

# Market Feasibility Analysis

McRae-Helena Estates  
Southern quadrant of the Oak Street (U.S. Hwy. 341)  
and Industrial Boulevard intersection  
McRae, Telfair County, Georgia 31055

*Prepared For*

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*Effective Date*

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*Job Reference Number*

15-275 CR



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## SECTION A – EXECUTIVE SUMMARY

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

### 1. Project Description:

The proposed project involves the new construction of the 48-unit McRae-Helena Estates rental community on a 4.0-acre site in McRae, Georgia. The project will offer 12 one-bedroom, 24 two-bedroom and 12 three-bedroom garden-style units located within two (2) two-story walk-up style residential buildings. The project will also include a free-standing community building which will house the subject's management office and common areas. The subject property will be developed using Low-Income Housing Tax Credit (LIHTC) financing and target lower-income family households earning up to 50% and 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$285 to \$489, depending upon unit type. None of the units within the subject development will receive project-based rental assistance. The proposed project is expected to be complete by March of 2017. Additional details regarding the proposed project are included in Section B of this report.

### 2. Site Description/Evaluation:

The proposed subject site is a vacant parcel of land situated within an established portion of McRae that is generally comprised of commercial and residential structures in good condition. In addition to the well-maintained existing structures within the site neighborhood, wooded land surrounds portions of the subject site which creates a natural buffer to additional surrounding land uses within the immediate site neighborhood. Although several warehouse structures are located south/southwest of the subject site, these commercial structures were also observed to be well-maintained and do not appear to create any noise or environmental concerns within the immediate site neighborhood and most are buffered from the subject site by wooded land south of the site. The subject site is clearly visible and easily accessible from Oak Street (U.S. Highway 341) which borders the site to the north and will provide passerby traffic to the subject development. In addition to providing clear visibility and convenient access, the subject's location along this aforementioned arterial also allows for convenient access to many area services. Overall, the subject development is expected to benefit from its clear visibility and convenient accessibility from Oak Street (U.S. Highway 341) as well as its proximity to most basic community services.

### **3. Market Area Definition:**

The McRae Site PMA includes the municipalities of McRae and Helena, as well as portions of Chauncey, Milan, Scotland and some outlying unincorporated portions of Telfair County. The boundaries of the Site PMA include WPA Road, New Bethel Church Road, and Little Rock Road to the north; County Road 174, State Route 134, and County Road 194 to the east; County Road 240, County Road 267, and Work More Road to the south; and Milan-Chauncey Road the west. A map illustrating these boundaries is included on page D-2 of this report and details the furthest boundary is 11.2 miles from the site.

### **4. Community Demographic Data:**

Demographic trends within the McRae Site PMA are projected to be positive between 2015 and 2017, as the total population will increase by 43 (0.3%) and the total number of households will increase by 24 (0.5%) during this time period. Although modest growth, these trends demonstrate a stable overall demographic base within the Site PMA. Additionally, it is projected that there will be 1,553 renter households in the market in 2017, an increase of nine (9), or 0.6%, over 2015 levels. Notably, low-income renter households (earning below \$30,000) are projected to comprise more than 74.0% of all renter households in the market in 2017. Based on the preceding analysis and additional demographic data contained within this report, there appears to be a good and stable base of income-appropriate renter support for affordable rental housing in the market, such as that proposed at the subject site. Additional demographic data is included in Section E of this report.

### **5. Economic Data:**

According to a local economic development representative with the Development Authority of Telfair County, the local economy is struggling and has been negatively impacted by employment changes (year-round to seasonal) at the Husqvarna Outdoor Products facility in McRae. It is also important to note however, that data provided by the U.S. Department of Labor, Bureau of Labor Statistics indicates that the Telfair County economy has steadily improved each year since the impact of the national recession. Notably, total employment has increased by nearly 1,100 jobs, or 27.4%, since 2009, while the unemployment rate has declined by seven full percentage points since 2010, through March of 2015. These trends demonstrate that the local economy has almost fully recovered from the impact of the national recession, in terms of both total employment and unemployment rates, despite the impact of the change in employment at the Husqvarna Outdoor Products facility as cited by a local economic development representative. Based on the preceding factors, we expect the Telfair County economy will continue to improve for the foreseeable future. However, the large share (approximately 74.0%) of low-income renter households (earning below \$30,000) projected for the Site PMA in 2017, is a good indication

that demand for affordable rental housing will remain high within the Site PMA and Telfair County, regardless of economic conditions. Additional economic data is included in Section F of this report.

## 6. Project-Specific Affordability and Demand Analysis:

Per GDCA guidelines, capture rates below 30% for projects in urban markets and below 35% for projects in rural markets are considered acceptable. As such, the project’s overall capture rate of 27.6% is considered achievable within the McRae Site PMA. This is especially true given the lack of non-subsidized LIHTC product within the Site PMA, which is expected to allow the subject project to capture a higher than typical share of the income-qualified applicants within the market. Detailed demand calculations are provided in Section G of this report.

## 7. Competitive Rental Analysis

The proposed subject development will offer one- through three-bedroom garden-style units targeting general-occupancy (family) households earning up to 50% and 60% of Area Median Household Income (AMHI). As stated throughout this reported and further evidenced by our Field Survey of Conventional Rentals, there are no non-subsidized Low-Income Housing Tax Credit (LIHTC) properties within the McRae Site PMA. Therefore, it was necessary to identify and survey general-occupancy LIHTC product outside the Site PMA, but within the region, for comparability purposes. Thus, we identified and surveyed three such properties in the nearby towns of Hazlehurst and Dublin, Georgia that offer one-through three-bedroom garden-style units targeting households earning up to 50% and/or 60% of AMHI similar to the subject project. As such, these three LIHTC projects will offer a good base of comparability for the subject project. It is important to note however, that since these properties are located outside the Site PMA they will derive demographic support from different geographic areas as compared to the subject project and therefore are not considered directly competitive with the subject development. As such, these three LIHTC properties have been considered and included for comparability purposes only.

