Affairs 2007 application instructions, as well as incorporating additional guidelines promulgated by DCA. Unless otherwise specified in those guidelines, terms in this study will conform to definitions compiled and published by the National Council of Affordable Housing Market Analysts, and supplemented by specific definitions in the text.

The principal and analyst, Donald F. Robinson, performed a comprehensive on-site analysis in the market area, surrounding neighborhoods, and the site on **May 31 – June 4, 2007**. Personal interviews were conducted with local area real estate professionals, municipal planners and other persons knowledgeable of the local housing market, particularly local area rental management firms and apartment managers.

Among sources used and cited throughout the study are the U.S. Census of Population and Housing, the Georgia Department of Labor, the U.S. Department of Housing and Urban Development, the City of Cleveland and White County officials, and pertinent information and materials collected from local professional real estate sources. Throughout the demographic analysis of this study, estimates and projections including households, tenure, household size and age, and income distribution are derived and estimated from data published by the US Census, The Governor's Office of Planning and Budget (OPB) and CLARITAS/Ribbon Demographics (HISTA) data for current estimates and forecasts. The HISTA data are appended to the study.

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

PROJECT DESCRIPTION

Whitehall Commons Apartments will be located at the extension of Bryant Street, with the physical address of 299 Bryant Street, in White County within the City Limits of Cleveland, Georgia. The project will involve new construction, and will be open to occupancy by LIHTC-eligible and Market Rate family households with no age restrictions. The 64 units in four buildings comprise 27 HOME units targeted to households with incomes less than 50% of Area Median Income (AMI), 16 units targeted to those with incomes less than 60% AMI and 21 units for households with no income restrictions (market rate units). There is no proposed project based rental assistance. There will be 4 units designed for mobility impaired households, and 2 will be for sight and/or hearing impaired tenants. The projected date of entry into the market is December 31, 2009

As proposed, the project will be composed of 21 2BR/2Ba units, 34 3BR/2Ba units and 8 4BR/2Ba units in three story dwellings with 40% brick exterior and enhanced landscaping. The two-bedroom units will have 1,143 square feet; three-bedroom units will have 1,412 square feet and four-bedroom units will have 1,615 square feet.

The project profile is summarized below detailing the number of bedroom units for each AMI level, type of bedroom mix, unit size, net rent, utility allowance, and gross rent. The total number of units is 64.

<u>Units</u>	<u>Mix</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	<u>Target AMI</u>
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<u>3</u>	4BR/2Ba	1,615	\$925	\$206	\$1,131	Market Rate
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Tenants will be responsible for electric utilities, including lights, the HVAC for heating and cooling, cooking utilities, and hot water. Tenants will also be responsible for water and sewer. Project management will provide trash removal.

DEVELOPMENT AMENITIES

- * Community building with:
 - laundry room
 - office for on-site management
 - exercise room
 - equipped resident computer center
 - furnished library
 - covered porch
- * Picnic tables and barbeque facilities for community
- * Swimming Pool
- * Community Gardens
- * Equipped Tot Lot
- * Sitting areas with benches
- * Enhanced landscaping
- * 128 paved parking spaces

UNIT AMENITIES

- * Electric range
- * Carbon Monoxide fire suppression over range cook top
- * Refrigerator
- * Dishwasher
- * Washer & dryer hook-ups
- * Garbage disposal
- * Microwave
- * Ceiling fans
- * Bath exhaust
- * Pre-wired for cable television
- * Pre-wired for high speed internet access
- * Central air-conditioning

OPTIONAL SERVICES

- * Internet offered at low cost to tenants
- * Social & Recreational Activities Semi-Monthly

UNITS FOR SPECIAL NEEDS TENANTS

The developer has indicated that up to four units of the 64 total can be provided for residency by special needs tenants, with additional services for the developmentally disabled for those tenants provided by Georgia Mountains Community Services. To this end, DCA has apparently granted 3 Housing Vouchers with full subsidies for those tenants, although the fourth may be granted in the future.

Ms. Janice McAllister, coordinator for Georgia Mountains Community Services for White and Habersham Counties indicated that while she and her staff are not aware of this project, and while she currently has no developmentally disabled clients in White County needing such housing, she would be “thrilled” to have this resource for when the need does arise.

SITE AND NEIGHBORHOOD DESCRIPTION

The subject site is located at the east end of Bryant Street. The project address is noted as 299 Bryant Street, Cleveland, GA 30528-1525, in Census Tract 9502. White County is classed under Section 42 as a Difficult to Develop Area (DDA). The site is within the city limits; public water, sanitary sewer, electric, and telephone are currently available to the site.

Access to the residential buildings and to the community building will be available from Bryant Street, but the main entrance will be via an internal driveway from a central access point directly off Bryant Street. The circular driveway will also serve internal parking areas. The driveway and sidewalks will link the residential buildings and community building. Access to the project will not be impeded by local traffic, since Bryant is a dead end road with limited use.

The site property is zoned R-2, which allows multifamily development. A 48-unit elderly complex is being proposed on undeveloped land to the northeast of and adjacent to this property by the same developer.

No road or infrastructure improvements are planned for the immediate site vicinity but White County has ongoing road improvements, particularly on SR 75. When Wal-Mart is developed (see discussion below), the plans include extending service street from US 129 to SR 75. The site is not located in a flood plain, wetland area, or a tree/vegetation protection area. There are no negative environmental or visual impacts observed.

SITE AND NEIGHBORHOOD CHARACTERISTICS

The site is an irregularly shaped parcel comprising just over 8 acres. The site was subdivided from a larger tract of 12+ acres, and the balance of the original parcel (vacant) is proposed to be developed as the 48 unit elderly apartment complex.

The site is presently undeveloped and covered with trees and native scrub vegetation, with limited internal dirt roads at this time. The topography is typical of the area, ranging from nearly flat to gently rolling, with a steeper slope further to the southwest along a utility easement.

Land bordering the site on the northwest, west and southwest is developed as residential. Immediately adjacent to the site is the Bryant Street public housing facility with 24 units, of which 8 are designated for elderly tenants; the project is well kept in reasonably

good condition. Further west on Bryant are the Blue Ridge Apartments, which comprise several four-plexes located on steep terrain, but with an excellent view of the mountains surrounding the City. These units are in fair to poor condition. There is a modest single family development on Ridgewood Drive southwest of the site, and additional single and multi-family housing to the north and northwest along Pine Crest Creek Dr. Both Pine Crest Creek and Ridgewood are parallel to Bryant. There are also single family homes on Moosewood Dr. and Robin Hood Dr. east of the site.

Zoning of adjacent parcels includes:

North – R-2 – multi-family/mobile homes

East – R-1 Single Family Residential

South – R-3 Single Family Agriculture and B-2 Highway commercial

West – R-1 Single Family Residential and R-2 Multi-family Apartments.

Two blocks east of the site along S. Main Street, there is a significant concentration of convenience retail and restaurants, as well as at least one large church. The retail use extends north on Main through the City.

As noted, land to the south and east is wooded and undeveloped. Local sources indicate no firm plans for development of the vacant parcels at the present time. There is also continuing discussion in the City regarding medium and long-term utility capacity, and rezoning property for multi-family use might be problematic in the near future. At this time, rezoning will be considered as long as there is road access to the site.

The pictures on the following pages show the site and surrounding land uses, along with a map noting the site location.



Site entrance looking east from Bryant Street



Site interior looking northeast from southwest corner



Site from center looking west toward Bryant Street entrance



Rear of Bryant Street public housing to west of site from entrance



Rear of single family subdivision to southwest of site from Bryant St. terminus



Blue Ridge Apartments west of the site on Bryant St.

COMMUNITY SERVICES

Although the site is located in the southeastern part of town, it is easily accessible to all parts of the City, via Main Street, two blocks east of the site. Main Street (US 129) travels north-south and intersects Kyle St. (SR 115), the primary east-west street in town, roughly 1 mile north of the site. US 129 connects the City with Blairsville to the north and Gainesville to the south, while SR 75 (Helen Highway) branches off N. Main St. and travels to Helen, approximately 9 miles northeast.

There are two retail concentrations in Cleveland, both on Main St. The closest is on S. Main, within ½ mile of the site, and includes shopping centers and freestanding retail, including Piggly Wiggly supermarket, Cleveland Building Supply, Radio Shack, Family Dollar and Dollar General, and a wide variety of smaller retail establishments and restaurants. The second concentration is north of the downtown intersection at N. Main and Helen Highway. This area includes the Ingles supermarket, Eckerd's Pharmacy and Fred's discount department store. Most of the municipal services (City Hall, police, fire and library) are concentrated in and around the primary intersection of 129 and 115, although the post office is in the northeast part of town on Helen Highway across from the Ingles supermarket.

According to the County Planner and the City Clerk, there will be a new Wal-Mart Supercenter located on S. Main south of the existing retail concentration, which will include groceries. The store is expected to employ up to 250 people when it opens, which is expected by December, 2008.

The schools serving the site include the Nix Elementary School 1.3 miles northwest of the site on W. Kyle St., White County Middle School 1.5 miles northwest on Old Blairsville Road, and White County High School on US 129 3 miles north of the City. Cleveland is also home to Truett-McConnell College, a four year college affiliated with the Southern Baptist Convention, within 2 miles northeast of the subject.

There is no hospital in White County at this time, although there are physicians' and dentists' office in Cleveland. The closest hospitals are Habersham County Medical Center in Demorest (18 miles), Chestatee Regional Hospital in Dahlonega (21 miles) and Northeast Georgia Medical Center and Health System in Gainesville (23 miles). Northeast Georgia Health System is planning a Quick Care satellite facility south of Cleveland for completion in 2009, but there are still issues to be resolved with the City of Cleveland over utilizes extension and capacity.

Maps showing the geographic relationship of the site to community services, employment concentrations in the vicinity, and to all government program-assisted housing in the PMA are included below.

Cleveland Community Services

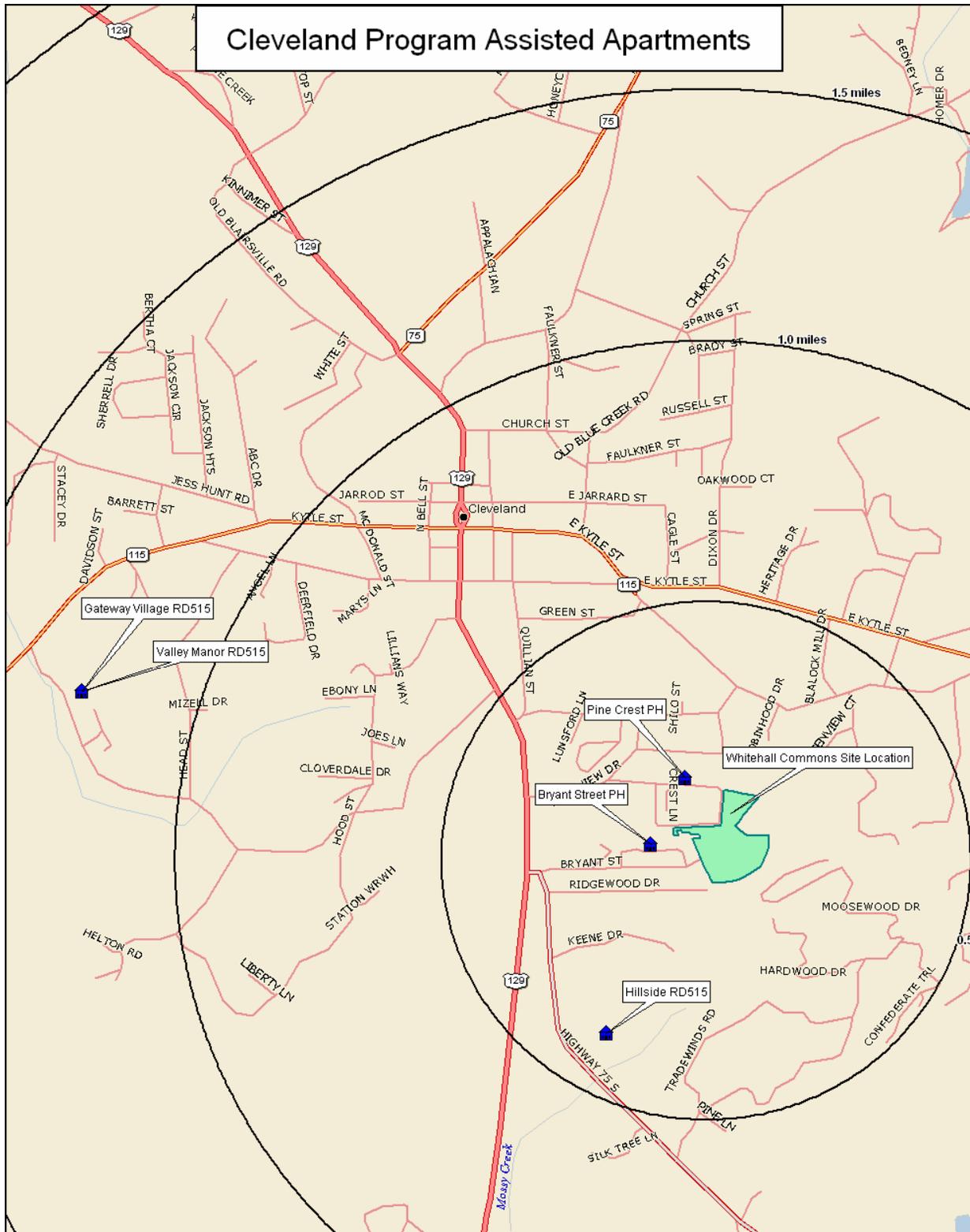


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Data Zoom 13-6

Cleveland Program Assisted Apartments



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Data Zoom 13-6

Overall Site Conclusions

In general the site appears suitable and attractive for the proposed use. Proximity to transportation routes and both retail and municipal services is very good. Site visibility will be limited, since the traffic is limited on the road serving the project, but is expected to present a marketable and pleasing appearance.

MARKET AREA DESCRIPTION

The definition of a market area for any real estate use is generally limited to the geographic area within which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly considers the location and proximity to consumer generators, transportation access, and the proximity and scale of competitive options. Frequently, both a primary and a secondary area are defined, where the primary area consumers will have the greatest propensity to choose a specific product at a specific location, and the secondary area consumers are less likely to choose the product but will still generate significant demand.

In almost all new apartment developments, a number of the tenants come from outside the defined primary (and/or secondary) market area. Out-of-market demand is not necessarily specific to any geography, and is often "opportunity-oriented": that is, demand is generated by the availability of units. Out-of-market demand includes elderly who return home (move-backs), elderly parents "imported" by their locally resident adult children, and households of any age who move because appropriate and affordable housing options are available.

This evaluation considers demand from the defined primary market area, plus a limited amount of support from the immediate secondary area and beyond the region. In this case, the defined primary market area broadly reflects the geographic area from which most tenants will come, but the exurban expansion north from Atlanta indicates that a very significant proportion of in-migrants will derive from a greater distance in the metropolitan Atlanta area. While the strong majority of the in-migration in White County involves home owners seeking a lower cost of living, including housing prices, the push from Atlanta is continuing among renters as well, particularly senior renters with family ties to the area.

PRIMARY MARKET AREA

An affordable housing market area definition is typically based on analysis of population and housing development, transportation and geographic patterns, housing stock conditions, and the location of competitive affordable housing. In this case, the primary factors are the site location within White County, density and similarity of existing residential development, geo-political boundaries, the location of other apartment projects, historic development patterns, as well as access to services and particularly employment.

Based on these factors, the effective market area for the project is defined as White County in its entirety. The rationale for this definition is explained below.

White County is located in northeast Georgia in the foothills of the North Georgia mountains, roughly 80 miles north of Atlanta, although only 40 miles north of the metropolitan area. The County is bordered by five counties, each with its own market center - Hall County to the south (Gainesville), Lumpkin to the west (Dahlonega), Union (Blairsville) and Towns (Hiawassee) Counties to the North and Habersham County to the east (Cornelia/Baldwin). Cleveland is the largest City in White County, and serves as the County Seat. The only other community of size is Helen, nine miles north on the border of the Chattahoochee National Forest. Much of the northern part of the County is in the National Forest and sparsely populated.

Transportation access in the County is limited to only one major US highway, and 3 smaller state highways. US 129 connects the City with Gainesville to the south and Blairsville to the north. SR 115 travels east to Clarksville and via 105 southeast to US 23 and 441, serving Cornelia, Baldwin and Demorest. SR 115 also travels west to Dahlonega. SR 75 connects Cleveland and Helen.