These three comparable properties and the proposed development are summarized as follows.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
<b>Site</b>	<b>McRae-Helena Estates</b>	<b>2017</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 50% &amp; 60% AMHI</b>
902	Cloverset Place	2009	40	100.0%	23.1 Miles	10 H.H.	Families; 50% & 60% AMHI
903	Hillcrest Apts.	1996	48	100.0%	36.1 Miles	17 H.H.	Families; 30% & 50% AMHI
907	Emerald Pointe	2006	51*	100.0%	35.9 Miles	63 H.H.	Families; 30%, 50%, & 60% AMHI

900 Series Map IDs are located outside the Site PMA

OCC. – Occupancy

H.H. - Households

\*Tax Credit units only

The three comparable LIHTC projects comprise a total of 139 units which are 100.0% occupied. It is also of note that all three comparable properties maintain waiting lists which range from 10 to 63 households. The high occupancy rates and waiting lists maintained among the comparable properties are indicative of pent-up demand for general-occupancy LIHTC product within the region. It is important to reiterate that the subject project will be the only non-subsidized LIHTC property (family or senior) in the Site PMA, which is expected to create a competitive advantage for the subject project and help fill a void in the McRae rental housing market.

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	McRae-Helena Estates	\$426/50% (3) \$511/60% (9)	\$511/50% (11) \$613/60% (13)	\$590/50% (4) \$708/60% (8)	-
902	Cloverset Place	\$498/50% (13/0) \$526/60% (3/0)	\$604/50% (12/0) \$604/60% (4/0)	\$677/50% (7/0) \$677/60% (1/0)	None
903	Hillcrest Apts.	\$316/30% (3/0) \$480/50% (17/0)	\$564/50% (16/0)	\$636/50% (12/0)	None
907	Emerald Pointe	\$306/30% (2/0) \$485/50% (10/0) \$492/60% (1/0)	\$374/30% (3/0) \$563/50% (19/0) \$563/60% (3/0)	\$443/30% (2/0) \$690/50% (9/0) \$730/60% (2/0)	None

900 Series Map IDs are located outside the Site PMA

The subject's proposed gross Tax Credit rents ranging from \$426 to \$708 are generally lower than the rents reported among similar unit types at most of the comparable properties. When considering the newness and higher anticipated quality of the subject development as compared to the comparable LIHTC projects, along with the fact that the three comparable properties are located in the towns of Dublin and Hazlehurst which are considered similar to the subject market in terms of median household income and median gross rent, the subject rents appear to be appropriately positioned. Regardless, the subject's proposed rents are evaluated in further detail in the Achievable Market Rent section of this report.

## Comparable/Competitive Tax Credit Summary

The McRae rental housing market offers a relatively limited supply of rental product, as illustrated by our Field Survey of Conventional Rentals. In fact, there are no non-subsidized LIHTC projects (family or senior) in the Site PMA. As such, the proposed subject development is expected to help fill a void within the McRae rental housing market. This will likely create a competitive advantage for the subject project within the Site PMA. The subject project is also considered to be appropriately positioned in terms of gross rents as compared to similar unit types at the three comparable LIHTC properties surveyed in the region, all of which are 100.0% occupied with wait lists. Although the subject project will offer some of the smallest unit sizes (square feet) among the comparable properties, the proposed unit sizes are considered appropriate for low-income rental housing and are expected to be marketable to the targeted tenant population, especially when considering the lack of non-subsidized LIHTC product within the market. The amenity package included at the subject project is also considered to be appropriately positioned for the targeted tenant population. Overall, the subject development is expected to provide a much needed non-subsidized rental alternative to the McRae market and is considered marketable to the targeted tenant population.

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

### **8. Absorption/Stabilization Estimates**

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow GDCA/GHFA guidelines that assume a 2017 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2017.

Considering the facts contained in the market study and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the subject development. Our absorption projections take into consideration the lack of non-subsidized LIHTC product in the market, the subject's capture rate, achievable market rents and the competitiveness of the proposed subject development within the McRae Site PMA. Our absorption projections also take into consideration that the developer and/or management successfully markets the project throughout the Site PMA.

Based on our analysis, it is our opinion that the 48 proposed LIHTC units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately seven months of opening. This absorption period is based on an average monthly absorption rate of approximately six units per month.

## 9. Overall Conclusion:

The McRae rental housing market is relatively limited in terms of overall supply, as only five conventional rental properties were surveyed in the Site PMA. Notably, the rental housing market within McRae is dominated by affordable rental product, as all five properties surveyed operate with some type of subsidy, including the two Tax Credit properties in the market. Therefore, the proposed subject development will introduce a much needed non-subsidized rental alternative to the market which is expected to help fill a void in the rental market while also creating a competitive advantage for the subject development. The five subsidized properties surveyed all report occupancy rates of 100.0%, with most also maintaining waiting lists. Although no non-subsidized LIHTC properties were identified in the Site PMA, the subject development appears to be appropriately positioned in terms of gross rents, unit size (square feet) and amenities offered, as compared to the three LIHTC properties surveyed outside the Site PMA but within the region.

Although modest, overall demographic trends are projected to be positive within the Site PMA between 2015 and 2017 in terms of total population and households. It is also of note that more than 74.0% of the 1,553 renter households projected for the market in 2017 will earn below \$30,000, which is conducive to low-income rental housing such as that proposed at the subject site. The subject's overall capture rate of 27.6% is further indicative of a good base of potential support for the subject development. It must be noted however, that a somewhat more limited base of potential support exists for the subject's three-bedroom units, when considering support solely from four-person or larger renter households. It is likely that there will be some smaller households within the PMA that can afford a three-bedroom unit at the subject development, which will likely increase the base of potential support for the subject's three-bedroom units. Regardless, we expect the subject's three-bedroom units, as well as the units set at 60% of AMHI, will experience the longest absorption, based on our demand estimates included in Section G. Nonetheless, it is our opinion that a market exists for the subject development, as there are currently no non-subsidized LIHTC projects in the market, which will allow the project to capture a larger share of the qualified applicants in the market.

Based on the preceding analysis and facts contained within this report, we believe the proposed subject development is marketable and supportable within the McRae Site PMA, as proposed. As there are currently no non-subsidized LIHTC properties in the Site PMA, the subject project is not expected to have any adverse impact on future occupancy rates among the existing rental properties in the Site PMA, all of which are currently 100.0% occupied. In fact, we expect the subject project will help fill a void in the McRae rental housing market. We do not have any recommendations or modifications to the subject development at this time.



<b>SUMMARY TABLE</b> (must be completed by the analyst and included in the executive summary)	
Development Name:	McRae-Helena Estates <span style="float: right;">Total # Units: 48</span>
Location:	Intersection of Oak Street and Industrial Boulevard McRae, Georgia, 31055 <span style="float: right;"># LIHTC Units: 48</span>
PMA Boundary:	The boundaries of the Site PMA include WPA Road, New Bethel Church Road, and Little Rock Road to the north; County Road 174, State Route 134, and County Road 194 to the east; County Road 240, County Road 267, and Work More Road to the south; and Milan-Chauncey Road the west.
	Farthest Boundary Distance to Subject: 11.2 miles

RENTAL HOUSING STOCK (found on page H-2 & 5 and A-4)				
Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	5	129	0	100.0%
Market-Rate Housing	0	0	-	-
Assisted/Subsidized Housing not to include LIHTC	3	88	0	100.0%
<b>LIHTC *</b>	2	41	0	100.0%
Stabilized Comps**	3	139	0	100.0
Properties in Construction & Lease Up	0	0	-	-

\*All LIHTC properties are subsidized

\*\*All comps are located outside the Site PMA

Subject Development					Average Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
3	One-Br.	1.0	650	\$285 (50%)	\$415	\$0.64	31.3%	\$475	\$0.55
9	One-Br.	1.0	650	\$370 (60%)	\$415	\$0.64	10.8%	\$475	\$0.55
11	Two-Br.	2.0	1,000	\$331 (50%)	\$575	\$0.58	42.4%	\$700	\$0.61
13	Two-Br.	2.0	1,000	\$433 (60%)	\$575	\$0.58	24.7%	\$700	\$0.61
4	Three-Br.	2.0	1,100	\$371 (50%)	\$655	\$0.60	43.4%	\$700	\$0.61
8	Three-Br.	2.0	1,100	\$489 (60%)	\$655	\$0.60	25.3%	\$700	\$0.61

## DEMOGRAPHIC DATA (found on page E-2 &amp; G-5)

	2010		2015		2017	
Renter Households	1,370	30.0%	1,544	32.8%	1,553	32.8%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	437	9.3%	438	9.3%
Income-Qualified Renter HHs (MR) (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	30%	50%	60%	Market-rate	Other: __	Overall
Renter Household Growth	-	0	0	-	-	1
Existing Households (Overburd + Substand)	-	167	85	-	-	173
Homeowner conversion (Seniors)	-	N/A	N/A	-	-	N/A
<b>Total Primary Market Demand</b>	-	167	85	-	-	174
Less Comparable/Competitive Supply	-	0	0	-	-	0
<b>Net Income-Qualified Renter HHs</b>	-	<b>167</b>	<b>85</b>	-	-	<b>174</b>

## CAPTURE RATES (found on page G-5)

Targeted Population	30%	50%	60%	Market-rate	Other: __	Overall
Capture Rate	-	10.8%	35.3%	-	-	27.6%

## SECTION B - PROJECT DESCRIPTION

The proposed project involves the new construction of the 48-unit McRae-Helena Estates rental community on a 4.0-acre site in McRae, Georgia. The project will offer 12 one-bedroom, 24 two-bedroom and 12 three-bedroom garden-style units located within two (2) two-story walk-up style residential buildings. The project will also include a free-standing community building which will house the subject's management office and common areas. The subject property will be developed using Low-Income Housing Tax Credit (LIHTC) financing and target lower-income family households earning up to 50% and 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$285 to \$489, depending upon unit type. None of the units within the subject development will receive project-based rental assistance. The proposed project is expected to be complete by March of 2017. Additional details of the subject project are as follows:

### A. PROJECT DESCRIPTION

- 1. Project Name:** McRae-Helena Estates
  
- 2. Property Location:** Southern quadrant of the Oak Street  
(U.S. Hwy. 341) and Industrial Boulevard  
intersection  
McRae, Georgia 31055  
(Telfair County)  
  
Census Tract: 9501  
  
QCT: Yes                      DDA: Yes
  
- 3. Project Type:** New construction
  
- 4. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent of AMHI	Proposed Rents			
						Collected	Utility Allowance	Gross	Maximum Allowable
3	One-Br.	1.0	Garden	650	50%	\$285	\$141	\$426	\$426
9	One-Br.	1.0	Garden	650	60%	\$370	\$141	\$511	\$511
11	Two-Br.	2.0	Garden	1,000	50%	\$331	\$180	\$511	\$511
13	Two-Br.	2.0	Garden	1,000	60%	\$433	\$180	\$613	\$613
4	Three-Br.	2.0	Garden	1,100	50%	\$371	\$219	\$590	\$590
8	Three-Br.	2.0	Garden	1,100	60%	\$489	\$219	\$708	\$708
48	Total								

Source: RHA/Housing, Inc.

AMHI – Area Median Household Income (Telfair County, GA; 2014)

**5. Target Market:** Family households earning up to 50% and 60% of AMHI

**6. Project Design:** Two (2) two-story walkup-style residential buildings and a stand-alone community building

**7. Original Year Built:** Not applicable

**8. Projected Opening Date:** March 2017

**9. Unit Amenities:**

- Electric Range
- Refrigerator
- Dishwasher
- Garbage Disposal
- Washer/Dryer Hookups
- Central Air Conditioning
- Carpet
- Window Blinds

**10. Community Amenities:**

- On-Site Management
- Community Room
- Picnic Area
- Laundry Facility
- Playground

**11. Resident Services:**

None

**12. Utility Responsibility:**

The cost of trash collection will be included in the cost of rent at the subject project, while tenants will be responsible for all remaining utility costs, which include the following:

- General Electric
- Electric Hot Water Heat
- Water/Sewer
- Electric Heat
- Electric Cooking

**13. Rental Assistance:**

None

**14. Parking:**

The subject project will offer a paved surface parking lot containing a total of 72 spaces at no additional cost to the residents. This equates to 1.5 spaces per unit, which is considered sufficient parking for low-income rental housing.