In addition to being the County Seat, the City of Cleveland serves as the trade center for the County, and is an education, retail and employment center in the County. The City and the County have experienced extremely rapid growth, primarily as part of the exurban expansion of the greater Atlanta area, with lower taxes, housing and land prices than nearby sections of the north metro area. Greater retail selection and regional shopping are available in Gainesville and north Atlanta.

A great deal of consideration was given to including adjacent North Georgia Counties and communities in the PMA, including Lumpkin and Habersham, despite the equivalent or greater population bases in those areas and the distances between Cleveland and the other market centers of Dahlonega and Cornelia/Baldwin. For that reason, in addition to the six managers of projects in White County, Waverly also interviewed 5 managers of apartment projects in Habersham and 4 managers in Dahlonega. This topic was also explored with representatives of the DCA regional office in Athens and various local officials. The consensus was strongly in favor of local households as the source for tenants, in all three counties. Only one manager reported substantial mobility between the three counties. Four of the 15 stated that more tenants come from Atlanta and out of state than from the adjacent counties. Cleveland managers in particular stated that most applicants come from the immediate local area.

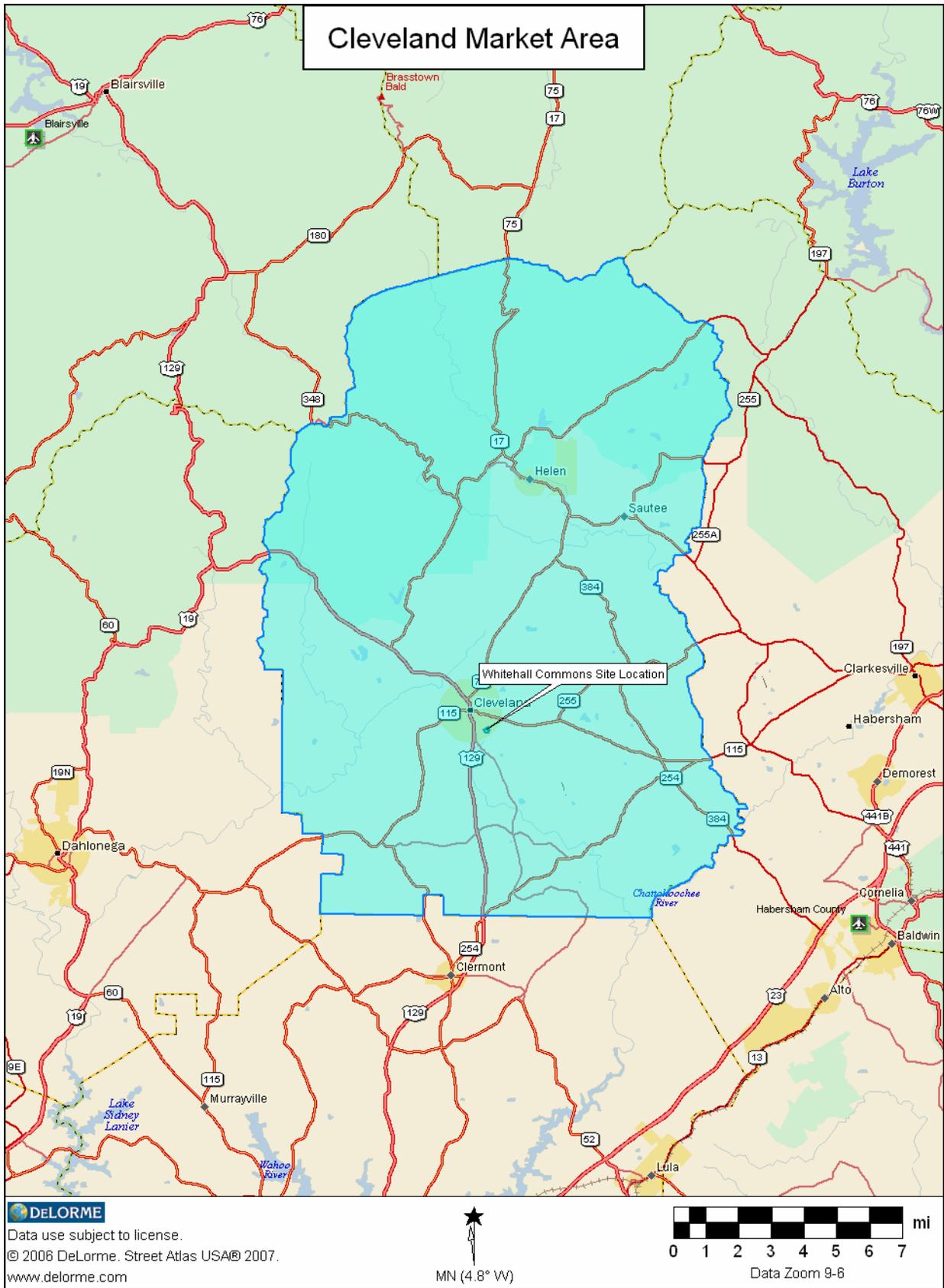
SECONDARY MARKET AREA

The specific Secondary Market Area for the proposed project will include the adjacent Counties, particularly Habersham and Lumpkin, but Hall as well although Gainesville is a larger and more urban market. According to local White County sources, including the apartment managers, more of the non-local households who migrate in as tenants are from

the Atlanta area, and not typically from the adjacent Counties. Therefore, the non-specific geographic addition to PMA demand is more suited to this market, although the rapid growth tends to indicate that a 15% increase may be inadequate.

While it is likely that some residents at the proposed project will be drawn from adjacent or reasonably close areas, and some local observers believe that Cleveland will continue to feel the exurban expansion from Atlanta, some potential local residents may choose to migrate to larger urban areas such as Gainesville or Atlanta, particularly if job changes are involved. It is the consultant's opinion, fostered by conversations with local officials and residents in Cleveland and the County, that the net migration effect will probably increase but at this time should be assumed to balance at zero, and the defined market area will best represent the population served by the proposed project. The expected demographic expansion will serve to reduce the risk of product introduction.

The primary market area is shown on the map on the following page.



ECONOMIC AND DEMOGRAPHIC BASE

Demand for any real estate use is typically a function of three basic indices - employment, demographics (population and households), and income. Employment trends reflect the economic health of the market, as well as the potential for sustained growth. Population and particularly household data indicate the strength of the consumer base, and the characteristics of those consumer households affect product design and marketing. analysis of the income distribution identifies the ability of target segments to afford a specific product.

For this study, reflecting a specified methodology and an affordable product, these three indices are examined with specific demand goals in mind. Need by type is based on household strength and income distribution to identify eligible households. Demand is estimated using growth trends, mobility, tenure, and income segmentation, to determine the consumer base to evaluate in the competitive environment. Finally, household characteristics such as household size and age help determine the housing features in demand by the consumers.

Normally this type of analysis relies on Department of Housing and Urban Development (HUD) estimates of income medians, levels, and program limits for consumer households. The 2007 HUD income limits and data are used in this study in defining upper income limits for target household segments, as required by the LIHTC guidelines. For comparison purposes, the HUD Fair Market Rents are also identified, and reflect the final 2007 FMR's published in 2006.

For the purposes of this analysis, the forecast period is defined as three years, from 2006 to 2009, in accordance with DCA market study requirements. This allows sufficient time in the next two years for predevelopment planning, financial approvals by multiple agencies, actual construction, and leasing, and establishes a base year using current estimates rather than projections. The proposed project could commence construction in 2008, with a completion in late 2009 and an expected Placed in Service date of December 31, 2009.

This type of study usually includes data at the County, market area and town levels; in this case, these levels are represented only by the defined Cleveland Market Area (White County), with some information for the City of Cleveland.

MARKET AREA DEMOGRAPHICS AND ECONOMIC DEVELOPMENT

Population trends and projections, and particularly household formations, are the basic indicators of the need and demand for housing. Tables 1 through 6 provide indicators of the trends for population and household growth. For this market area, the White County data are analyzed, supplemented by additional data on the City of Cleveland where appropriate.

POPULATION AND HOUSEHOLDS

For purposes of this analysis, data from the 2000 Census for the Cleveland Market Area are presented and compared to data from the 1990 Census. As previously noted, the estimates and projections are derived from a composite of official forecasts including Census estimates and Georgia OPB forecasts, and supplemented with County level data and 5 year forecasts from Claritas and Ribbon Demographics (appended). All reflect the continued rapid growth in the PMA.

The population of the Cleveland Market Area experienced a rapid increase between 1990 and 2000 (nearly 7,000 persons or 4.4% per year), and this trend has increased significantly since 2000. Based on projections, well-above average growth conditions are expected through the forecast period, with a gain of nearly 800 persons per year in the population base.

The population of the City of Cleveland increased by only 250 persons, to 1,900+ during the 1990's decade. The increase is projected at nearly twice that number so far this decade.

TABLE 1
POPULATION TRENDS
CLEVELAND MARKET AREA (WHITE COUNTY)
1990 - 2014

	<u>1990</u>	<u>2000</u>	<u>2006</u>	<u>2009</u>	<u>2014</u>
City of Cleveland	1,653	1,907	2,450	2,720	3,240
White County (PMA)	13,006	19,944	24,787	27,130	32,100

Total Population Change

City of Cleveland

Total Population Change	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
1990 - 2000	254	25	15.4%	1.4%
2000 - 2006	543	91	28.5%	5.1%
2006 - 2009	270	90	11.0%	3.5%
2009 - 2014	520	104	19.1%	3.6%

White County (PMA)

Total Population Change	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
1990 - 2000	6,938	694	53.3%	4.4%
2000 - 2006	4,843	807	24.3%	3.7%
2006 - 2009	2,343	781	9.5%	3.1%
2009 - 2014	4,970	994	18.3%	3.4%

- NOTES: 1. 2009 and 2014 data are projections.
2. Annual growth rates are compound rates, not averages.

SOURCES: 1990 Census of Population
2000 Census of Population, SF1
2005 and 2006 Census Estimates
Georgia Office of Planning and Budget
CLARITAS - Ribbon Demographics.

Mobility in the population confirms that a modest amount of in-migration has occurred, and that net migration trend corresponds to the moderate growth. Around 22.7% of the White County populations moved into the area within the five-year period prior to the 2000 Census.

The age distribution table (Table 2) details the growth rates among the various population segments between 2000 and 2006. The data show an increase of more than 20% in the number of children in the market area and a surprisingly strong increase in the 18-34 age segment. This estimate reflects the in-migration of young households, generally seeking a lower cost of living, and corresponds to the large gain in children as well. The change between 1990 and 2000 for the household formation segment (18-34) indicated a gain of 38%, while the more mature segment of 35 to 54 year olds increased by 17%. The increase in the number of elderly was substantial in the 65 and over segment.

TABLE 2 POPULATION AGE DISTRIBUTION CLEVELAND MARKET AREA (WHITE COUNTY) 2000 - 2006				
	<u>2000</u>	<u>2006</u>	<u>Change</u>	<u>Percent Change</u>
Less than 18 years	4,622	5,575	953	20.6%
Proportion	23.2%	22.5%		
18 - 34 years	4,359	6,023	1,664	38.2%
Proportion	21.9%	24.3%		
35 - 54 years	5,776	6,733	957	16.6%
Proportion	29.0%	27.2%		
55 - 64 years	2,285	2,738	453	19.8%
Proportion	11.5%	11.0%		
65 - 74 years	1,686	2,159	473	28.1%
Proportion	8.5%	8.7%		
75 years and over	1,216	1,559	343	28.2%
Proportion	6.1%	6.3%		
Total Population	19,944	24,787		
Sources: CLARITAS - Ribbon Demographics 2000 Census of Population, SF1				

HOUSEHOLDS

Household growth in the Cleveland Market Area was also very strong during the 90's, corresponding to a modest decrease in household size in addition to the above average population gains. This trend accelerated in the first half of this decade, and is expected to

continue to be very rapid in the forecast period, corresponding to the fast population growth forecast but nearly stabilized household size.

In the County, the growth averaged 4.7% per year or around 280 households in the 90's. The number of County households is projected to increase by over 300 per year during the forecast period. See Table 3.

In almost every market, rural and urban, there has been a decline in the household size since 1960, due to a number of sociological factors. These include smaller families, fewer extended or three generation families, greater number of divorces and single parents, increased personal longevity yielding more elderly, one- and two-person households, etc. (By definition, the minimum household size is 1.0.) This has been true but very modest in both White County and in the City, with virtually stable conditions at this time.

TABLE 3
HOUSEHOLD TRENDS
CLEVELAND MARKET AREA (WHITE COUNTY)
1990 - 2014

	<u>Year</u>	<u>Population</u>	<u>In Group Quarters</u>	<u>Households</u>	<u>Persons Per Household</u>
City of Cleveland	1990	1,653	278	598	2.30
	2000	1,907	239	729	2.29
	2006	2,450	240	969	2.28
	2009	2,720	245	1,086	2.28
	2014	3,240	250	1,311	2.28
White County (PMA)	1990	13,006	483	4,907	2.55
	2000	19,944	515	7,731	2.51
	2006	24,787	540	9,718	2.50
	2009	27,130	550	10,675	2.49
	2014	32,100	575	12,661	2.49

HOUSEHOLD TREND ANALYSIS - PRIMARY MARKET AREA

	<u>NUMBER</u>		<u>GROWTH RATE</u>	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
1990 - 2000	2,824	282	57.6%	4.7%
2000 - 2006	1,987	331	25.7%	3.9%
2006 - 2009	956	319	9.8%	3.2%
2009 - 2014	1,986	397	18.6%	3.5%

- NOTES: 1. 2009 and 2014 data are projections.
2. Annual growth rates are compound rates, not averages.

SOURCES: 1990 Census of Population and Housing
2000 Census of Population, SF1
CLARITAS - Ribbon Demographics.

Tenure among households showed a healthy, moderately increasing proportion of renters over the 90's for the Cleveland Market Area, from 18.0% in 1990 to 20.8% in 2000. The ratios are projected to stabilize in the PMA at around 21% over the forecast period. Net renter household growth in this market is projected to be around 66 units per year in the forecast period, all things being equal.

See Table 4.

TABLE 4
HOUSEHOLDS BY TENURE
CLEVELAND MARKET AREA (WHITE COUNTY)
1990 - 2014

City of Cleveland					
	<u>Households</u>	<u>Owner</u>	<u>Percent</u>	<u>Renter</u>	<u>Percent</u>
1990	598	412	68.9%	186	31.1%
2000	729	428	58.7%	301	41.3%
2006	969	582	60.0%	388	40.0%
2009	1,086	651	60.0%	434	40.0%
2014	1,311	787	60.0%	525	40.0%
White County (PMA)					
	<u>Households</u>	<u>Owner</u>	<u>Percent</u>	<u>Renter</u>	<u>Percent</u>
1990	4,907	4,022	82.0%	885	18.0%
2000	7,731	6,122	79.2%	1,609	20.8%
2006	9,718	7,674	79.0%	2,044	21.0%
2009	10,675	8,434	79.0%	2,242	21.0%
2014	12,661	10,003	79.0%	2,659	21.0%

SOURCES: 1990 Census of Population and Housing
2000 Census of Population, SF1

Household size data from the 2000 Census provide an indication that the population in White County and Cleveland vary from national norms – only 8.2% of all County households and 7.4% of all Cleveland Market Area households have five people or more (10% is typical). The majority of the households are still in the more traditional sizes of two to four (70% in the County and 61% in the PMA), and around 22% of County and 32% of PMA households are persons living alone.

These proportions do vary somewhat with tenure. Again, in the County, 57% of renters are in 2-4 person households, but 33% are persons living alone. However, the proportion of larger household increases in the PMA to 10.1%. These PMA trends imply that a mix of two and three bedroom units would be the most appropriate for family units, but a few larger, four bedroom units are also needed to maintain balance in the mix, particularly since there are very few 3BR or 4BR units now in the mix (less than 10% according to the competitive survey discussed later in the study). The 2000 Census reports only 5% of all rentals in 4BR units including single family and mobile homes.