**15. Current Project Status:**

Not applicable

**16. Statistical Area:**

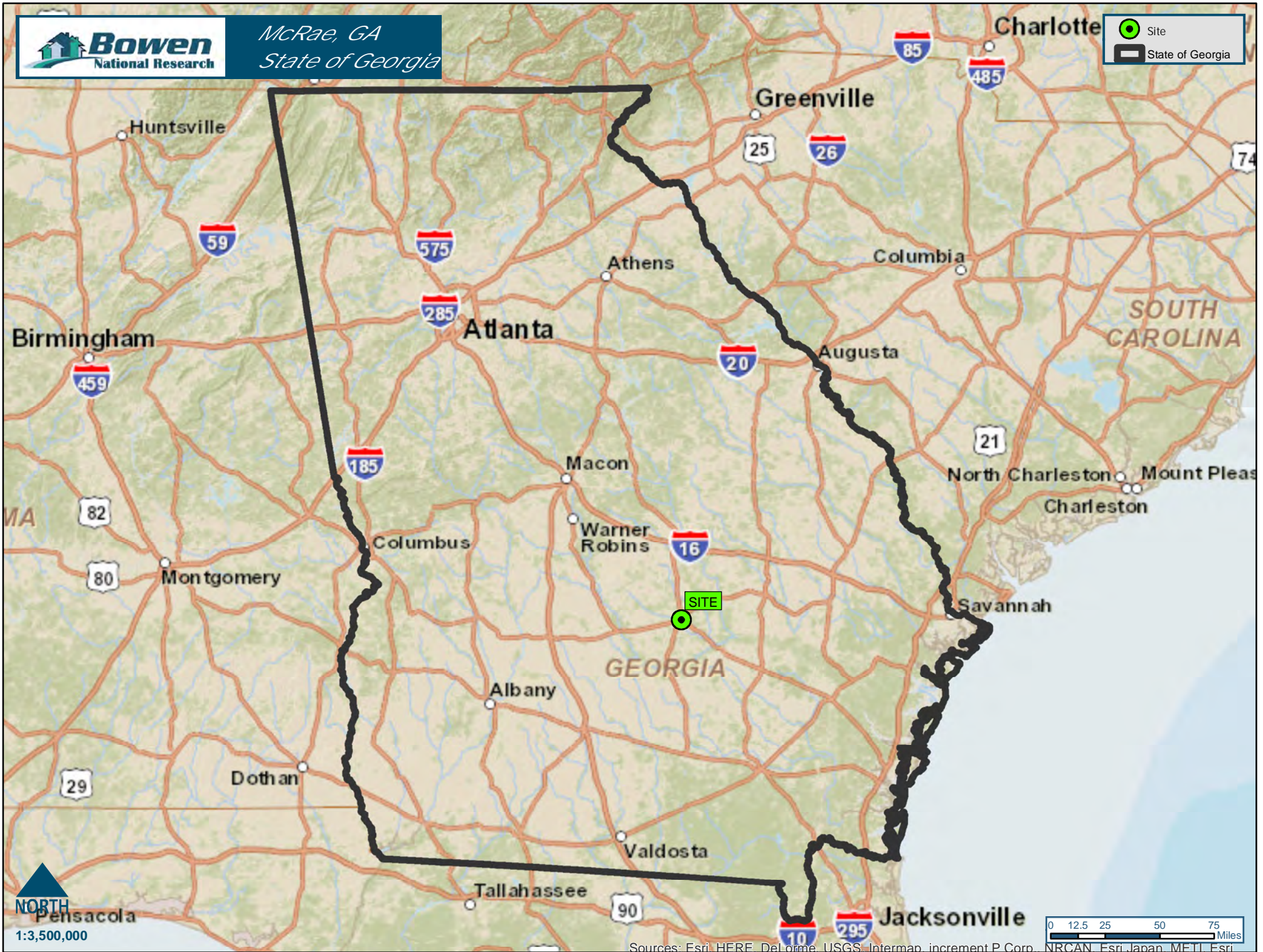
Telfair County, GA (2014)

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



McRae, GA  
State of Georgia

● Site  
▭ State of Georgia

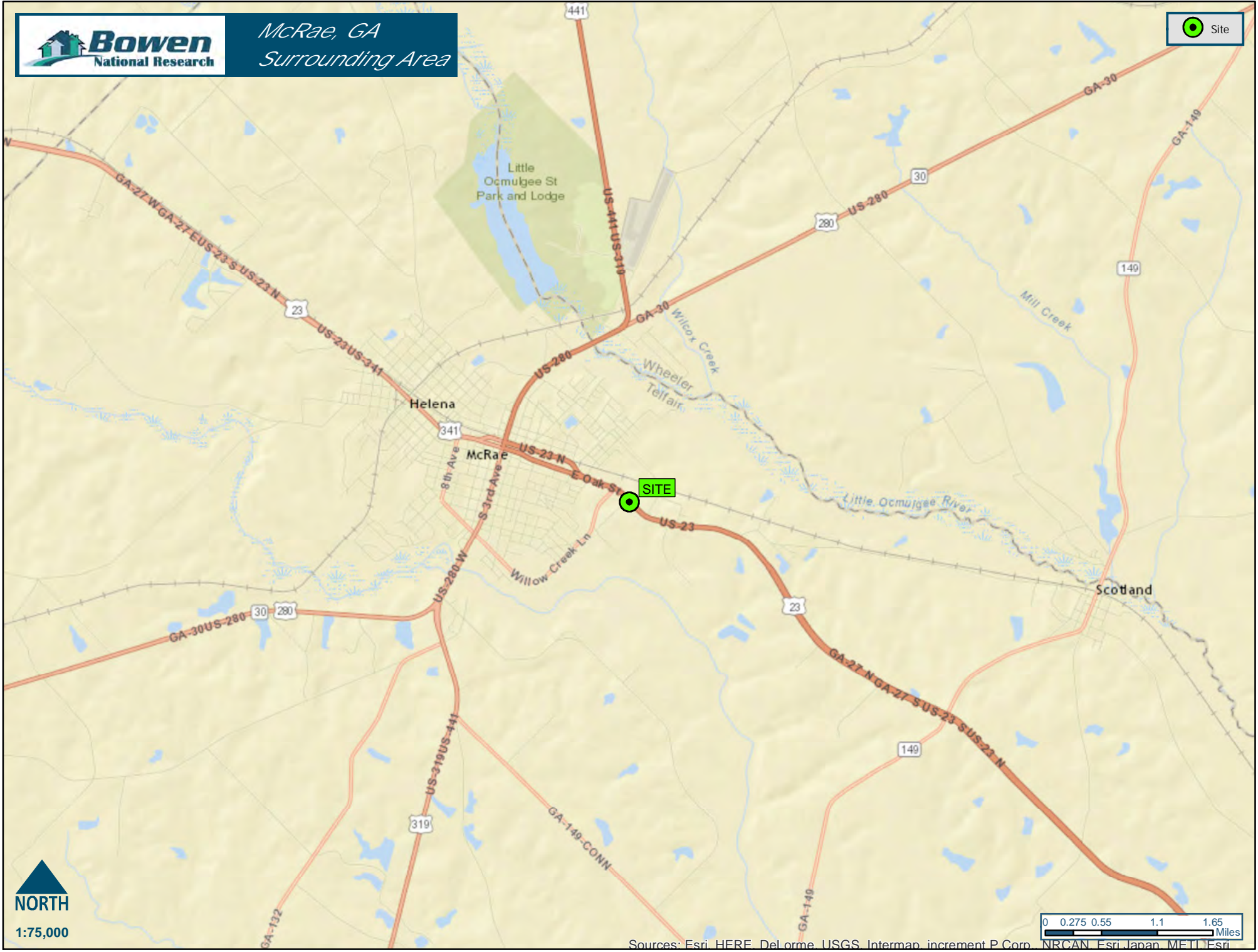


NORTH  
1:3,500,000

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri, Japan, METI, Esri

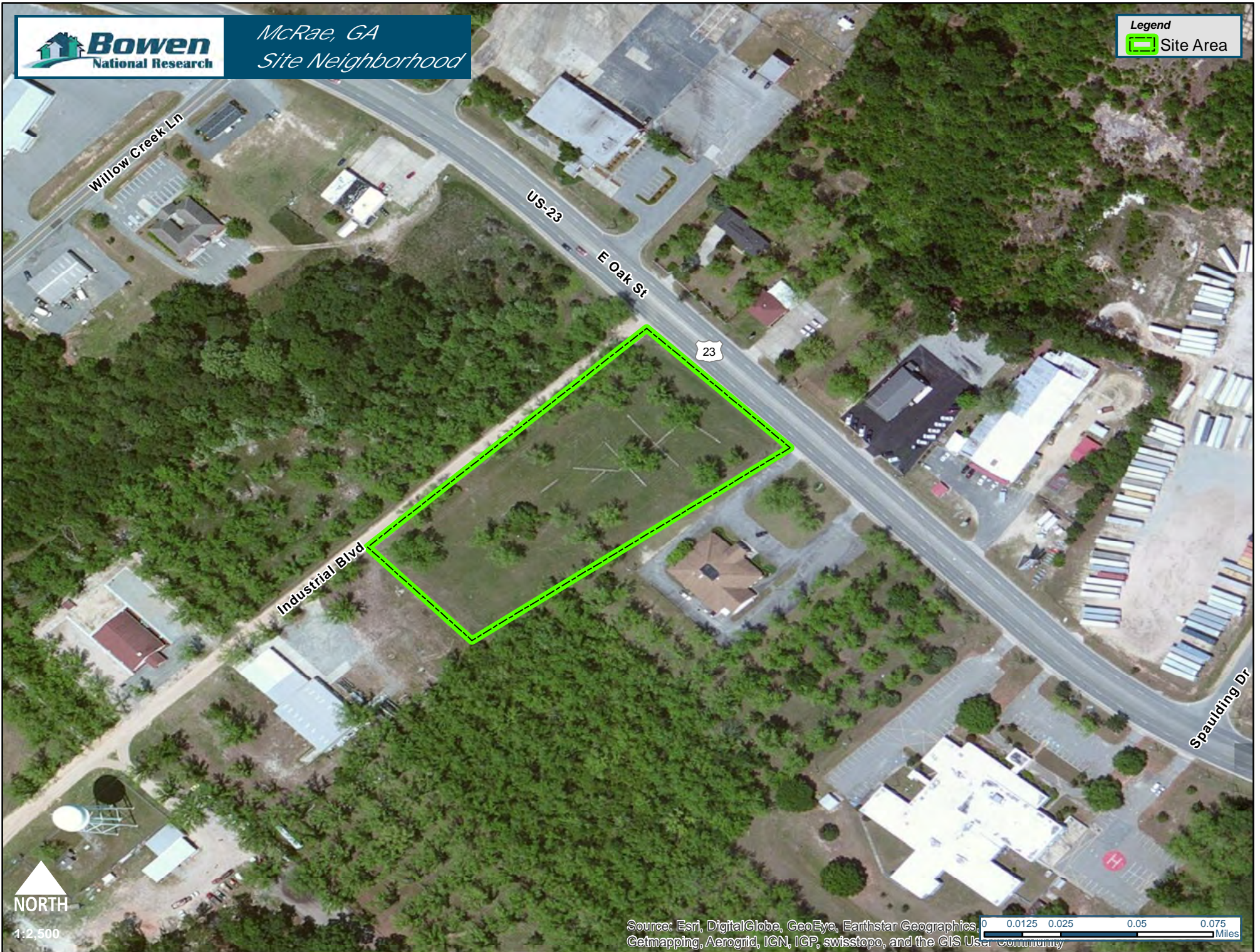


McRae, GA  
Surrounding Area



NORTH  
1:75,000

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp, NRCAN, Esri, Japan, METI, Esri



## SECTION C – SITE DESCRIPTION AND EVALUATION

### 1. LOCATION

The subject site is a vacant parcel of land located in the southern quadrant of the Oak Street (U.S. Highway 341) and Industrial Boulevard intersection in the eastern portion of McRae, Georgia. Located within Telfair County, McRae is approximately 80.0 miles southeast of Macon, Georgia and approximately 101.0 miles northeast of Valdosta, Georgia. Garth Semple, an employee of Bowen National Research, inspected the subject site and conducted corresponding fieldwork during the week of May 11th, 2015.