**TABLE 5
HOUSEHOLDS BY SIZE
CLEVELAND MARKET AREA (WHITE COUNTY)
2000**

City of Cleveland	<u>Owner-Occupied</u>			<u>Renter-Occupied</u>		
			<u>Cumulative</u>			<u>Cumulative</u>
Household Size	<u>Number</u>	<u>Percent</u>	<u>Percentage</u>	<u>Number</u>	<u>Percent</u>	<u>Percentage</u>
One Person	121	28.3%	28.3%	109	36.2%	36.2%
Two Persons	160	37.4%	65.7%	93	30.9%	67.1%
Three Persons	74	17.3%	82.9%	52	17.3%	84.4%
Four Persons	41	9.6%	92.5%	25	8.3%	92.7%
Five Persons	22	5.1%	97.7%	15	5.0%	97.7%
Six Persons	8	1.9%	99.5%	6	2.0%	99.7%
Seven or More Persons	<u>2</u>	0.5%	100.0%	<u>1</u>	0.3%	100.0%
Total Households	428	100.0%		301	100.0%	
White County (PMA)	<u>Owner-Occupied</u>			<u>Renter-Occupied</u>		
			<u>Cumulative</u>			<u>Cumulative</u>
	<u>Number</u>	<u>Percent</u>	<u>Percentage</u>	<u>Number</u>	<u>Percent</u>	<u>Percentage</u>
One Person	1,179	19.3%	19.3%	501	33.2%	33.2%
Two Persons	2,562	41.8%	61.1%	453	30.0%	63.2%
Three Persons	1,073	17.5%	78.6%	188	12.5%	75.7%
Four Persons	832	13.6%	92.2%	214	14.2%	89.9%
Five Persons	327	5.3%	97.6%	101	6.7%	96.6%
Six Persons	105	1.7%	99.3%	33	2.2%	98.7%
Seven or More Persons	<u>44</u>	<u>0.7%</u>	100.0%	<u>19</u>	<u>1.3%</u>	100.0%
Total Households	6,122	100.0%		1,509	100.0%	

SOURCE: 2000 Census of Population, SF1

INCOME

One of the first discriminating factors in residential analysis is income eligibility and affordability. The market study must distinguish between gross demand and effective demand - effective demand is represented by those households that can both qualify for and afford to rent the proposed low-income multi-family development. For market-rate housing, the eligibility is unlimited, but affordability is nearly as an important a factor as in assisted housing. In order to quantify this effective demand, the income distribution of the market area households must be analyzed.

Median household incomes among all households in the Cleveland Market Area are moderate but with substantial increases since 1999. The median income for all households was roughly \$36,100 in 1999 and \$23,600 for renters. These are projected to be \$41,100 for all households and only \$26,750 for renters in 2006. Base year estimates are used to reflect constant dollars between incomes and rents; while it is expected that incomes will be higher in 2009, with a different distribution overall, it is also expected that income limits will increase as well.

Even with the increases over recent years, there are a significant proportion of renter households who could not afford to pay market or LIHTC rents without project-based subsidies, but there is also a large proportion that needs affordable rents without subsidies.

TABLE 6
HOUSEHOLD INCOME DISTRIBUTION
CLEVELAND MARKET AREA (WHITE COUNTY)

1999				
Household Income Range	ALL HOUSEHOLDS		RENTER HOUSEHOLDS	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
\$0 - 10,000	781	10.1%	304	18.9%
\$10,000 - 20,000	1,013	13.1%	377	23.4%
\$20,000 - 30,000	1,267	16.4%	343	21.3%
\$30,000 - 40,000	1,245	16.1%	265	16.5%
\$40,000 - 50,000	1,028	13.3%	122	7.6%
\$50,000 and over	<u>2,397</u>	31.0%	<u>198</u>	12.3%
TOTAL	7,731	100.0%	1,609	100.0%
Median Household Income	\$36,084		\$23,600	
2006				
Household Income Range	ALL HOUSEHOLDS		RENTER HOUSEHOLDS	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
\$0 - 10,000	865	8.9%	370	18.1%
\$10,000 - 20,000	1,030	10.6%	403	19.7%
\$20,000 - 30,000	1,322	13.6%	372	18.2%
\$30,000 - 40,000	1,506	15.5%	378	18.5%
\$40,000 - 50,000	1,244	12.8%	155	7.6%
\$50,000 and over	<u>3,751</u>	38.6%	<u>366</u>	17.9%
TOTAL	9,718	100.0%	2,044	100.0%
Median Household Income	\$41,100		\$26,750	
SOURCES: 2000 Census of Population, SF3 CLARITAS - Ribbon Demographics				

EMPLOYMENT TRENDS

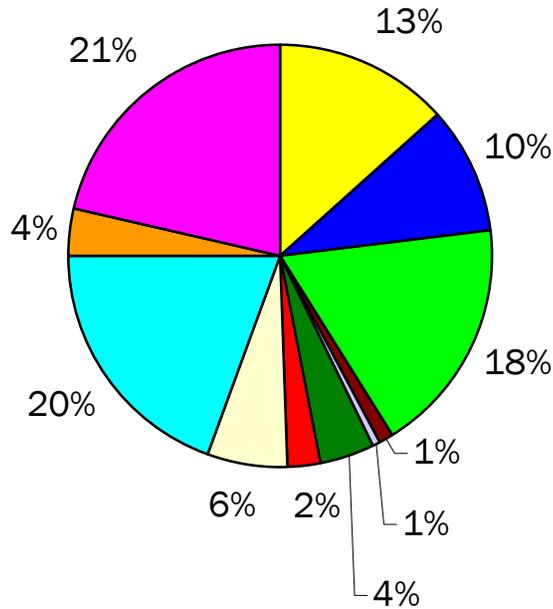
The economic situation for Cleveland and environs is statistically represented by the employment activity, both in workers and jobs, in White County as a whole. Generally changes in family households reflect a fairly direct relationship with employment, unlike elderly household dynamics, and the employment data reflect the vitality and stability of the area for growth and development in general.

Labor data for 2006 reflect rapid growth in employment over the past year following more modest growth between 2000 and 2005, although there was a substantial change in the methodology and benchmarking of data in 2005 that make direct comparisons less reliable. The unemployment rate is below national averages and has decreased since 2000. Manufacturing is still an important part of the economy, but White County has lost a number of manufacturing jobs, particularly in the textile and automotive parts industry (Mount Vernon Mills and the impending closing of Yonah Manufacturing). Since 2001, there have been more than 70 manufacturing jobs lost in the County, or around 8% of the 2001 total.

The national economy in general has shown sluggish signals lately, with a significant recession in 2000 – 2002, and a purported recovery in 2003 and 2004, but with very little recapture of the jobs lost. During 2005, the economy had basically recovered back to the job levels of January 2000, with continuing gains in 2006. The recession was highlighted by lower factory orders and increasing transfer of jobs offshore, increased unemployment claims, increasing and longer layoffs and reduced consumer confidence, while the recovery has shown fewer primary employment jobs such as manufacturing, and more service and government jobs. The White County economy reflects the impact from these trends, but to a lesser extent than other parts of Georgia and the Southeast.

Manufacturing has historically been important but not dominant in employment in White County, despite declines in recent years. The largest manufacturing facility in Cleveland, Freudenburg-NOK employs around 400 people, in fabricating seals and gaskets among other items. Figure 1 illustrates the segmentation of the jobs in the County by industry, detailing the predominance of Tourism, Trade, and Government sector jobs.

**FIGURE 1: JOB SECTORS, 2006
WHITE COUNTY**



- | | | |
|------------------------|---------------------------------|-------------------------|
| Manufacturing | Construction, Natural Resources | Trade |
| Transport, Utilities | Information | Financial Services |
| Professional/Technical | Education/Health Care | Leisure and Hospitality |
| Other Services | Government | |

Jobs data have historically been reported using the Standard Industrial Classification (SIC) system. This has now been replaced by the North American Industry Classification System (NAICS), which will serve as the new structure for classifying business activity in the United States. The Georgia Department of Labor began publishing NAICS-based state and local employment estimates in 2001. Unlike some states, revised/converted data for prior years have not yet been released to replace previously published SIC data; further, the County-level SIC data are no longer published. Accordingly, detailed analysis of long-term trends is not possible.

Table 7 presents jobs data by place of work for White County for 2001 and 2006 reported under the new NAICS system. There was an overall net gain of nearly 600 private sector jobs, chiefly in Trade, Education and Health Care, and Government. Continuing economic development efforts are unlikely to result in large scale job increases, but will continue to attract small companies. The largest employment impact will come from the

opening of the Wal-Mart in 2009, with 250+ jobs, but these will be concentrated in the low-paying retail sector.

TABLE 7 EMPLOYMENT BY INDUSTRY GROUP (NAICS) WHITE COUNTY 2001 - 2005 (Place of Work)					
	<u>2001</u>	<u>2006</u>	<u>Proportion</u>	<u>Annual Growth</u>	<u>Average Wage/Week</u>
JOBS:					
Manufacturing	885	814	12.4%	-1.7%	\$655
Construction, Natural Resources	448	600	9.1%	6.0%	\$668
Trade	1,075	1,117	17.0%	0.8%	\$452
Transportation & Utilities	98	74	1.1%	-5.5%	\$468
Information	43	36	0.5%	-3.5%	\$623
Financial Services	220	244	3.7%	2.1%	\$692
Professional/Technical Svcs.	174	152	2.3%	-2.7%	\$567
Education/Health Care Services	225	381	5.8%	11.1%	\$401
Leisure and Hospitality	885	1,204	18.3%	6.3%	\$228
Other Services	165	222	3.4%	6.1%	\$385
Government	<u>1,139</u>	<u>1,312</u>	19.9%	2.9%	<u>\$641</u>
Total	5,809	6,589	100.0%	2.6%	\$517
Total Private	4,670	5,277	80.1%	2.5%	\$540
NOTES: 1. Annual growth rates are compound, not simple averages.					
2. Data use NAICS system; some data are suppressed.					
SOURCE: Georgia Department of Labor					

Table 8 indicates selected major employers in White County.

TABLE 8
 SELECTED MAJOR EMPLOYERS
 WHITE COUNTY, GEORGIA
 2006

<u>Firm</u>	<u>Location</u>	<u>Business</u>	<u>Number of Employees</u>
White County Schools	Countywide	Education	380
White County/Cleveland City	Cleveland	Government	200
Freudenberg-NOK	Cleveland	Manufacturing	400
Truett McConnell Collge	Cleveland	Education	136
Ingles Supermarket	Cleveland	Grocery/Retail	NA
Cobb Vantress Inc	White County	Poultry Research	NA
Northeast Georgia Medical Ctr.	Hall County	Health Care	4,200
Fieldale Farms Corp	Hall & Habersham	Poultry Processing	1,500
Pilgrams Pride Corp.	Hall County	Poultry Processing	NA
Wrigley Manufacturing	Hall County	Gum Manufacturing	720
Wal-Mart	Hall County	Retail/Grocery	500

SOURCE: Tom O'Bryant , Planning Commission White Co.
 Georgia Department of Labor
 Greater Hall Chamber of Commerce

There was an overall strong increase in employment during the 90's in White County, (average 1.9% per year). There was a smaller increase in employment in between 1999 and 2005, with a strong rebound in 2006. Overall, between 2001 and 2005 there was a gain of nearly 750 employed persons coupled with an increase in the unemployment rate to 4.2%. In 2006 alone, the number of workers increased by nearly 800, and unemployment declined to 3.7%. See Table 9.

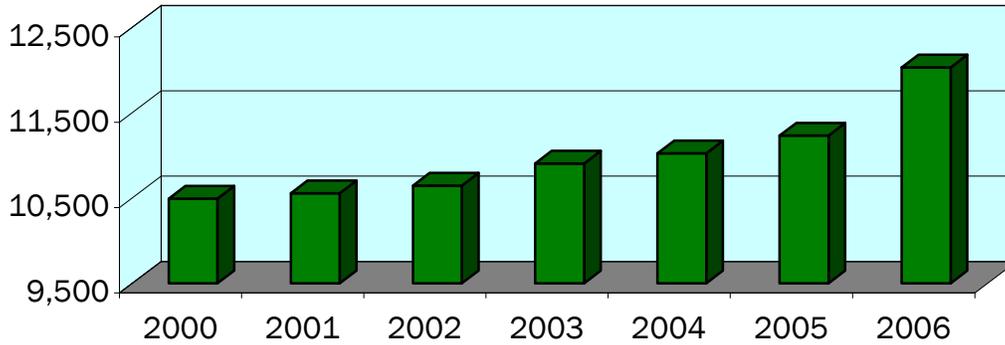
TABLE 9
LABOR FORCE TRENDS
WHITE COUNTY
1990 - 2006
(Place of Residence)

	<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>2006</u>
Civilian Labor Force	6,868	10,863	11,725	12,500
Employment	6,562	10,495	11,235	12,033
Unemployment	306	368	490	467
Unemployment Rate	4.5%	3.4%	4.2%	3.7%
CHANGES IN UNEMPLOYMENT LEVELS				
	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
1990 - 2000	62	6	20.3%	1.9%
2000 - 2005	122	24	33.2%	5.9%
2005 - 2006	-23	-23	-0.2%	-0.2%
NOTES: 1. 1990-2006 data are annual averages; due to substantial changes in benchmarks and methodology, data are not strictly comparable from year to year.				
2. Annual growth rates are compound rates, not simple averages.				
SOURCE: Georgia Department of Labor				

(NOTE: there have been several changes in the employment data reporting system in the past few years, which make data difficult to compare directly, in both this section and the job trends section.)

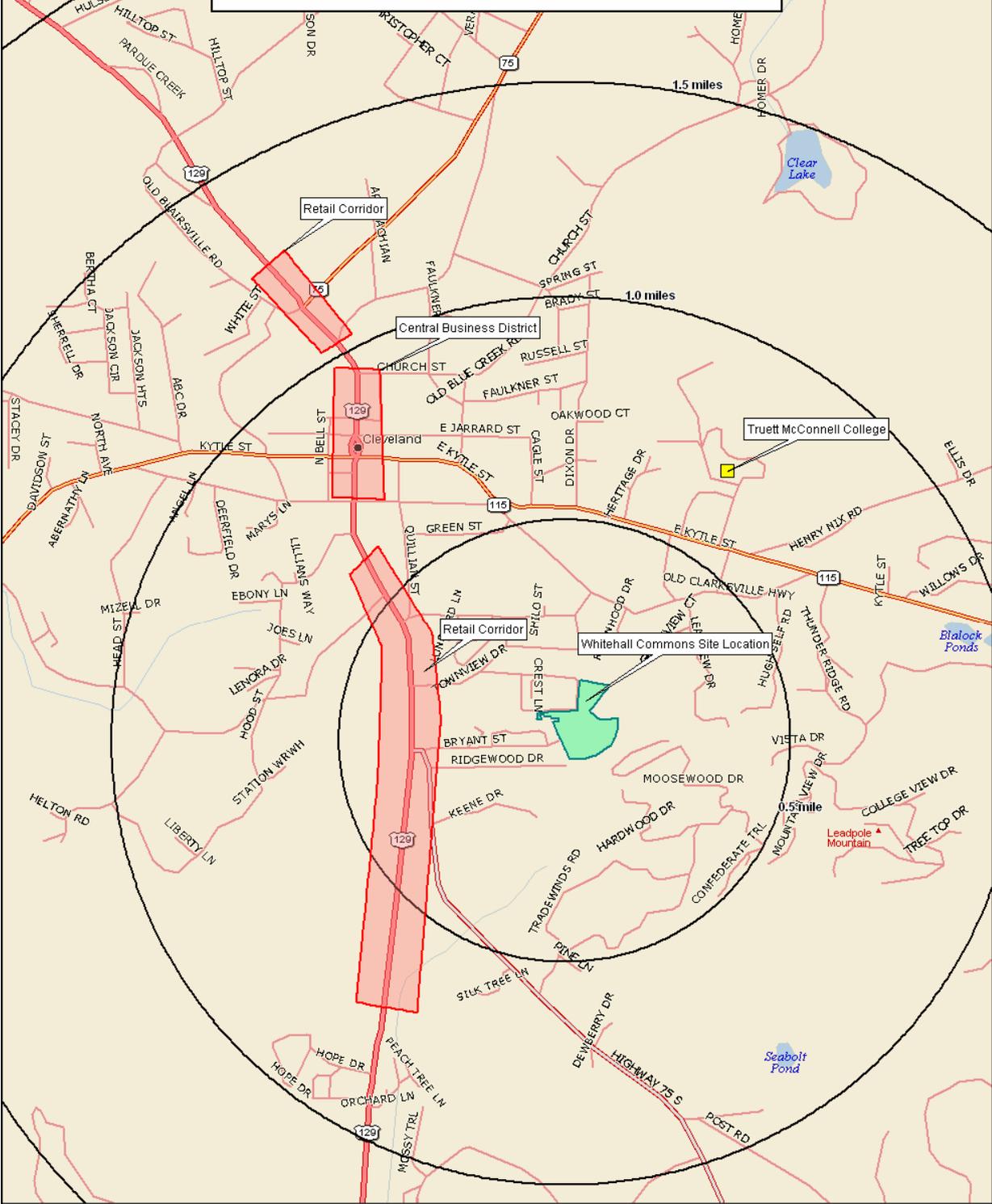
Year-to-year changes in employment levels are shown graphically in Figure 2.

**FIGURE 2: EMPLOYMENT TRENDS,
WHITE COUNTY**

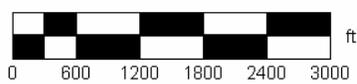


The two sets of data combined, workers and jobs, indicate an economic climate that slowed somewhat, in line with the national economic downturn and its aftermath, but has recovered well in the past two years. Overall job levels have increased, and the unemployment rate has decreased. The unemployment rate for the County is below state and national levels. At the same time, the worker base is substantially larger than the job base, indicating substantial out-commuting of workers to adjacent counties; nearly $\frac{1}{4}$ of all White County workers have jobs in Gainesville and Hall County.

Cleveland Employment Concentrations



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Data Zoom 13-4

HOUSING DEMAND ANALYSIS

The demand for Low Income Housing Tax Credit (LIHTC) assisted apartment units for family tenants is generated from three major sources, and adjusted for two more minor sources of demand. The first major source is new household growth in the market area, adjusted for the demand via affordability/tenure. The second major source of demand is forecast to come from existing renter-occupied households within the market area who are currently in a rent overburden condition. The third source of demand is similarly generated from renter households living in substandard units.

These sources will be added together in order to quantify the effective LIHTC eligible renter demand estimate for the subject development. In this case, the demand is further adjusted to reflect the influence of households from the secondary market area and beyond; this methodology assumes that a supplemental 15% of demand will derive from outside the PMA. Finally, the demand estimate is reduced by the increase in targeted, affordable units serving the rent-overburdened households, and added to the housing stock since the Census reporting rent overburden (2000). The demand estimate will then be evaluated vis a vis the project, in order to estimate what percentage of the income-eligible target group would need to be attracted to the subject to achieve a feasible development.

This project includes 42 of 64 units which will be 3BR units or larger. The overall demand estimates reflect the structure that basically indicates that the project has a wide mix, and will serve almost all household types. However, an adjustment is also made for household size and targeted bedroom demand, so that the specific demand and capture rate estimates are not overstated.

Initially, this analysis examines the project in relation to general household population, including factors of tenure and income qualification. This indicates the proportion of the housing stock the project represents. Subsequently, the analysis addresses the derivation of the effective demand pool from which tenants are likely to be drawn, as described above.

LIHTC INCOME LIMITS, AFFORDABILITY AND TARGET INCOME RANGE

Establishing the factor to identify which target households are eligible by income requires the definition of the limits of the affordable income range. Typically in LIHTC demand analysis, the upper limit is set using HUD limits for the LIHTC program, at 50% and/or 60% of the area median income adjusted for household size. This analysis converts household size into bedroom mix using maximum reasonable occupancies rounded to the next highest integer, given the household size distribution in Table 6. Therefore, a 1BR unit

can accommodate three people, but the expected average is 1.5 persons, rounded to 2 people according to DCA guidelines; 2BR = 3 people; and 3BR = 5 people.

The following table demonstrates the rent positioning of the proposed in conjunction with maximum rents, and details the maximum eligible incomes at the 50% and 60% levels. This table also compares the proposed rents with the County Fair Market Rents.

Bedroom Mix	Average Household Size	Income Limit	50% of AMI		60% of AMI		
			Maximum Rent	Proposed Rent	Income Limit	Maximum Rent	Proposed Rent
2BR	3 persons	\$21,750	\$543	\$543	\$26,100	\$652	\$619
3BR	5 persons	\$26,100	\$628	\$628	\$31,300	\$754	\$709
4BR	6 persons	\$28,050	\$701	\$701	\$33,650	\$841	\$841
2007 Median Family Income			\$46,800				
HUD 2007 Fair Market Rents:			<u>0BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
			\$417	\$519	\$577	\$728	\$876
SOURCES: Georgia Department of Community Affairs, OAH U.S. Department of Housing and Urban Development.							

Note: The Fair Market Rents for all units are substantially **lower** than the LIHTC maximum rents at the 60 percent of median income levels. However, the proposed rents are lower than the FMR's in the larger bedroom sizes, which will facilitate the acceptance of Housing Choice Vouchers at the subject.

The affordability range, including both upper and lower income limits, is defined by the subject rents and general affordability standards. Lower limits in most cases are established by assuming that a family household can afford to pay **up to 35%** of its income for housing expenses, including utilities. The upper limit is established by program income limits and the DCA guidelines.

For Market Rate units, the affordability targeting is similar, but not as restrictive. Technically, there are no income constraints on tenants in conventional units. In practice, households – particularly non-elderly households – tend to spend up to their affordable level on housing, and generally prefer ownership when it is financially comfortable and feasible. The current definition of “comfortable and feasible” is experiencing massive changes at this time, with severe tightening of credit standards, increases in foreclosures and rising

mortgage interest rates. This tends to increase the incidence of selecting renter tenure in housing choices at marginal income levels.

In this analysis, the lower limit for affordability is determined by the same 35% cap as in the LIHTC process. The upper limit assumes that a household would spend down to 25% of total income on housing; below that level, the household would usually choose to seek higher cost housing. This results in an upper limit slightly above the “moderate” income range of 80% AMI typically used in affordability segmentation.

NOTE: The most recent Consumer Expenditure Survey (CEX, 2004) indicates that the average cost paid by all renter households is around 34% of gross income. However, the average cost paid by lower income households (households where the gross income [or the category “Income Before Taxes”] is less than \$28,600) is **47% of income**. For seniors, including homeowners, the average cost of housing is **42% of income**. In very tight markets, some renters have paid in excess of 50% of their incomes for housing, but that limit tends to defeat the purpose of the LIHTC and other affordable housing programs.

Individual unit/target configuration upper limits are shown below, including the very affordable units at 50% AMI.

<u>Units</u>	<u>Mix</u>	<u>Size</u> <u>(Sq. Ft.)</u>	<u>Net</u> <u>Rent</u>	<u>Utility</u> <u>Allowance</u>	<u>Gross</u> <u>Rent</u>	<u>Target</u> <u>AMI</u>	<u>Maximum</u> <u>Income</u>
9	2BR/2Ba	1,143	\$414	\$129	\$543	50% AMI	\$21,750
5	2BR/2Ba	1,143	\$490	\$129	\$619	60% AMI	\$26,100
7	2BR/2Ba	1,143	\$650	\$129	\$779	Market Rate	
14	3BR/2BA	1,412	\$464	\$164	\$628	50% AMI	\$26,100
10	3BR/2BA	1,412	\$545	\$164	\$709	60% AMI	\$31,300
11	3BR/2BA	1,412	\$799	\$164	\$963	Market Rate	
4	4BR/2Ba	1,615	\$495	\$206	\$701	50% AMI	\$28,050
1	4BR/2Ba	1,615	\$635	\$206	\$841	60% AMI	\$33,650
<u>3</u>	4BR/2Ba	1,615	\$925	\$206	\$1,131	Market Rate	

LIHTC program income limits adjusted for household size establishes the upper limit for the tax credit units. In this case, the upper limit is equal to the LIHTC limit for 6-person households at the 50% and 60% levels. Target ranges are indicated below:

<u>AMI</u>	<u>Units</u>	<u>Lower</u>	<u>Upper</u>
50%	27	\$18,600	\$28,050
60%	16	\$21,200	\$33,650
MKT	21	\$26,700	\$54,300

The estimate of the proportion of total renters that each of these ranges represents is modified in this analysis to adjust for the overlap between AMI segments. There is significant overlap in the ranges for the 50% and 60% AMI levels. **It is emphasized that the two ranges are not discrete – that a household whose income is below 50% AMI is automatically below 60%, and that were a unit targeted to 50% not available, that household would be eligible for a unit targeted to 60% AMI. However, in order to facilitate comparison of measures of demand from project to project, a convention is adopted in this analysis that assumes each target segment is discrete. A similar convention is employed later in this section to allocate demand to specific bedroom configurations.**

Employing this allocation convention results in the following estimates of the proportion of renter population eligible by income at specific target levels:

<u>Number of Units</u>	<u>Minimum Income</u>	<u>Maximum Income</u>	<u>AMI</u>	<u>Renter Proportion</u>	<u>2000 Households</u>
27	\$18,600	\$28,050	50%	17.4%	280
16	\$21,200	\$33,650	60%	22.8%	366
21	\$26,700	\$54,300	MKT	34.5%	555

GENERAL HOUSEHOLD POPULATION METRICS

This section presents data on the gross household population, and the proportion of the totals represented by the proposed project. Within this general category, broad qualifications for tenure, income and age are also provided. The data is used to give a general indication of the scale of this project in total and its position in the Cleveland market, as currently proposed.

It must be emphasized that Cleveland comprises a dynamic housing market, although with a relatively small proportion of renters. The size of the proposed project in such a market results in moderate measures of overall scale. However, this calculation does **not** adjust for the number of affordable units currently available in the market.

TABLE 11
PROPOSED PROJECT SCALE
WHITEHALL COMMONS APARTMENTS

		<u>LIHTC</u>	<u>MARKET</u>
Proposed Project Size (LIHTC Units)		43	21
	<u>Total</u>	<u>Proportion</u>	
Total Households (2009)	10,675	0.4%	0.2%
Total Renters	2,242	1.9%	0.9%
Total Income Qualified Renters, LIHTC	621	6.9%	
Total Income Qualified Renters, Market	774		2.7%

EFFECTIVE DEMAND POOL

DEMAND FROM NEW RENTER HOUSEHOLD GROWTH

For the primary market area, forecast housing demand through household formation totals reflects an increase of 2,944 units for overall households, including an increase of 633 renter households in the forecast period. By definition, growth equals demand for new housing units, which would imply demand for 633 new units from this component. This total is adjusted for income qualification at each AMI level. This calculation is summarized below:

New Renter Household Growth Calculation Summary

Renter Households projected in 2009:		2,242		
Renter Households in 2000:		1,609		
Renter-Occupied Unit Need:		633		
Income Qualification Rate:	<u>50% AMI</u>	<u>60% AMI</u>	<u>Market</u>	
	17.4%	22.8%	34.5%	
Income-Qualified Demand from New Renters:	110	144	218	

DEMAND FROM EXISTING RENTER HOUSEHOLDS IN SUBSTANDARD UNITS

DCA specifies a demand component from households in substandard units; typically this is likely to be a lesser source of demand, and is limited to households living in units without plumbing or in overcrowded conditions. In the Cleveland PMA, the number of

substandard rental units is moderate (7.6%) and primarily reflects overcrowding; the factor used in this analysis reduces the rate by 50%, to adjust for removals and overlap with households with rent overburden. This component calculation assumes that the condition is confined to the lower income groups.

This factor does **not** take any other measures of substandard condition into account, including kitchen deficiencies, infestation by insects or other pests, inadequate or no heat source, or general deteriorating condition. This calculation is summarized below:

Existing Renter Household Calculation Summary - Substandard

Gross Rental Pool (2000)		1,609		
		<u>50% AMI</u>	<u>60% AMI</u>	<u>Market</u>
Income Qualification:		17.4%	22.8%	34.5%
Income-Qualified Rental Pool:		280	366	555
Substandard Rate:		<u>3.8%</u>	<u>3.8%</u>	<u>3.8%</u>
Potential Effective Demand From Existing Renters in Substandard Units (TARGET GROUP)		11	14	21

DEMAND FROM EXISTING RENTER HOUSEHOLDS WITH RENT OVERBURDEN

In 2000, there were over 7,700 households and 1,609 renter households in the primary market area. These households are considered to be the basis for demand by households already occupying housing units in the market area. This excludes existing rental units that are now vacant.

Based on the 2000 Census, it is estimated that nearly 30% of all renters, or 481 renter households, suffer from rent overburden. Most of this condition is concentrated in the lowest income groups, and includes over 62% of households with incomes of \$10,000 to \$20,000, and an estimated 31.8% of the households earning between \$10,000 and \$35,000, or the segment most appropriate for the proposed 50% and 60% units. Rent overburden is defined in this case as a condition where a household pays rent greater than **35%** of its household income. There is a significantly lower incidence of rent overburden in the Market Rate segment, estimated at 6.1%.

Application of this rate to the **income-qualified** renter bases in 2000 yields the following calculation, summarized below:

Existing Renter Household Calculation Summary - Rent Overburden

Gross Rental Pool (2000)		1,609	
	<u>50% AMI</u>	<u>60% AMI</u>	<u>Market</u>
Income Qualification:	17.4%	22.8%	34.5%
Income-Qualified Gross Pool:	280	366	555
Reduction for Substandard	11	14	21
Income-Qualified Rental Pool:	269	352	534
Rent Overburden Rate:	31.9%	31.9%	6.1%
Potential Effective Demand From Existing Renters with Rent Overburden (TARGET GROUP)	86	112	33

ADJUSTMENT FOR NEW COMPARABLE UNITS

The demand methodology incorporates renter household growth since 2000 as one component, and identifies households experiencing rent overburden and substandard conditions according to the overburden proportion reported in the 2000 Census as different components. In both cases, 2000 is the base year. An adjustment must be made, therefore, for comparable units that have been built since 2000, or are funded to be built in the forecast period, that satisfy the demand from these components.

There have been several additions in the Cleveland PMA since 2000, although no other units are in the "pipeline" except for the senior project proposed by the same developer. Some of the units added are not comparable to the proposed in mix (1BR units), and most affect only the Market Rate portion of the proposed project. The two projects included are Sunny Ridge and Hidden Creek, both conventional. The appropriate units are netted out of the estimate in each category.

ADJUSTMENT FOR EXCESS VACANCY

The demand methodology also assumes that a project will achieve normal occupancy – sufficient to allow normal turnover, cleaning and refurbishing, and a degree of choice available for consumer – when 93% of the units are leased. In many cases where demand exceeds supply, the occupancy rate may be much higher. However, in those cases where the occupancy at affordable apartments is below the "normal occupancy" rate, an adjustment is required to acknowledge the availability of those units to satisfy the demand. This assisted market falls in the former category, where vacancy is approximately the standard 7%, and no excess vacancy adjustment is required.

TOTAL EFFECTIVE DEMAND POOL AND CAPTURE RATE

The net potential demand from all these sources, divided into target AMI levels, is shown in Table 12. This estimate comprises the total income qualified demand pool from which the tenants at the proposed project will be drawn. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit at this time; this is the gross effective demand.

**TABLE 12
DEMAND AND NET DEMAND
WHITEHALL COMMONS APARTMENTS**

	HH at 50% AMI (\$18,600 - \$28,050)	HH at 60% AMI (\$21,200 - \$33,650)	HH at > 60% AMI (Market) (\$26,700 - \$54,300)	Total LIHTC (\$18,600 - \$33,650)	Total (\$18,600 - \$54,300)
New Household migration into the market and growth from existing households in the	110	144	218	175	313
Plus					
Existing Renter Households - Substandard Housing	11	14	21	17	30
Plus					
Existing Renter Households- Rent Over burdened households	86	112	33	137	156
Plus					
Demand adjustment @ 115%	31	41	41	49	75
Sub Total	238	311	313	378	574
Existing Households - Elderly Homeowner Relocation (Limited to 20% where applicable)	NA	NA	NA		
Plus					
HFOP Rental Households (Limited to 10% where	NA	NA	NA		
Equals Total Demand	238	311	313	378	574
Less					
comparable affordable housing units built and/or awarded in the project market between 1999 and	0	0	66	0	66
Equals Net Demand	238	311	247	378	508

Based on the demand estimate, **without project-based subsidies**, the subject project would need an overall capture rate of around **12.6%** of the overall effective income qualified demand. The capture rates for the three target income levels are as follows:

AMI Level	<u>50%</u>	<u>60%</u>	<u>Market Rate</u>
Units Proposed	27	16	21
Net Demand	238	311	247
Capture	11.4%	5.1%	8.5%

The overall capture rate is well below the DCA Threshold, as are each of the target income level capture rates.