### 2. SURROUNDING LAND USES

The subject site is situated within an established area of McRae, Georgia. Surrounding land uses generally include wooded land, industrial warehouses, local churches, a bank, and the McRae Fire and Police department. Adjacent land uses are detailed as follows:

<b>North -</b>	Oak Street (U.S. Highway 341), a four-lane arterial which was observed to experience light to moderate vehicular traffic patterns, defines the northern boundary of the subject site. Extending north is the McRae Fire and Police Department, Farm Bureau Bank, and one single-family home, all of which were observed to be in good condition.
<b>East -</b>	The World Out Reach Church borders the site to the east and was observed to be in good condition, followed by wooded land.
<b>South -</b>	The Morgan Window and Glass Incorporated (MWG) warehouse, considered to be in good condition, is located south of the subject site. Continuing south of the site is heavily wooded land and additional warehouses which appeared to be vacant but in satisfactory condition.
<b>West -</b>	Industrial Boulevard, a gravel industrial access road, defines with western border of the site, with heavily wooded land extending beyond.

The existing residential and commercial structures within the site neighborhood are considered to be well-maintained and should contribute to the overall marketability of the subject site. Although several warehouse structures are located south/southwest of the subject site, these structures were also observed to be relatively well-maintained and most are buffered from the subject site by the surrounding wooded land. These surrounding warehouse facilities do not appear to create any noise or environmental concerns within the immediate site neighborhood and therefore are not expected to have any adverse impact on marketability of the subject development.



### **3. VISIBILITY AND ACCESS**

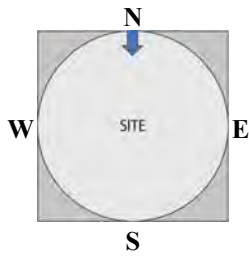
The subject site is located and maintains frontage along Oak Street (U.S. Highway 341), a four-lane east/west arterial thoroughfare with light to moderate vehicular traffic patterns. This aforementioned roadway which borders the site to the north will provide passerby traffic to the subject development, thus increasing visibility and awareness of the property throughout the McRae area. Although site plans were not provided for review at the time of this report, it is also expected that the subject development will be provided proper site signage along Oak Street, which will further enhance visibility of the subject project. As previously stated, site plans were not provided at the time of this report. However, it is expected that the subject development will derive access from Oak Street and/or Industrial Boulevard which border the site to the north and west, respectively, and generally experience light to moderate vehicular traffic patterns. It is also of note that a center turn lane is provided along Oak Street, which will contribute to the accessibility of the subject project. Additionally, Oak Street (U.S. Highway 341) provides convenient access to additional major highways such as U.S. Highways 23 and 280, which provide access throughout the McRae area. Given the subject's clear visibility and convenient accessibility from Oak Street, both visibility and access are considered good and should contribute to the project's overall marketability.

Based on information provided by area planning and zoning officials, as well as the observations of our analyst, no notable roads or other infrastructure projects are underway or planned for the immediate site area.

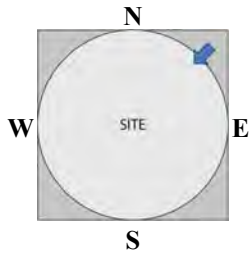
### **4. SITE PHOTOGRAPHS**

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

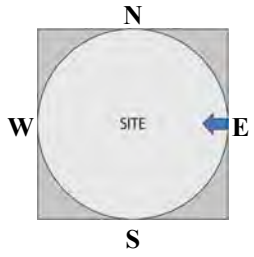
# SITE PHOTOGRAPHS



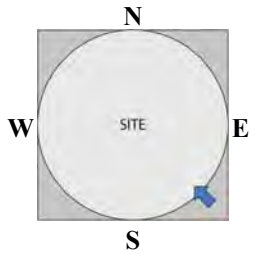
View of site from the north



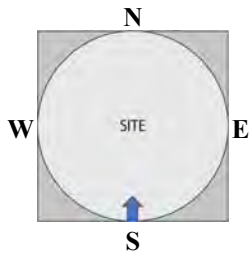
View of site from the northeast



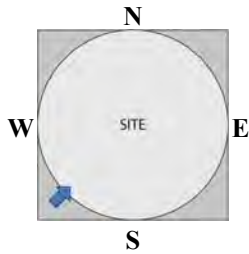
View of site from the east



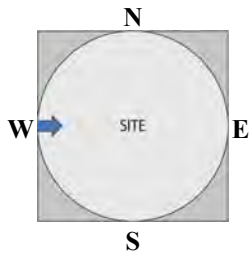
View of site from the southeast



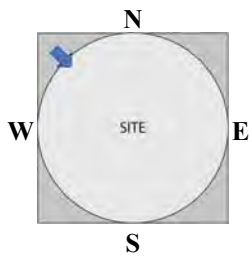
View of site from the south



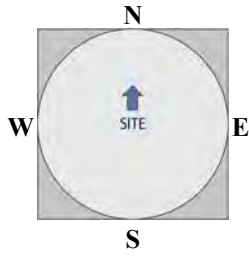
View of site from the southwest



View of site from the west



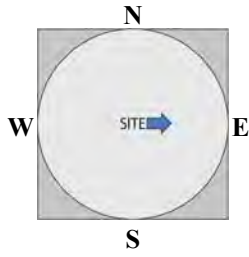
View of site from the northwest



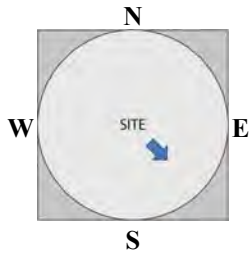
North view from site



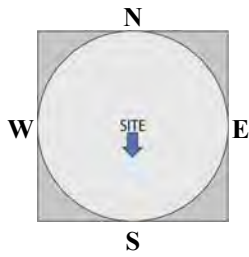
Northeast view from site



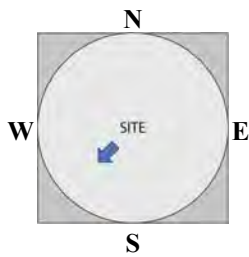
East view from site



Southeast view from site



South view from site



Southwest view from site





West view from site



Northwest view from site



Streetscape: Northeast view on Industrial Boulevard



Streetscape: Southwest view on Industrial Boulevard



Streetscape: Southeast view on Oak Street (Highway 341)



Streetscape: Northwest view on Oak Street (Highway 341)