ESTIMATE OF DEMAND BY BEDROOM MIX

This section of the demand analysis expands the evaluation to individual bedroom categories and AMI levels. This refinement to the demand analysis also implicitly adjusts for the proportion of larger households, and the fact that the majority of units in this project are 3+BR,

Data from the 2004 American Housing Survey indicates the following preferences for bedroom mix among renter households:

Household Size	Bedroom Preference				
1-person	1BR: 60%	2BR: 31%	3BR: 8%		
2-person	1BR: 24%	2BR: 56%	3BR: 17%		
3-person	1BR: 11%	2BR: 51%	3BR: 33%		
4-person		2BR: 48%	3BR: 41%	4BR: 11%	
5-persons +		2BR: 32%	3BR: 46%	4BR: 22%	

Demand by bedroom mix can be estimated using the above ratios and the renter household size distribution in Table 5. This estimation process also assumes that a similar proportion of **new** renter households will have 5 or more persons.

The demand estimate by bedroom type for a family project at each income category and at the 50% AMI level is as follows:

<u>50% of AMI</u>					<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>	
One-person HH	238	x	33.2%	=	79 HH	47	24	6	0
Two-person HH	238	x	30.0%	=	71 HH	17	40	12	0
Three-person HH	238	x	12.5%	=	30 HH	3	15	10	0
Four-person HH	238	x	14.2%	=	34 HH	0	16	14	4
Five-person+ HH	238	x	10.1%	=	24 HH	0	8	11	<u>5</u>
						67	103	53	9
Two-bedroom					$\frac{9}{103}$	=	8.7%		
Three-bedroom					$\frac{14}{53}$	=	26.3%		
Four-bedroom					$\frac{4}{9}$	=	44.4%		

The demand estimate by bedroom type for a family project at each income category and at the 60% AMI level is as follows:

<u>60% of AMI</u>					<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>	
One-person HH	311	x	33.2%	=	103 HH	62	32	8	0
Two-person HH	311	x	30.0%	=	93 HH	22	52	16	0
Three-person HH	311	x	12.5%	=	39 HH	4	20	13	0
Four-person HH	311	x	14.2%	=	44 HH	0	21	18	5
Five-person+ HH	311	x	10.1%	=	32 HH	0	10	15	<u>7</u>
						88	135	69	12
Two-bedroom					$\frac{5}{135}$	=	3.7%		
Three-bedroom					$\frac{10}{69}$	=	14.4%		
Four-bedroom					$\frac{1}{12}$	=	8.5%		

The demand estimate by bedroom type for a family project at each income category and at the Market Rate level is as follows:

<u>MARKET</u>						<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
One-person HH	247	x	33.2%	=	82 HH	49	25	7	0
Two-person HH	247	x	30.0%	=	74 HH	18	42	13	0
Three-person HH	247	x	12.5%	=	31 HH	3	16	10	0
Four-person HH	247	x	14.2%	=	35 HH	0	17	14	4
Five-person+ HH	247	x	10.1%	=	25 HH	<u>0</u>	<u>8</u>	<u>12</u>	<u>6</u>
						69	107	55	9

Capture Rate by Bedroom Type

Two-bedroom	$\frac{7}{107}$	=	6.5%
Three-bedroom	$\frac{11}{55}$	=	19.9%
Four-bedroom	$\frac{3}{9}$	=	32.1%

These capture rates by bedroom size are based on several assumptions that, while practical in dealing with available data, do not accurately predict consumer behavior. In particular, this model assumes exact conformity to existing patterns of household size and bedroom mix, without allowing any consumer choices based on availability. This implies that a household would prefer to wait – to not lease a different available unit for which the household were eligible – if the unit they are supposed to fit into is not available. In actual experience, a household may choose a three bedroom unit when initially looking for a 2BR, if the latter is already leased.

These capture rates for the 3BR and 4BR units are considered aggressive but achievable, given the limited number of 3BR units in the market and the lack of 4BR units. Even so, the capture rates fall below the acceptable thresholds established by DCA for a rural County. The project is considered feasible without PBRA.

ABSORPTION

Given the strength of demand estimated above, the experience of other recent entries in the market, and the continuing demand and absorption of units in the market, the worst case scenario for lease-up to the 93% stabilized occupancy point is estimated to be 10 months, or an average of just under 6 units per month. The most likely scenario suggests a **6**

month rent-up, at **10 units per month**, while the best case would involve significant pre-leasing and full occupancy in the first five months. This absorption potential is based on information gathered in the qualitative survey, the conditions inventory in the market at this time, and the assumption that the management will plan and execute an attractive product, a rigorous tenant screening process, and a professional marketing and pre-leasing program.

The project is expected to be able to maintain a 93% or higher occupancy level into the foreseeable future.

HOUSING SUPPLY ANALYSIS

This section of the study examines the existing multi-family housing supply and its ability to satisfy the needs of the household population segments identified in the prior sections, based on data from the 2000 Census. Further, the competitive environment is explored to define general rental market conditions, focusing on affordable options. The most directly competitive units are examined in greater detail regarding vacancy and waiting lists, unit and project features, rent levels and subsidies.

For purposes of this analysis, seasonal or second homes are excluded; only year-round units are considered. For the Cleveland PMA this is relatively significant given the recreational mountains, rivers and lakes in close proximity to the City, with over 1,000 such units in the County, representing 10.6% of the total housing stock.

HOUSING STOCK CONDITION AND AFFORDABILITY

In 2000, there were only 260 occupied units (3.4% of the occupied housing stock) that either lacked plumbing or were overcrowded, and therefore defined as substandard. Of these, 122 or 47% were renter occupied – this equates to 7.6% of the occupied rental units. **Only 13 of these occupied rental units reflected units which lacked plumbing;** the balance were defined as overcrowded, which implies a need for units with higher bedroom mix including 3BR and 4BR units among family households. A substantial proportion (22.7%) or 2,147 units of the housing stock were in mobile homes in 2000. However, one in nine housing units was constructed prior to 1960 and is therefore more than 56 years old, which corresponds to the low number of units lacking plumbing. Other factors yielding substandard or non-competitive conditions are not evaluated.

Rent overburden is a much more prevalent condition in the Cleveland PMA. According to the 2000 Census, 29.9% of all renters in the PMA paid more than 35% of income for rent. Among the lower income segments, households with less than \$10,000 income, some 74.1% were rent over-burdened. In the \$10,000 - \$30,000 group, which most closely corresponds to the target LIHTC segments for the proposed project, nearly 32% were rent over-burdened, but 62% are overburdened in the lower portion of that range. Only 6% of the renter households over 30% are rent overburdened.

HOUSING STOCK GROWTH – BUILDING PERMITS

Housing permit data in Georgia is more comprehensive than in many states, although most sources aggregate the data by County except in the larger cities. For the Cleveland Market Area, the building permit total is represented by the total permits reported in the

County. These indicate that the area is not keeping pace with the even the low-renter-tenure trends – only 4% of the permits were for multi-family units, while just over 20% of the households are renters. The relationship between tenure and type is not direct – some renters occupy single family or mobile homes, and some attached housing is for-sale, but this variance tends to indicate an opportunity for new apartment construction to maintain balance. This would be particularly true as dynamic growth accelerates.

TABLE 13 HOUSING UNITS AUTHORIZED WHITE COUNTY 1997 - 2006			
<u>YEAR</u>	<u>SINGLE- FAMILY</u>	<u>MULTI- FAMILY</u>	<u>TOTAL</u>
1997	341	10	351
1998	308	33	341
1999	332	8	340
2000	312	3	315
2001	356	7	363
2002	366	4	370
2003	322	17	339
2004	333	33	366
2005	380	18	398
2006	<u>344</u>	<u>2</u>	<u>346</u>
TOTAL	3,050	133	3,183
ANNUAL AVERAGE:	305	13	318
Proportion	96%	4%	100%
SOURCE: U.S. Census C-40 Construction Reports			

OVERALL MARKET SUPPLY CONDITIONS

Cleveland is a relatively typical, rapidly growing small city in northeast Georgia, with mature housing stock, a number of small, frequently older apartment projects with limited amenities, and few newer market rate apartments than the growth would dictate. Much of the owner-occupied stock is newer as well. Over 43% of the renters in this PMA live in single family homes.

As part of the analysis of the supply conditions in the Cleveland Market Area, Waverly conducted a survey of comparable and competitive apartments in White County and the

adjacent counties to the east and west of the area. The market survey used in the study included seven properties that are a combination of market rate, RD 515 and LIHTC units. The survey includes 114 market rate units, 62 RD 515 units, and 80 LIHTC units, for a total of 256 units. One of these projects – Heritage Gardens – is located outside the PMA in Baldwin, but is included in the survey since it is a very recent (2006) LIHTC project within a reasonable distance of the proposed, and it is similar in many ways to the proposed in mix, amenity package and age.

There are several other tax credit, subsidized, public housing and market rate properties in Cleveland or adjacent counties that were not included in the survey since they are not considered competitive or comparable. These include:

Apartment Complexes Excluded from the Comparables			
<u>Name</u>	<u>Place</u>	<u>Type</u>	<u>Reason</u>
Valley Manor	Cleveland	RD 515/LIHTC	Elderly
Bryant Street	Cleveland	Public Housing	100% Subsidized, Rent BOI
Pine Crest	Cleveland	Public Housing	100% Subsidized, Rent BOI
Blue Ridge	Cleveland	Market Rate	Phone not in service
Mountain View	Cleveland	Market Rate	Phone not in service
Twin Springs	Cleveland	Student Housing	Sold to College for student hsg.
Lion's Pride	Helen	Market Rate	Daily, Weekly, Monthly/Elderly
Willow Tree	Baldwin	Market Rate	Outside of market area
Georgetown Village	Baldwin	Market Rate	Outside of market area
Crown Point	Baldwin	Market Rate	Outside of market area
Manor Place	Cornelia	LIHTC	Elderly outside market area
Cornelia Garden	Cornelia	RD 515	Elderly outside market area
Demorest	Demorest	RD 515	Outside of market area
Brookspoint	Dahlonega	RD 515	Elderly outside market area
Greenbrier	Dahlonega	RD 515	99% students & outside of MA
Golden Hills	Dahlonega	RD 515	Outside of market area
Mountain View	Dahlonega	Market Rate	Outside of market area
Willow Trace	Dahlonega	Market Rate	Outside of market area
Crabtree Place	Dahlonega	Market Rate	Outside of market area

Other conventional apartments in Cleveland were deemed too small or too old to be included.

Market conditions in rental housing in the Cleveland area indicate several key factors, including the following:

- The Cleveland Market Area is typical of small, exurban cities not located near larger, urban cities in Georgia. Two complexes of the apartment housing stock were developed under the USDA RD 515 program for rural housing, also using the LIHTC program; otherwise, there are no family LIHTC properties in Cleveland. There are no HUD Section 8 properties; however, there are two Public Housing complexes serving very-low-income tenants, and both are adjacent to or in the vicinity of the proposed site. The newer apartments in the market have a greater number of units, and are all conventional (market rate) properties.
- The survey included 7 rental projects comprising 256 units. Six projects are located within the defined PMA; 5 within the Cleveland City boundaries and 1 located in Helen. One other project which was include is located in Baldwin/Cornelia which is outside of the market area, however it is a new LIHTC family property which has just reached the end of its lease-up phase, and is within close enough proximity to be useful in predicting consumer reactions to the proposed project.
- The newest properties in the PMA rental market are Heritage Garden in Baldwin built in 2006; Sunny Ridge, built in phases from 2003 to 2006; and Hidden Creek built in 2000. Out of the remaining properties two were constructed in the 1980's and one in the 1990's.
- The LIHTC property that is considered most directly comparable to the proposed is the recently completed Heritage Garden in Baldwin rather than Gateway Village which is located in Cleveland. Gateway Village is an LIHTC/RD 515 project which has 16 units with PBRA, but does not serve any voucher holders in their apartments.
- Among the conventional projects, Sunny Ridge and Hidden Creek are considered the most comparable; both have rents higher or similar to the subject, but it is expected that conventional units will be positioned above LIHTC units.
- Absorption data for Cleveland apartments is very sketchy, with only one project in each of the LIHTC and conventional categories able to report their initial absorption data. Sunny Ridge Phase III experienced absorption of around 16 units per month and Heritage Garden is leasing an average of 9 units per month reaching 93% occupancy within 8 months.
- Both Hidden Valley and Hemingway Apartments used in the market survey had rental advertisements in the White County News Telegraph, although the managers claimed they had no vacancies at this time. Other ads had 1BR units ranging from \$435 to \$695, 2BR units from \$495 to \$600, and one 3BR unit at \$875. There were several other listings with no rents advertised.
- Under Homes for Rent in the local newspapers, there were no 1BR SFD listed, and a much greater range in rents was seen in the 2BR and 3BR homes; 2BR

homes range from \$400 to \$800 and 3BR homes from \$875 to \$1,250. Only one 4BR home was listed at \$1,295 per month, along with one 4BR mobile home listed at \$800. Rental homes for vacation or recreational use were usually listed at per week rates.

- Average rent on 1BR units is \$456, on 2BR units the average rent is \$626 and for the 3BR units the average is \$875 (based on only one complex) and there are no 4BR apartment units in the PMA.

With no 4BR apartments and only two advertised 4BR houses for rent, there is no consensus average rent in this market for 4BR units. However with the inclusion of two more 4BR houses in adjacent Hall County, a usable mean rent can be extrapolated in Cleveland at an estimated \$1,136.

- Current occupancy data was provided by managers of all projects. The overall vacancy rate was **4.3%**, representing 11 vacancies among 256 units. The vacancies are divided between RD 515 Gateway Village and Heritage Garden. The manager at Gateway reported significantly higher turnover the past few months, a result of volatility in the job market, and also a higher number of defaults and “skips” (households vacating without notice or payment) and Heritage Garden is at the end of their lease-up phase and is expected to fill the remaining 6 vacancies within the next month to month and a half.
- The bedroom mix in the comparable units is biased to 2BR units, with less than 10% of the apartment stock in 3BR units or larger.
- According to the Cleveland City Clerk there is an abundance of rental apartments (484 units) in Cleveland, and the City considers the 105-125 “empties” to be very high. However, the 484 units are not distinguished by physical condition, location, amenities, rent level or even habitability, so true conditions of the rental market can not be accurately explained by this statistic. Also contributing to the vacancy of apartments, according to the Clerk, local landlords built new units in small groupings in anticipation of renting to students at Truett College, however the College requires students to live “on campus” and purchased local apartment buildings to provide increased student housing rather than allowing students to rent on the open market.
- Waiting lists are short (1 to 5 applications) or non-existent.
- The current unit and project amenities are very basic with all properties offering range, refrigerator, carpeting, window treatments and air-conditioning, and many but not all properties with dishwashers. Other amenities vary from project to project. Washer-dryer hook-ups are available in all complexes except one senior property. Project amenities are even more limited in this market than most, with very few recreational amenities. See Complex Amenities sheet for details.

- Administration of the Housing Choice Vouchers for White County is handled by the GDCA NE Regional Office, Athens, Georgia. At this time there are 12 Housing Choice Vouchers (HCV) under contract in White County; 9 of these were issued in May, 2007, increasing vouchers in White County for the first time in five years. Ten of the twelve vouchers of the vouchers are in use at Hillside Apartments in Cleveland. The state has a total of 14,800 vouchers but voucher portability is limited. The regional assistant housing administrator stated most rural tenants stay in “their area”. Most voucher holders are single head of household with dependent children.
- The subject Whitehall Commons with 64 units and Whitehall Manor, a 48 unit senior complex adjacent to and potentially developed by the same developer as Whitehall Commons, are the only multi-family units being proposed in Cleveland or the county surrounding the city. Another developer had attempted to put an application together for a relatively large apartment project on a site less than ½ mile south of the subject site, but the developer was unable to get the plan organized; no definite plans are now in process on that site.
- According to an internet real estate sales site, there are at least three apartment complexes for sale in Cleveland with anywhere from 4 to 6 units in each building. Hidden Valley, with 42 units, one of the apartment complexes used in this survey, is also currently for sale.
- The proposed new construction project is expected to have a moderate impact on the existing rental market at its time of entry into the market. If the units were available today, there would likely be some displacement from other tax credit properties – specifically the older Gateway Village. However, because of the likely continuation of growth across the economic spectrum within the next three years, the impact of the proposed is likely to be limited to normal turnover that occurs when a new project enters the market, and the market will likely re-absorb vacancies within a reasonable period of time.

It is emphasized that local managers and realtors provide the individual project information voluntarily. In some cases, the managers are unwilling or unable to provide complete information, or may inadvertently provide incorrect information. Despite these potential problems, the compilation and synthesis of the status of the comparables is considered to provide the best indication of the competitive position of the subject project.

A map indicating project locations is provided on the following page, followed by summary tables reflecting apartment project details. Each project is then discussed individually, and photographs of the local complexes are included.

Cleveland Competitive Apartments



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Data Zoom 12-7

**FAMILY COMPETITIVE APARTMENTS
CLEVELAND, GA**

Apartment Complex	Built	Total	1 BR	2 BR	3 BR	4 BR	Vacant	WL	Program
Whitehall Commons	NC	64		21	35	8			GA DCA
299 Bryant St.	Rent	2009		\$414/490/650	\$464/545/799	\$495/635/925			LIHTC/HOME
Cleveland, GA	SF			1,143	1,412	1,615			50%/60%/MKT
	Rent/SF			\$0.36/0.43/0.57	\$0.33/0.39/0.57	\$0.31/0.39/0.57			
Hemingway	NA	12		12			0	1	Market Rate
58 Wanda Dr.	Rent			\$600					
Cleveland, GA	SF			NA					
(706) 778-9498	Rent/SF			NA					
Hidden Creek	2000	42	14	28			0	NA	Market Rate
87 Bertha Ct.	Rent		\$435	\$635					
Cleveland, GA	SF		675	875					
(706) 865-1787	Rent/SF		\$0.64	\$0.73					
Sunny Ridge	2003-	42	4	34	4		0	5	Market Rate
Head & Cardinal Sts.	Rent	2006	\$475	\$575-700	\$875				
Cleveland, GA	SF		650-700	900-1,280	1,500				
(706) 200-6753	Rent/SF		\$0.68-0.73	\$0.64-0.70	\$0.58				
Deerfield	1982	18		18			0	3	Market Rate
426 Bruckenstrasse	Rent			\$550					
Helen, GA	SF			1,100					
(706) 754-9471	Rent/SF			\$0.50					
Gateway Village	1995	30	8	22			5	0	RD 515/LIHTC 0 HCV
1000 Campbell St.	Rent	Rehab	BOI	BOI					
Cleveland, GA	SF	2003	NA	NA					
(706) 219-2773	Rent/SF		NA	NA					
Hillside	1985	32	8	24			0	0	RD 515 10 HCV
367 Hwy 75 South	Rent		BOI	BOI					
Cleveland, GA	SF		750	1,000					
(706) 865-9011	Rent/SF		NA	NA					
Heritage Garden	2006	80	20	40	20		6*	0	GA DCA LIHTC 30/40/50/MKT
110 Heritage Gardens Dr.	Rent		\$204/291/425/460	\$237/462/495/510	\$282/525/560/580				
Baldwin, GA	SF		1,033	1,186	1,388				
(706) 778-1814	Rent/SF		\$0.20/0.28/0.41/0.45	\$0.28/0.39/0.50/0.43	\$0.20/0.38/0.40/0.42				
Total Units		256	54	178	24				
Proportion			21.09%	69.53%	9.38%				
						Units Reporting Vacancies	256		
						Total Units Vacant	11		
						Vacancy Rate	4.3%		

* See Individual Sheet

Complex: Hemingway Apartments **Interview Date:** June 12, 2007
Address: 58 Wanda Dr., Cleveland **Contact:** Erin Rhoades
Phone Number: 706-778-9498 (CD Properties, Cornelia) **Position:** Property Manager

Development Program: Market Rate **Date Built:** Unavailable
Rent Subsidy/Type: None **Style of Apt.:** 2 story TH & garden
Subsidized Units: None **Condition:** Average
Housing Choice Vouchers: None **Age Restricted:** None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
2BR/ 2Ba	12	\$600	NA	NA	\$0	0	1
Total:	12				Total:		1

Typical Annual Occupancy: 100% **Current Occupancy:** 100%

Typical Turnover: Just purchased, no historical data **Security Deposit:** Equal to 1 month's rent
Initial Absorption: Not Available **Application Fee:** None
Concessions: None offered **Pet Policy/Fees:** \$250 SD, size limits

Unit Amenities:

- Refrigerator
- Stove
- Dishwasher
- Garbage Disposal
- Microwave
- Washer & Dryer
- W/ D Hook-ups
- Emergency Call

(\$) Additional Fee

- Ceiling fans
- Fireplace
- Patio/Balcony
- Storage
- Vaulted Ceilings
- Walk-in Closets
- Cable Ready
- Internet Access

(S) Select Units

- Flooring**
- Carpet
 - Hardwood
 - Vinyl/tile
- Windows**
- Shades
 - Miniblinds
 - Verticals

Air Conditioning:

- Central
 - Wall/window
 - Sleeves
 - Tenant Provides
- Heating Fuel:**
- Gas
 - Electric

Utilities Included:

- None
- Cold Water
- Sewer
- Trash
- Heat
- Hot water
- Gas/Electricity

Project Amenities: None

- | | | | | |
|---|--|--|---|--|
| <input type="checkbox"/> On-site Mgt. | <input type="checkbox"/> Clubhouse | <input type="checkbox"/> Swimming Pool | <input type="checkbox"/> Car Care Area | <input type="checkbox"/> Benches |
| <input type="checkbox"/> Laundry Room | <input type="checkbox"/> Community Room | <input type="checkbox"/> Tennis Courts | <input type="checkbox"/> Garage/Carport | <input type="checkbox"/> Jacuzzi/Spa |
| <input type="checkbox"/> Secured Entrance | <input type="checkbox"/> Computer/Internet | <input type="checkbox"/> Playground | <input type="checkbox"/> Volleyball | <input type="checkbox"/> Picnic/Grill Area |
| <input type="checkbox"/> Elevators | <input type="checkbox"/> Fitness Center | <input type="checkbox"/> Trails | <input type="checkbox"/> Basketball | <input type="checkbox"/> On-site Storage |

Premium Fees: None

Additional Information: This property was recently purchased by CD Properties in Cornelia. It previously had no name and it is not listed in the Yellow Pages. Tenants relocating from Atlanta, a few but not many are from Habersham.

No Picture Available

Complex: Hidden Creek Apartments
Address: 87 Bertha Court, Cleveland
Phone Number: (706) 865-1787

Interview Date: June 12, 2007
Contact: Erin Rhoades
Position: Property Manager, @ Crown Point Apts, Cornelia

Development Program: Market Rate
Rent Subsidy/Type: None
Subsidized Units: None
Housing Choice Vouchers: None

Date Built: 2000
Style of Apt.: 3 story frame,garden
Condition: Good
Age Restricted: None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
1BR/ 1Ba	14	\$435	675	\$0.64	\$0	0	
2BR/ 2Ba	28	\$635	875	\$0.73	\$0	0	
Total:	42				Total:	NA	NA

Typical Annual Occupancy: 99%

Current Occupancy: NA

Typical Turnover: Not Available

Security Deposit: Not Available

Initial Absorption: Not Available

Application Fee: Not Available

Concessions: Not Available

Pet Policy/Fees: Not Available

Unit Amenities:

- Refrigerator
- Stove
- Dishwasher
- Garbage Disposal
- Microwave
- Washer & Dryer
- W/ D Hook-ups
- Emergency Call

(\$) Additional Fee

- Ceiling fans
- Fireplace
- Patio/Balcony
- Storage
- Vaulted Ceilings
- Walk-in Closets
- Cable Ready
- Internet Access

(S) Select Units

- Flooring**
- Carpet
 - Hardwood
 - Vinyl/tile
- Windows**
- Shades
 - Miniblinds
 - Verticals

Air Conditioning:

- Central
 - Wall/window
 - Sleeves
 - Tenant Provides
- Heating Fuel:**
- Gas
 - Electric

Utilities Included:

- None
- Cold Water
- Sewer
- Trash
- Heat
- Hot water
- Gas/Electricity

Project Amenities: None

- On-site Mgt.
- Laundry Room
- Secured Entrance
- Elevators
- Clubhouse
- Community Room
- Computer/Internet
- Fitness Center
- Swimming Pool
- Tennis Courts
- Playground
- Trails
- Car Care Area
- Garage/Carport
- Volleyball
- Basketball
- Benches
- Jacuzzi/Spa
- Picnic/Grill Area
- On-site Storage

Premium Fees: Not Available

Additional Information: This property is currently for sale. Although the owner declined to provide information Erin Rhoades, Property Manager for CD Properties in Cornelia, was able to provide information The company she works for is currently purchasing apartments in Cleveland and she had talked with the owner and was able to get detailed information. Additional information was obtained from an internet for sale listing. Ad in paper listed current rents.

Complex: Sunny Ridge Apartments **Interview Date:** June 8, 2007
Address: Head and Cardinal Streets, Cleveland **Contact:** Shannon
Phone Number: (706) 200-6753 **Position:** Manager

Development Program: Market Rate **Date Built:** 2003-2006, 3 phases
Rent Subsidy/Type: None **Style of Apt.:** 2 story frame TH
Subsidized Units: None **Condition:** Average to good
Housing Choice Vouchers: None **Age Restricted:** None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
1BR/ 1Ba	4	\$475	650-700	\$0.68-0.73	\$0	0	
2BR/ 1.5Ba	4	\$575	900	\$0.64	\$0	0	5
2BR/ 1.5Ba	30	\$700	1,250-1,280	\$0.68-0.70	\$0	0	
3BR/ 2Ba	4	\$875	1,500	\$0.58	\$0	0	
Total:	42				Total:	0	5

Typical Annual Occupancy: 100% **Current Occupancy:** 100%

Typical Turnover: Less than 1 to 2 per month **Security Deposit:** \$175
Initial Absorption: Phase III, 16 units per month **Application Fee:** \$35
Concessions: \$50 off rent if paid by 1st. **Pet Policy/Fees:** SD equal to 1 mo. rent

Unit Amenities:

- | | | | | |
|---|--|---|---|--|
| <input checked="" type="checkbox"/> Refrigerator
<input checked="" type="checkbox"/> Stove
<input checked="" type="checkbox"/> Dishwasher
<input type="checkbox"/> Garbage Disposal
<input type="checkbox"/> Microwave
<input type="checkbox"/> Washer & Dryer
<input checked="" type="checkbox"/> W/ D Hook-ups
<input type="checkbox"/> Emergency Call | (\$) Additional Fee
<input type="checkbox"/> Ceiling fans
<input type="checkbox"/> Fireplace
<input checked="" type="checkbox"/> Patio/Balcony
<input checked="" type="checkbox"/> Storage
<input type="checkbox"/> Vaulted Ceilings
<input type="checkbox"/> Walk-in Closets
<input checked="" type="checkbox"/> Cable Ready
<input type="checkbox"/> Internet Access | (S) Select Units
Flooring
<input checked="" type="checkbox"/> Carpet
<input type="checkbox"/> Hardwood
<input checked="" type="checkbox"/> Vinyl/tile
Windows
<input type="checkbox"/> Shades
<input checked="" type="checkbox"/> Miniblinds
<input type="checkbox"/> Verticals | Air Conditioning:
<input checked="" type="checkbox"/> Central
<input type="checkbox"/> Wall/window
<input type="checkbox"/> Sleeves
<input type="checkbox"/> Tenant Provides
Heating Fuel:
<input type="checkbox"/> Gas
<input checked="" type="checkbox"/> Electric | Utilities Included:
<input type="checkbox"/> None
<input type="checkbox"/> Cold Water
<input type="checkbox"/> Sewer
<input checked="" type="checkbox"/> Trash
<input type="checkbox"/> Heat
<input type="checkbox"/> Hot water
<input type="checkbox"/> Gas/Electricity |
|---|--|---|---|--|

Project Amenities: None

- | | | | | |
|--|--|--|---|--|
| <input checked="" type="checkbox"/> On-site Mgt.
<input type="checkbox"/> Laundry Room
<input type="checkbox"/> Secured Entrance
<input type="checkbox"/> Elevators | <input type="checkbox"/> Clubhouse
<input type="checkbox"/> Community Room
<input type="checkbox"/> Computer/Internet
<input type="checkbox"/> Fitness Center | <input type="checkbox"/> Swimming Pool
<input type="checkbox"/> Tennis Courts
<input type="checkbox"/> Playground
<input type="checkbox"/> Trails | <input type="checkbox"/> Car Care Area
<input type="checkbox"/> Garage/Carport
<input type="checkbox"/> Volleyball
<input type="checkbox"/> Basketball | <input type="checkbox"/> Benches
<input type="checkbox"/> Jacuzzi/Spa
<input type="checkbox"/> Picnic/Grill Area
<input type="checkbox"/> On-site Storage |
|--|--|--|---|--|

Premium Fees: None

Additional Information: Most of the tenants are from Cleveland and not outside of the area.



Hidden Creek Apartments



Sunny Ridge Apartments

Complex: Deerfield Apartments **Interview Date:** June 12, 2007
Address: 426 Bruckenstrasse, Helen **Contact:** Kathrine Cleiman
Phone Number: (706) 754-9471 Cell (706) 878-8729 **Position:** Owner/Manager

Development Program: Market Rate **Date Built:** 1982
Rent Subsidy/Type: None **Style of Apt.:** 2 story garden
Subsidized Units: None **Condition:** Average
Housing Choice Vouchers: None **Age Restricted:** None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
2BR/ 1.5Ba	18	\$550	1,100	\$0.50	\$0	0	3
Total:	18				Total:	0	3

Typical Annual Occupancy: 100% **Current Occupancy:** 100%

Typical Turnover: Very low, 2 per year **Security Deposit:** \$700
Initial Absorption: Not Available **Application Fee:** None
Concessions: None offered **Pet Policy/Fees:** No pets

Unit Amenities:

- Refrigerator
- Stove
- Dishwasher
- Garbage Disposal
- Microwave
- Washer & Dryer
- W/ D Hook-ups
- Emergency Call

(\$) Additional Fee

- Ceiling fans
- Fireplace
- Patio/Balcony
- Storage
- Vaulted Ceilings
- Walk-in Closets
- Cable Ready
- Internet Access

(S) Select Units

- Flooring**
- Carpet
 - Hardwood
 - Vinyl/tile
- Windows**
- Shades
 - Miniblinds
 - Verticals

Air Conditioning:

- Central
 - Wall/window
 - Sleeves
 - Tenant Provides
- Heating Fuel:**
- Gas
 - Electric

Utilities Included:

- None
- Cold Water
- Sewer
- Trash
- Heat
- Hot water
- Gas/Electricity

Project Amenities: None

- | | | | | |
|---|--|--|---|--|
| <input type="checkbox"/> On-site Mgt. | <input type="checkbox"/> Clubhouse | <input type="checkbox"/> Swimming Pool | <input type="checkbox"/> Car Care Area | <input type="checkbox"/> Benches |
| <input type="checkbox"/> Laundry Room | <input type="checkbox"/> Community Room | <input type="checkbox"/> Tennis Courts | <input type="checkbox"/> Garage/Carport | <input type="checkbox"/> Jacuzzi/Spa |
| <input type="checkbox"/> Secured Entrance | <input type="checkbox"/> Computer/Internet | <input type="checkbox"/> Playground | <input type="checkbox"/> Volleyball | <input type="checkbox"/> Picnic/Grill Area |
| <input type="checkbox"/> Elevators | <input type="checkbox"/> Fitness Center | <input type="checkbox"/> Trails | <input type="checkbox"/> Basketball | <input type="checkbox"/> On-site Storage |

Premium Fees: Fireplaces add \$50/month to the rent

Additional Information: Tenants are local business owners and employees, many whom are retired and have lived in the apartments since they opened 25 years ago. Virtually no tenants come from outside of Helen.

Complex: Gateway Village Apartments
Address: 1000 Campbell St., Cleveland
Phone Number: (706) 219-2773

Interview Date: June 8, 2007
Contact: Thelma Furney
Position: Manager

Development Program: RD 515/LIHTC
Rent Subsidy/Type: RD Rental Assistance
Subsidized Units: 16 have RA
Housing Choice Vouchers: None

Date Built: 1995
Style of Apt.: 2 story garden
Condition: Average
Age Restricted: None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>RD Basic Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
1BR/ 1Ba	8	\$355	NA	NA	\$60	2	0
2BR/ 2Ba	22	\$390	NA	NA	\$81	3	0
Total:	30				Total:	5	0

Typical Annual Occupancy: 90-93%

Current Occupancy: 83%

Typical Turnover: "They go and don't come back"

Security Deposit: 1 month's basic rent

Initial Absorption: Not Available

Application Fee: \$30, criminal/credit

Concessions: None offered

Pet Policy/Fees: No pets

Unit Amenities:

- Refrigerator
- Stove
- Dishwasher
- Garbage Disposal
- Microwave
- Washer & Dryer
- W/ D Hook-ups
- Emergency Call

(\$) Additional Fee

- Ceiling fans
- Fireplace
- Patio/Balcony
- Storage
- Vaulted Ceilings
- Walk-in Closets
- Cable Ready
- Internet Access

(S) Select Units

- Flooring**
- Carpet
 - Hardwood
 - Vinyl/tile
- Windows**
- Shades
 - Miniblinds
 - Verticals

- Air Conditioning:**
- Central
 - Wall/window
 - Sleeves
 - Tenant Provides
- Heating Fuel:**
- Gas
 - Electric

- Utilities Included:**
- None
 - Cold Water
 - Sewer
 - Trash
 - Heat
 - Hot water
 - Gas/Electricity

Project Amenities:

- On-site Mgt.
- Laundry Room
- Secured Entrance
- Elevators

- Clubhouse
- Community Room
- Computer/Internet
- Fitness Center

- Swimming Pool
- Tennis Courts
- Playground
- Trails

- Car Care Area
- Garage/Carport
- Volleyball
- Basketball

- Benches
- Jacuzzi/Spa
- Picnic/Grill Area
- On-site Storage

Premium Fees: None

Additional Information: All of the tenants are "local" and according to the manager have trouble finding jobs in Cleveland and do not have the means to travel to nearby cities for work so, they end up moving or forfeiting their apartment.