## 5. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

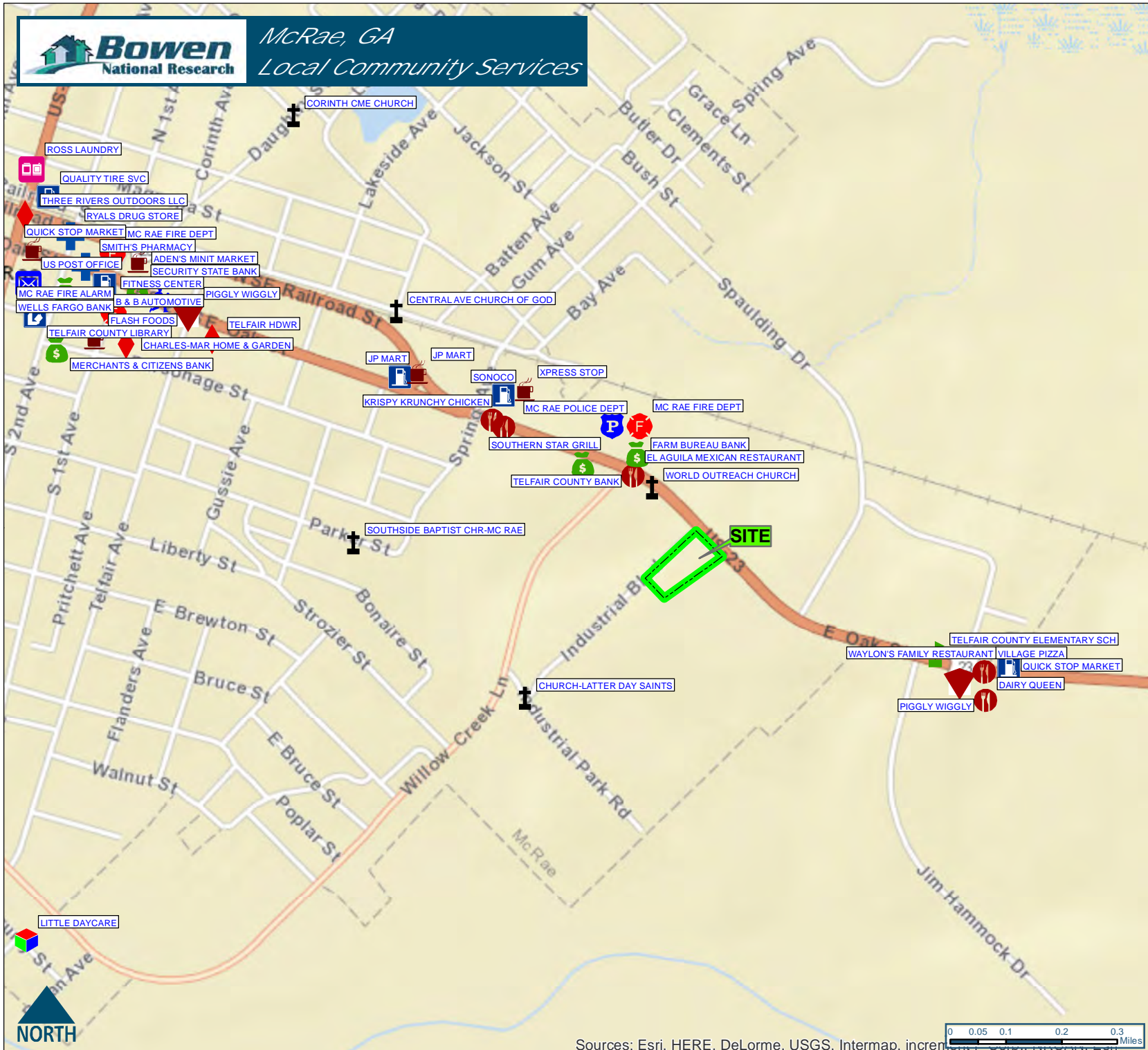
The site is served by the community services detailed in the following table:

Community Services	Name	Driving Distance From Site (Miles)
Major Highways	U.S. Highway 341	Adjacent North
	U.S. Highway 23	1.4 West
	U.S. Highway 280	1.2 Northwest
Major Employers/ Employment Centers	Husqvarna Outdoor Products	0.3 East
	Telfair Plaza	1.6 West
	McRae Coca-Cola	1.6 West
Shopping Center	Telfair Plaza	1.6 West
Convenience Store	Xpress Stop	0.4 West
	JP Mart	0.4 West
Grocery	Piggly Wiggly	0.8 West
	Harvey's Supermarket	1.6 West
Discount Department Store	Goody's	1.6 West
	Dollar General	1.8 West
Schools: Elementary Middle/Junior High High	Telfair County Elementary School	1.7 East
	Telfair County Middle School	3.8 Southwest
	Telfair County High School	2.6 Southwest
Hospital	Meadows Regional Medical Center	35.4 Northeast
Police	McRae Police Department	0.1 Northwest
Fire	McRae Fire Department	0.1 Northwest
Post Office	U.S. Post Office	1.3 West
Bank	Farm Bureau Bank	0.1 North
	Telfair County Bank	0.2 West
	Wells Fargo Bank	1.4 West
	Citizens Bank & Trust	1.7 West
Gas Station	Sonoco	0.4 West
	JP Mart	0.4 West
Pharmacy	Smith's Pharmacy	1.1 West
	Ryals Drug Store	1.4 West
	Fred's Pharmacy	1.7 West
Restaurant	El Aguila Mexican Restaurant	0.1 Southeast
	Southern Star Grill	0.4 West
	Krispy Krunchy Chicken	0.4 West
Library	Telfair County Library	1.6 West
Fitness Center	Fitness Center	1.0 West
Church	World Outreach Church	0.1 East
	Church-Latter Day Saints	0.4 Southwest
Medical Center	Community Health Care System	1.7 Southwest

Numerous community services are located within proximity of the subject site, many of which are located within 2.0 miles. Notably, many community services are conveniently accessible from the subject site, due to the site's location along Oak Street (U.S. Highway 341) which provides convenient access throughout the McRae area, including the downtown area of McRae northwest of the subject site. The subject site's location along U.S. Highway 341 also allows for convenient access to many area employers, including McRae's largest employer, Husqvarna Outdoor Products, which is located just 0.3 miles east of the subject site. Further, as illustrated in the preceding table, various dining establishments, convenient stores and gas stations are also located within close proximity of the subject site, which is considered beneficial to the marketability of the subject project. Regularly scheduled fixed-route public transportation is not provided within the McRae area. Regardless, given the subject's close proximity to most area services and considering that most area residents are likely accustomed to not having this service readily available to them, the lack of fixed-route public transportation is not expected to have an adverse impact on marketability of the subject site.