Deerfield Apartments



Gateway Apartments

Complex: Hillside Apartments **Interview Date:** June 12, 2007
Address: 367 Highway 75 South, Cleveland **Contact:** Cathy Greavu
Phone Number: (706) 865-9011 **Position:** Manager
Development Program: Rd 515 **Date Built:** 1985
Rent Subsidy/Type: None **Style of Apt.:** 2 story garden
Subsidized Units: None **Condition:** Average
Housing Choice Vouchers: 10 vouchers in use* **Age Restricted:** None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>RD Basic Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
1BR/ 1Ba	8	\$332	750	\$0.44	\$57	0	0
2BR/ 2Ba	24	\$373	1,000	\$0.37	\$74	0	0
Total:	32				Total:	0	0

Typical Annual Occupancy: Usually high **Current Occupancy:** 100%

Typical Turnover: "Varies", sometimes high **Security Deposit:** \$300
Initial Absorption: Not Available **Application Fee:** \$30 criminal/credit
Concessions: None offered **Pet Policy/Fees:** No pets

Unit Amenities:

- Refrigerator
- Stove
- Dishwasher
- Garbage Disposal
- Microwave
- Washer & Dryer
- W/ D Hook-ups
- Emergency Call

(\$) Additional Fee

- Ceiling fans
- Fireplace
- Patio/Balcony
- Storage
- Vaulted Ceilings
- Walk-in Closets
- Cable Ready
- Internet Access

(S) Select Units

Flooring

- Carpet
- Hardwood
- Vinyl/tile

Windows

- Shades
- Miniblinds
- Verticals

Air Conditioning:

- Central
- Wall/window
- Sleeves
- Tenant Provides

Heating Fuel:

- Gas
- Electric

Utilities Included:

- None
- Cold Water
- Sewer
- Trash
- Heat
- Hot water
- Gas/Electricity

Project Amenities:

- On-site Mgt.
- Laundry Room
- Secured Entrance
- Elevators

- Clubhouse
- Community Room
- Computer/Internet
- Fitness Center

- Swimming Pool
- Tennis Courts
- Playground
- Trails

- Car Care Area
- Garage/Carport
- Volleyball
- Basketball

- Benches
- Jacuzzi/Spa
- Picnic Area
- On-site Storage

Premium Fees: None

Additional Information: *According to GA DCA and the manager of Hillside, they are just getting started with voucher use; all 10 voucher holders received the HCV's in May. Tenants are from White County and not from surrounding counties, primarily single head of household with children. Manager stated there are no jobs in Cleveland; that most of her tenants are employed in temporary summer jobs and do not have transportation or the means to travel outside of Cleveland to find permanent employment.

Complex: Heritage Garden Apartments **Interview Date:** June 13, 2008
Address: 110 Heritage Gardens Dr., Baldwin **Contact:** Susan Allen
Phone Number: (706) 778-1814 **Position:** Leasing Consultant

Development Program: Georgia DCA, LIHTC **Date Built:** Opened Oct. 1, 2006
Rent Subsidy/Type: None **Style of Apt.:** 4 story garden walk-up
Subsidized Units: None **Condition:** New construction
Housing Choice Vouchers: 1 voucher in use **Age Restricted:** None

<u>Unit Size/Bath</u>	<u>Units</u>	<u>30/50/60% AMI</u>	<u>SF</u>	<u>Rent/SF</u>	<u>UA</u>	<u>Vacant</u>	<u>WL</u>
1BR/ 1Ba TC	16	\$204/291/425	1,033	\$0.20/0.28/0.41	\$77	2	0
1BR/ 1Ba Mkt	4	\$460	1,033	\$0.45			0
2BR/ 2Ba TC	32	\$237/462/495	1,186	\$0.28/0.39/0.50	\$100	4	0
2BR/ 2Ba Mkt	8	\$510	1,186	\$0.43			0
3BR/ 2Ba TC	16	\$282/525/560	1,388	\$0.20/0.38/0.40	\$124	0	0
3BR/ 2Ba Mkt	4	\$580	1,388	\$0.42			0
Total:	80				Total:	6	0

Typical Annual Occupancy: Too soon to tell **Current Occupancy:** 93%

Typical Turnover: Too soon to determine **Security Deposit:** \$250, \$350 or \$500
Initial Absorption: 9 units per month **Application Fee:** \$35
Concessions: Waiving application fee **Pet Policy/Fees:** Dr. ordered, \$250 SD

Unit Amenities:

- Refrigerator
- Stove
- Dishwasher
- Garbage Disposal
- Microwave
- Washer & Dryer
- W/ D Hook-ups
- Emergency Call

(\$) Additional Fee

- Ceiling fans
- Fireplace
- Patio/Balcony
- Storage
- Vaulted Ceilings
- Walk-in Closets
- Cable Ready
- Internet Access

(S) Select Units

- Flooring**
- Carpet
 - Hardwood
 - Vinyl/tile
- Windows**
- Shades
 - Miniblinds
 - Verticals

(A) Adding

- Air Conditioning:**
- Central
 - Wall/window
 - Sleeves
 - Tenant Provides
- Heating Fuel:**
- Gas
 - Electric

Utilities Included:

- None
- Cold Water
- Sewer
- Trash
- Heat
- Hot water
- Gas/Electricity

Project Amenities:

- On-site Mgt.
- Laundry Room
- Secured Entrance
- Elevators

- Clubhouse
- Community Room
- Computer/Internet
- Fitness Center

- Swimming Pool
- Tennis Courts
- Playground
- Trails

- Car Care Area
- Garage/Carport
- Volleyball
- Pad with Court Games

- Benches
- Jacuzzi/Spa
- Picnic/Grill Area
- Pavillion

Premium Fees: None

Additional Information: Tenants from Habersham with "some" from Gainesville, Stevens and White.



Hillside Apartments



Heritage Garden Apartments - Baldwin

OFFICIALS AND OTHER INFORMATION CONTACTS
Cleveland, Georgia 2007

The following persons/agencies were interviewed and/or were contacted, by telephone during the course of the study providing general information on White County and the City of Cleveland. Information, specific facts or opinions provided by these individuals are included in the body of the report where appropriate.

Tom O'Bryant, Director, White County Planning and Economic Development Commission, Cleveland, Georgia, 706-865-6768

Provided information on employment, proposed economic development and infrastructure improvements in White County.

Connie Tracas, City Clerk, City of Cleveland, Cleveland, Georgia, 706-865-2017

Provided information on proposed infrastructure improvements and multi-family properties in the City of Cleveland.

Bonnie York, Director, Division of Aging Services, Area Agency on Aging, Georgia Mountain Region, Senior Center, Cleveland, Georgia, 706-865-4097

Provided information on the need for senior housing in White County.

Brandie Garner, Manager 1, Rental Assistance, Central Office, State-wide Housing Choice Voucher Administrator, Georgia DCA, Atlanta, Georgia, 404-679-0668

Provide state-wide voucher numbers and waiting list.

Glenda Wiley, Assistant Regional Housing Administrator, GDCA Rental Assistance NE Regional Office, Athens, Georgia, 706-369-5636

Provided information on the HUD section 8 voucher usages in White County.

Janice McAllister, Georgia Mountains Community Services, Development Disabilities, White County, 706-865-7886 or Habersham County, 706-894-3700

Provided information on the need for special needs housing

Stanley Morgan, Board Member, North Georgia Greater Area Chamber of Commerce, Cornelia, Georgia, 706-839-8894

Provided a statement on the need for and potential market area of housing in White County

White County Chamber of Commerce
Greater Hall Chamber of Commerce

The following persons provided information on apartment projects included in the Housing Supply Section of the report. Information provided by these individuals is summarized on the individual apartment data sheets and specific facts or opinions are included in the body of the report where appropriate.

Erin Rhoades, Property Manager, CD Properties, Hemingway Apartments and Hidden Creek Apartments, Cleveland, Georgia, 706-778-9498

Gary Moore, Well Spring Management, 404-521-0406, Manor Place Homes Apartments, Cornelia, Georgia, 706-776-2863

Shannon, Manager, Sunny Ridge Apartments, Cleveland, Georgia, 706-200-6753

Katherine Cleiman, Owner/Manager, Deerfield Apartments, Helen, Georgia, 706-754-9471

Thelma Furney, Manager, Gateway Village and Valley Manor Apartments, Cleveland, Georgia, 706-219-2773

Cathy Greavu, Manager, Hillside Apartments, Cleveland, Georgia, 706-865-9011

Susan Allen, Leasing Consultant, Heritage Apartments, Baldwin, Georgia, 706-778-1814

The following persons provided information on apartment projects that were deemed non-competitive or were out side of the market area. Information or opinions provided by these individuals are included in the body of the report where appropriate.

Jenna Charles, Housing, Northeast Georgia Housing Authority, Toccoa, Georgia, 706-886-9455, Bryant Street Apartments and Pine Crest Apartments, Cleveland, Georgia, 706-219-3183

Erin Rhoades, Property Manager, CD Properties, Crown Pointe Apartments, Cornelia, Georgia, 706-778-9498

Connie Sayers, Office Manager, Georgetown Village Apartments, Cornelia, Georgia, 706-754-5389

Lisa Lee, Property Manager, Norton Agency of North Georgia, Mountain View Apartments, Dahlonega, Georgia, 706-867-6087

Vernon Kuehn, Manager, Brookspoint Apartments, Dahlonega, Georgia, 706-867-6087

No name provided, Manager, Greenbrier Apartments, Dahlonega, Georgia, 706-344-8164

Stan Morgan, Manager, Cornelia Apartments, Cornelia, Georgia, 706-778-5696

Internet sources of information:

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www.huduser.org

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www.vrbo.com/vacation-rentals

CONCLUSIONS AND RECOMMENDATIONS

Based on the preceding analysis, the following conclusions and recommendations can be reached regarding the rental market in the Cleveland Market Area and White County:

- As proposed, Whitehall Commons will have affordable rents but will not have project based rental subsidies. The affordability range for each unit type is shown below:

<u>Number of Units</u>	<u>Bedroom Size</u>	<u>Gross Rent</u>	<u>Minimum Income</u>	<u>Maximum Income</u>	<u>AMI</u>
9	2BR/2Ba	\$543	\$18,600	\$21,750	50%
5	2BR/2Ba	\$619	\$21,200	\$26,100	60%
7	2BR/2Ba	\$779	\$26,700	\$37,400	MKT
14	3BR/2Ba	\$628	\$21,550	\$26,100	50%
10	3BR/2Ba	\$709	\$24,300	\$31,300	60%
11	3BR/2Ba	\$963	\$33,000	\$46,200	MKT
4	4BR/2Ba	\$701	\$24,050	\$28,050	50%
1	4BR/2Ba	\$841	\$28,850	\$33,650	60%
3	4BR/2Ba	\$1,131	\$38,800	\$54,300	MKT
64					

- Given the limitations of available data, the overall income range for units will be \$18,600 to \$54,300, including the market-rate units, and the proportion of eligible householders is 49.5% of the total renter households.

- Based on the methodology specified by DCA, the overall total demand pool and required capture rates by target AMI are shown below:

<u>AMI Level</u>	<u>50%</u>	<u>60%</u>	<u>Market Rate</u>	<u>Total LIHTC</u>	<u>Total</u>
Units Proposed	27	16	21	43	64
Net Demand	238	311	247	378	508
Capture	11.4%	5.1%	8.5%	11.4%	12.6%

- The demand calculations shown above do **not** take into account individual applicant eligibility based on credit history, or other screening factors used by management.

- The capture rates by bedroom size and AMI level are as follows:

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Mean Market Net Rent	Proposed Net Rent
2 Bdrm	50%AMI	9	103	0	103	8.7%	3 months	\$626	\$414
	60% AMI	5	135	0	135	3.7%	1 month	\$626	\$490
	Market	7	169	62	107	6.5%	3 months	\$626	\$650
2 Bdrm	TOTAL	21	283	62	221	9.5%	3 months	\$626	
3 Bdrm	50%AMI	14	53	0	53	26.3%	6 months	\$928	\$464
	60% AMI	10	69	0	69	14.4%	4 months	\$928	\$545
	Market	11	59	4	55	19.9%	6 months	\$928	\$799
3 Bdrm	TOTAL	35	118	4	114	30.8%	6 months	\$928	
4Bdrm	50%AMI	4	9	0	9	44.4%	6 months	\$1,135	\$495
	60% AMI	1	12	0	12	8.5%	3 months	\$1,135	\$635
	Market	3	9	0	9	32.1%	6 months	\$1,135	\$925
4 Bdrm	TOTAL	8	19	0	19	41.5%	6 months	\$1,135	

- These capture rates by bedroom size and income group assume that units are rented to households at the AMI level shown in the application, and without any project-based subsidies. Further, this calculation assumes that the target income levels and the bedroom preference segments are discrete in themselves.

- A project of 64 apartment units, positioned in the middle of the LIHTC rental scale, will likely have little difficulty in being absorbed in the Cleveland Market Area. The project's ability to achieve and maintain stabilized occupancy levels of 93% or better in this area is also considered very likely. Absorption is considered likely to be 9 units per month or greater. This would result in an initial absorption period of 6 months to reach stabilization at 93% occupancy (60 units).

- The proposed project, at this scale and positioned using the proposed LIHTC rents, is likely to have some effect on at least one assisted project in Cleveland. Most assisted and conventional units are relatively full and experience only normal turnover vacancies. Gateway currently has 5 vacant units and routinely experiences 2 to 3 vacancies at virtually the same rents or lower than the proposed. Since this project would be new construction, with a more attractive product and amenity package, Gateway would likely continue to struggle to stay above 93% stabilized occupancy.

- Given the analysis and conclusions of each of the report sections, this project is considered feasible and viable and it is recommended as proposed without change.

Information supplied to this analyst by DCA included a Market Study on the proposed project, prepared by Novogradac & Company LLP in February, 2007. This study is a full study, but is identified as an “updated” study to a previously prepared analysis. The updates include evaluation of then current market conditions, and evaluation of the proposed project, but do not necessarily update demographic estimates and projections from the 2005 – 2008 data used in the prior study.

Other than the change in the Placed-In-Service date from 2008 to 2009, the project description and the site and community descriptions are similar to the sections in this analysis. However, the Novogradac study based its demographic, demand and supply analyses on a Primary Market Area definition that is considerably different from the PMA definition adopted by this study. The Novogradac PMA includes the better part of three Counties in the North Georgia foothills – Lumpkin, White and Habersham – including the largest towns and market centers in each of those Counties – Dahlonega, Cleveland and Cornelia/Baldwin. The reasoning behind the WRG definition is presented in the earlier discussion of the PMA.

Because of this basic underlying difference in the PMA definition, all household estimates and projections, the demand calculations, and even the sample of comparable apartments is very different in the Novogradac study than in this analysis. For example, the number of total households in their PMA in 2000 was 24,100, while the 2000 household figure in this analysis is 7,731 – more than a 3:1 margin. Therefore, the estimates, projections, demand calculations and summary supply conditions cannot be compared between the two studies, although the trends and data in that study appear to be accurate.

Despite this basic variance, the conclusions of the two studies are generally the same, with positive recommendation, although naturally the capture rates in the larger PMA definition are smaller.

As previously mentioned, the demand analysis was directed to a three-year forecast period, from 2006 to 2009. The conclusions of this market study and the project evaluation are considered valid for that time period.

MARKET ANALYST'S STATEMENT

I affirm that I have made a physical inspection of the market area and the subject property and that the information obtained in the field has been used in the full study of the need and demand for the proposed units. To the best of my knowledge, this market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity, and my compensation is not contingent on this project being funded. This report was written according to DCA's 2007 Market Study Manual.

Donald F. Robinson, Market Study Author

June 25, 2007

Date

Waverly Research Group, Inc
5015 Silverton Court
Las Cruces, New Mexico 88011
505-522-3400

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.

I certify that the report was written according 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: June 25, 2007

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K. Comparison of Competing Properties

Separate Letter addressing addition of more than one competing property

DEMOGRAPHIC AND INCOME ESTIMATES AND PROJECTIONS

RIBBON DEMOGRAPHICS HISTA DATA, BASED ON CLARITAS DATA

Population by Age & Sex
White County, Georgia



<i>Census 2000</i>				<i>Current Year Estimates - 2006</i>				<i>Five-Year Projections - 2011</i>			
Age	Male	Female	Total	Age	Male	Female	Total	Age	Male	Female	Total
0 to 4 Years	654	592	1,246	0 to 4 Years	772	735	1,507	0 to 4 Years	876	835	1,711
5 to 9 Years	698	610	1,308	5 to 9 Years	806	728	1,534	5 to 9 Years	886	844	1,730
10 to 14 Years	694	648	1,342	10 to 14 Years	834	759	1,593	10 to 14 Years	927	837	1,764
15 to 17 Years	377	349	726	15 to 17 Years	488	453	941	15 to 17 Years	599	546	1,145
18 to 20 Years	522	430	952	18 to 20 Years	623	530	1,153	18 to 20 Years	690	575	1,265
21 to 24 Years	468	419	887	21 to 24 Years	661	602	1,263	21 to 24 Years	704	634	1,338
25 to 34 Years	1,252	1,268	2,520	25 to 34 Years	1,848	1,759	3,607	25 to 34 Years	1,976	1,899	3,875
35 to 44 Years	1,514	1,512	3,026	35 to 44 Years	1,750	1,768	3,518	35 to 44 Years	2,031	1,996	4,027
45 to 49 Years	693	692	1,385	45 to 49 Years	842	847	1,689	45 to 49 Years	1,010	1,026	2,036
50 to 54 Years	645	720	1,365	50 to 54 Years	740	786	1,526	50 to 54 Years	948	959	1,907
55 to 59 Years	577	646	1,223	55 to 59 Years	694	757	1,451	55 to 59 Years	815	883	1,698
60 to 64 Years	502	560	1,062	60 to 64 Years	609	678	1,287	60 to 64 Years	752	846	1,598
65 to 74 Years	817	869	1,686	65 to 74 Years	1,045	1,114	2,159	65 to 74 Years	1,308	1,415	2,723
75 to 84 Years	391	567	958	75 to 84 Years	505	711	1,216	75 to 84 Years	604	859	1,463
85 Years and Up	76	182	258	85 Years and Up	113	230	343	85 Years and Up	178	354	532
Total	9,880	10,064	19,944	Total	12,330	12,457	24,787	Total	14,304	14,508	28,812
62+ Years	n/a	n/a	3,524	62+ Years	n/a	n/a	4,474	62+ Years	n/a	n/a	5,663

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HISTA DATA

White County, GA

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Renter Households						
Aged 18-54 Years						
<i>Census 2000</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	55	51	35	0	10	151
\$10,000-20,000	69	65	57	41	36	268
\$20,000-30,000	48	45	66	62	78	299
\$30,000-40,000	48	62	26	42	43	221
\$40,000-50,000	8	4	26	40	21	99
\$50,000-60,000	25	4	10	8	3	50
\$60,000+	<u>10</u>	<u>19</u>	<u>25</u>	<u>37</u>	<u>25</u>	<u>116</u>
Total	263	250	245	230	216	1,204

Renter Households						
Aged 55-61 Years						
<i>Census 2000</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	37	10	0	0	0	47
\$10,000-20,000	11	8	0	0	0	19
\$20,000-30,000	4	4	0	0	0	8
\$30,000-40,000	9	0	0	0	0	9
\$40,000-50,000	5	0	2	0	0	7
\$50,000-60,000	0	4	0	0	0	4
\$60,000+	<u>0</u>	<u>6</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>9</u>
Total	66	32	2	3	0	103

Renter Households						
Aged 62+ Years						
<i>Census 2000</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	85	13	0	0	9	107
\$10,000-20,000	54	31	0	4	0	89
\$20,000-30,000	19	14	3	0	0	36
\$30,000-40,000	4	20	9	3	0	36
\$40,000-50,000	0	7	9	0	0	16
\$50,000-60,000	4	3	0	0	0	7
\$60,000+	<u>8</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>12</u>
Total	174	88	25	7	9	303

Renter Households						
All Ages						
<i>Census 2000</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	177	74	35	0	19	305
\$10,000-20,000	134	104	57	45	36	376
\$20,000-30,000	71	63	69	62	78	343
\$30,000-40,000	61	82	35	45	43	266
\$40,000-50,000	13	11	37	40	21	122
\$50,000-60,000	29	11	10	8	3	61
\$60,000+	18	25	29	40	25	<u>137</u>
Total	503	370	272	240	225	1,610

Total Households						
Aged 62+ Years						
<i>Census 2000</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	297	129	0	0	9	435
\$10,000-20,000	223	203	10	4	0	440
\$20,000-30,000	95	207	18	4	10	334
\$30,000-40,000	51	231	53	3	0	338
\$40,000-50,000	32	138	26	0	0	196
\$50,000-60,000	16	123	27	7	3	176
\$60,000+	28	171	40	20	10	<u>269</u>
Total	742	1,202	174	38	32	2,188

Total Households						
All Ages						
<i>Census 2000</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	462	224	74	0	19	779
\$10,000-20,000	396	357	111	97	55	1,016
\$20,000-30,000	317	507	167	150	130	1,271
\$30,000-40,000	203	512	240	202	85	1,242
\$40,000-50,000	102	356	281	193	96	1,028
\$50,000-60,000	70	333	151	87	53	694
\$60,000+	89	670	370	367	204	<u>1,700</u>
Total	1,639	2,959	1,394	1,096	642	7,730

Renter Households						
Aged 18-54 Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	77	54	40	0	11	182
\$10,000-20,000	78	63	54	39	33	267
\$20,000-30,000	59	46	70	62	78	315
\$30,000-40,000	80	89	36	59	58	322
\$40,000-50,000	17	7	35	45	22	126
\$50,000-60,000	38	12	31	15	4	100
\$60,000+	<u>20</u>	<u>30</u>	<u>41</u>	<u>69</u>	<u>38</u>	<u>198</u>
Total	369	301	307	289	244	1,510

Renter Households						
Aged 55-61 Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	46	11	0	0	0	57
\$10,000-20,000	14	9	0	0	0	23
\$20,000-30,000	5	3	0	0	0	8
\$30,000-40,000	16	0	0	0	0	16
\$40,000-50,000	6	0	4	0	0	10
\$50,000-60,000	0	5	0	0	0	5
\$60,000+	<u>0</u>	<u>13</u>	<u>0</u>	<u>6</u>	<u>0</u>	<u>19</u>
Total	87	41	4	6	0	138

Renter Households						
Aged 62+ Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	109	13	0	0	9	131
\$10,000-20,000	71	35	0	5	0	111
\$20,000-30,000	31	14	5	0	0	50
\$30,000-40,000	7	17	12	5	0	41
\$40,000-50,000	0	8	10	0	0	18
\$50,000-60,000	6	4	0	0	0	10
\$60,000+	<u>24</u>	<u>0</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>35</u>
Total	248	91	38	10	9	396

Renter Households						
All Ages						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	232	78	40	0	20	370
\$10,000-20,000	163	107	54	44	33	401
\$20,000-30,000	95	63	75	62	78	373
\$30,000-40,000	103	106	48	64	58	379
\$40,000-50,000	23	15	49	45	22	154
\$50,000-60,000	44	21	31	15	4	115
\$60,000+	44	43	52	75	38	<u>252</u>
Total	704	433	349	305	253	2,044

All Households						
Aged 62+ Years						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	348	115	0	0	9	472
\$10,000-20,000	270	195	10	5	0	480
\$20,000-30,000	140	233	24	4	11	412
\$30,000-40,000	72	214	61	5	0	352
\$40,000-50,000	41	250	27	0	0	318
\$50,000-60,000	21	138	31	7	3	200
\$60,000+	61	318	79	29	23	<u>510</u>
Total	953	1,463	232	50	46	2,744

All Households						
All Ages						
<i>Current Year Estimates - 2006</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	555	210	79	0	20	864
\$10,000-20,000	463	337	103	83	48	1,034
\$20,000-30,000	392	496	168	139	126	1,321
\$30,000-40,000	304	555	290	248	107	1,504
\$40,000-50,000	139	485	307	214	100	1,245
\$50,000-60,000	104	453	238	101	94	990
\$60,000+	176	1,091	609	563	319	<u>2,758</u>
Total	2,133	3,627	1,794	1,348	814	9,716

Renter Households						
Aged 18-54 Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	85	53	40	0	11	189
\$10,000-20,000	86	60	53	37	33	269
\$20,000-30,000	64	46	71	62	77	320
\$30,000-40,000	93	96	37	69	64	359
\$40,000-50,000	21	6	45	55	28	155
\$50,000-60,000	43	17	43	24	7	134
\$60,000+	<u>33</u>	<u>42</u>	<u>61</u>	<u>107</u>	<u>57</u>	<u>300</u>
Total	425	320	350	354	277	1,726

Renter Households						
Aged 55-61 Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	56	10	0	0	0	66
\$10,000-20,000	17	9	0	0	0	26
\$20,000-30,000	5	3	0	0	0	8
\$30,000-40,000	22	0	0	0	0	22
\$40,000-50,000	8	0	9	0	0	17
\$50,000-60,000	0	6	0	0	0	6
\$60,000+	<u>0</u>	<u>19</u>	<u>0</u>	<u>8</u>	<u>0</u>	<u>27</u>
Total	108	47	9	8	0	172

Renter Households						
Aged 62+ Years						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	138	14	0	0	11	163
\$10,000-20,000	94	36	0	6	0	136
\$20,000-30,000	46	21	7	0	0	74
\$30,000-40,000	11	18	17	6	0	52
\$40,000-50,000	0	13	19	0	0	32
\$50,000-60,000	8	5	0	0	0	13
\$60,000+	<u>44</u>	<u>0</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>62</u>
Total	341	107	61	12	11	532

Renter Households						
All Ages						
<i>Five Year Projections - 2011</i>						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	279	77	40	0	22	418
\$10,000-20,000	197	105	53	43	33	431
\$20,000-30,000	115	70	78	62	77	402
\$30,000-40,000	126	114	54	75	64	433
\$40,000-50,000	29	19	73	55	28	204
\$50,000-60,000	51	28	43	24	7	153
\$60,000+	77	61	79	115	57	<u>389</u>
Total	874	474	420	374	288	2,430

THE WAVERLY RESEARCH GROUP, INC.

The Waverly Research Group, Inc. conducts market and economic feasibility studies, and provides general consulting services for real estate development projects. Waverly prepares studies analyzing market support for residential, industrial, and commercial properties including office, retail, hospitality (hotel/motel), and mixed-use development. Other, more specialized areas of expertise include health care facilities, options in housing for the elderly, low and moderate income (affordable) housing, due-diligence services for the financial services industry, and adaptive re-use studies for the renovation of underused and/or historic properties.

The Waverly Group also offers a variety of development consulting service to clients, including site selection, product development, market positioning, and economic impact studies. Waverly also evaluates the financial potential of development projects, and prepares pro-forma projections. In addition, Waverly assists municipalities and other government agencies in evaluating the potential for economic revitalization through redevelopment and adaptive re-use, and provides economic and market analysis services to assist land-use planning efforts.

The Waverly Group professionals have completed a wide variety of studies for housing, particularly multi-family affordable housing. These include standard apartments, farm labor housing, elderly independent living units, assisted living and enriched housing, and life care facilities. Geographic areas of operation include the Northeast (Vermont and Connecticut), the Mid Atlantic (New York, New Jersey, Delaware, Maryland, Virginia, and West Virginia), the Southeast (North Carolina, South Carolina, Tennessee, Kentucky, Georgia and Florida), the Mid West (Illinois, Iowa, Kansas and North Dakota) and the Southwest (Texas, New Mexico, Nevada and Arizona).

While most of the Waverly assignments are performed for private sector clients, in most cases the studies are designed to meet the requirements of various government programs and agencies, and in many cases are performed directly for the reviewing agency or for the lender or syndicator. The Waverly analysts are particularly experienced in projects under USDA Rural Development Section 515 and 514 programs, the Low Income Housing Tax Credit program, and the HUD HOME programs, the Section 202, Section 221(d)(4) and Section 232 programs, both as part of the MAP program, as well as various state programs. The firm also prepares full reviews of existing market studies for consistency and accuracy for public and private underwriters.

The principal of the Waverly Group, Donald F. Robinson, has 30 years experience in research and real estate consulting. He has worked throughout the United States, but is especially familiar with New York and the Mid-Atlantic, Southeast, and Southwest regions. The firm, formed in 1986, in Richmond, Virginia is now located in Las Cruces, New Mexico.

Waverly Research Group is a member in good standing with the Professional Real Estate Market Analyst Coalition.

STATEMENT OF QUALIFICATIONS

Donald F. Robinson

Principal, Waverly Research Group, Inc., Las Cruces, New Mexico.

Former Director of Research, John E. Scott and Associates, Richmond, Virginia.

Former Research Associate, C. B. Robertson Associates, Inc., Richmond, Virginia.

Former Business Services Librarian, County of Henrico, Richmond, Virginia.

Graduate, University of Virginia, Charlottesville, Virginia, Bachelor of Arts, 1971.

Graduate, University of Illinois, Urbana, Illinois, Master of Science in Library Science, 1976.

Graduate, University of Richmond, Richmond, Virginia, Master of Business Administration, 1983.

Former Adjunct Instructor in Real Estate, University of Richmond.

Conducted economic, market and financial studies for private and public sector clients in the Mid-Atlantic, Southeast, Midwest, Mountain States and Southwest United States. Studies have included development assignments in land use analysis; highest and best use; financial structuring and packaging; re-use of historic properties, redevelopment, and revitalization; housing, commercial, industrial, health care, recreation and hospitality analysis; space evaluation and site selection. Other services included private consulting assignments in land planning, investment analysis, regional economic base analysis, due diligence, and business evaluation and acquisition. Served as consultant to property owners, developers, health care institutions, non-profit foundations, financial institutions, public agencies, and other real estate professionals.

Mr. Robinson has worked as a real estate market analyst since 1978. He is now based in Las Cruces, New Mexico.

As a Principal of Waverly Research Group he is a member in good standing with the Professional Real Estate Market Analyst Coalition.

STATEMENT OF QUALIFICATIONS

Judy W. Maynard

Senior Research Analyst, The Waverly Research Group, Inc., Las Cruces, New Mexico.

Former Business Manager, Friends of the Richmond Public Library, Richmond, Virginia

Former Owner/Manager, Novel Futures Bookstore, Richmond, Virginia

Registered Nurse 1975-1983

St. John's Hospital – Drug and alcoholism treatment

St. Mary's Hospital – Psychiatric Unit & Psychiatric Intensive Care Unit

Chippenham Hospital/Tucker Pavilion – General medical and psychiatric nursing

Graduate, J. Sergeant Reynolds Community College, Associate in Applied Science in Nursing, 1975

Continuing Education in Drug and Alcoholism Rehabilitation, Virginia Commonwealth University, 1978 – 1982

Continuing Education in Accounting, John Tyler Community College, 1988

Has conducted market and field research for market studies in New York, Connecticut, Vermont, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Texas, New Mexico, Arizona, Nevada, North Dakota, Kansas, Wyoming and California. Studies have included multi-family housing for families and elderly households, major recreation facilities and healthcare facilities. Compiled research information using the US Census and other secondary sources. Ms. Maynard has conducted competitive interviews and surveys with government officials, property managers and owners, realtors and healthcare professionals. Ms. Maynard developed and implemented survey and market study forms to be used in the reporting of market opportunities and determining market rents.

Ms. Maynard has worked as a real estate market analyst with Waverly Research Group, Inc. since 1994. She is now based in Las Cruces, New Mexico.

As a long term employee of Waverly Research Group she is a member in good standing with the Professional Real Estate Market Analyst Coalition.