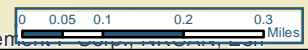
The Telfair County School District serves the subject site and all applicable attendance schools are located within 3.8 miles of the site. The subject site is provided public safety services through the McRae Police and Fire departments, each of which is located 0.1 mile northwest of the site along U.S. Highway 341 (Oak Street). The nearest full-service hospital is the Meadows Regional Medical Center located 35.4 miles northeast of the site in Vidalia, Georgia. However, it is of note that Community Health Care System is located 1.7 miles southwest of the site and provides general medical care and doctor's offices to residents within the McRae area.

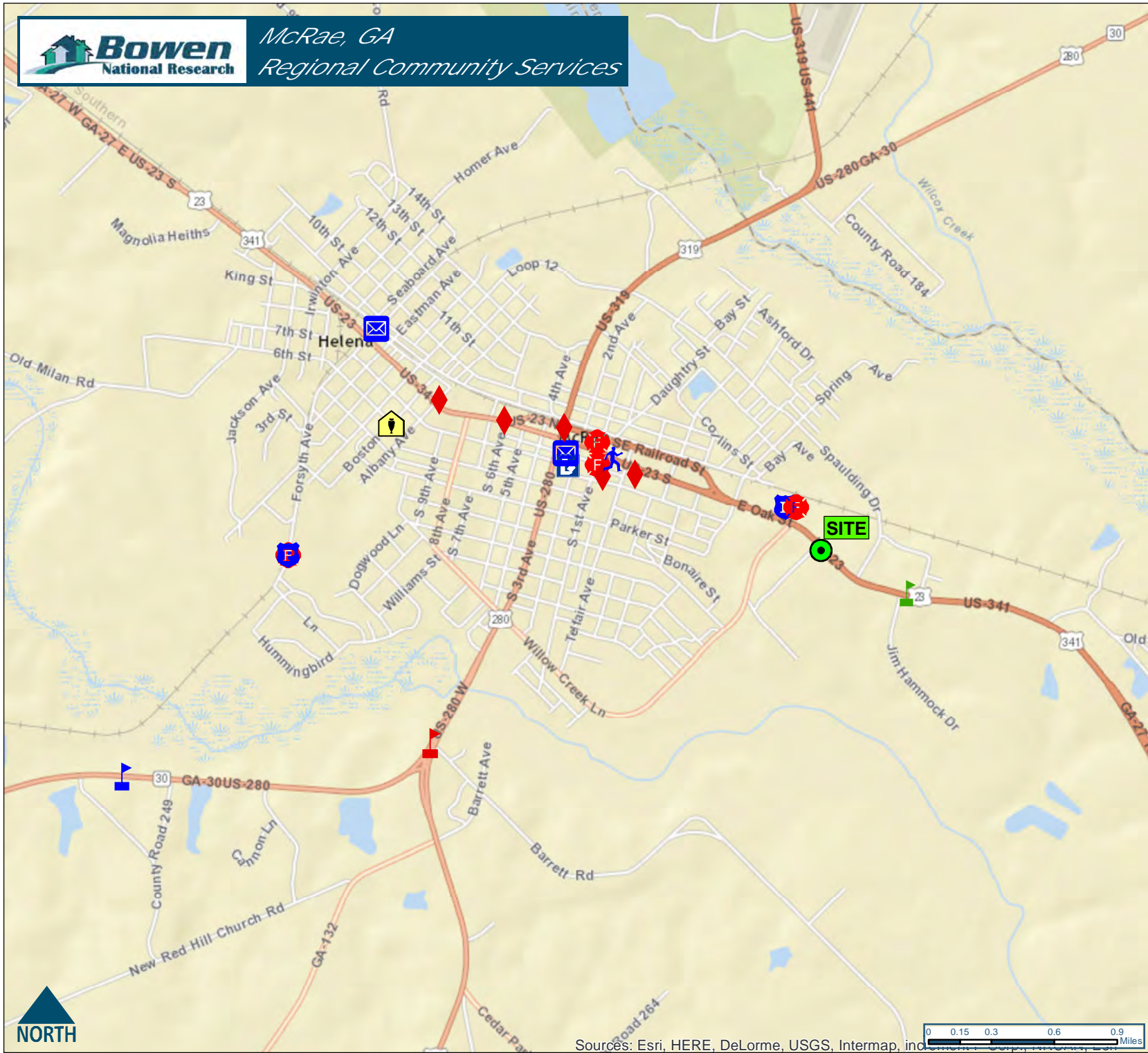
Maps illustrating the location of community services are on the following pages.



### Legend

- Site Area
- bank
- child care
- church
- convenience store
- elementary school
- fire
- fitness center
- gas
- grocery
- laundry and drycleaning
- library
- pharmacy
- police
- post office
- restaurant
- shopping





Legend

-  Site
-  elementary school
-  fire
-  fitness center
-  high school
-  library
-  middle school
-  museum
-  police
-  post office
-  shopping



## 6. CRIME ISSUES

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

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

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

Total crime risk (37) for the Site PMA is below the national average with an overall personal crime index of 32 and a property crime index of 37. Total crime risk (63) for Telfair County is below the national average with indexes for personal and property crime of 53 and 66, respectively.

	Crime Risk Index	
	Site PMA	Telfair County
<b>Total Crime</b>	<b>37</b>	<b>63</b>
<b>Personal Crime</b>	<b>32</b>	<b>53</b>
Murder	23	61
Rape	27	33
Robbery	10	13
Assault	69	109
<b>Property Crime</b>	<b>37</b>	<b>66</b>
Burglary	58	90
Larceny	32	64
Motor Vehicle Theft	22	46

Source: Applied Geographic Solutions

As the preceding illustrates, the crime rate within the Site PMA (37) is well below that reported for Telfair County (63) as a whole, and both are well below the national average of 100. The low crime rate reported for the Site PMA will likely contribute to the subject's overall marketability.

A map illustrating crime risk is on the following page.





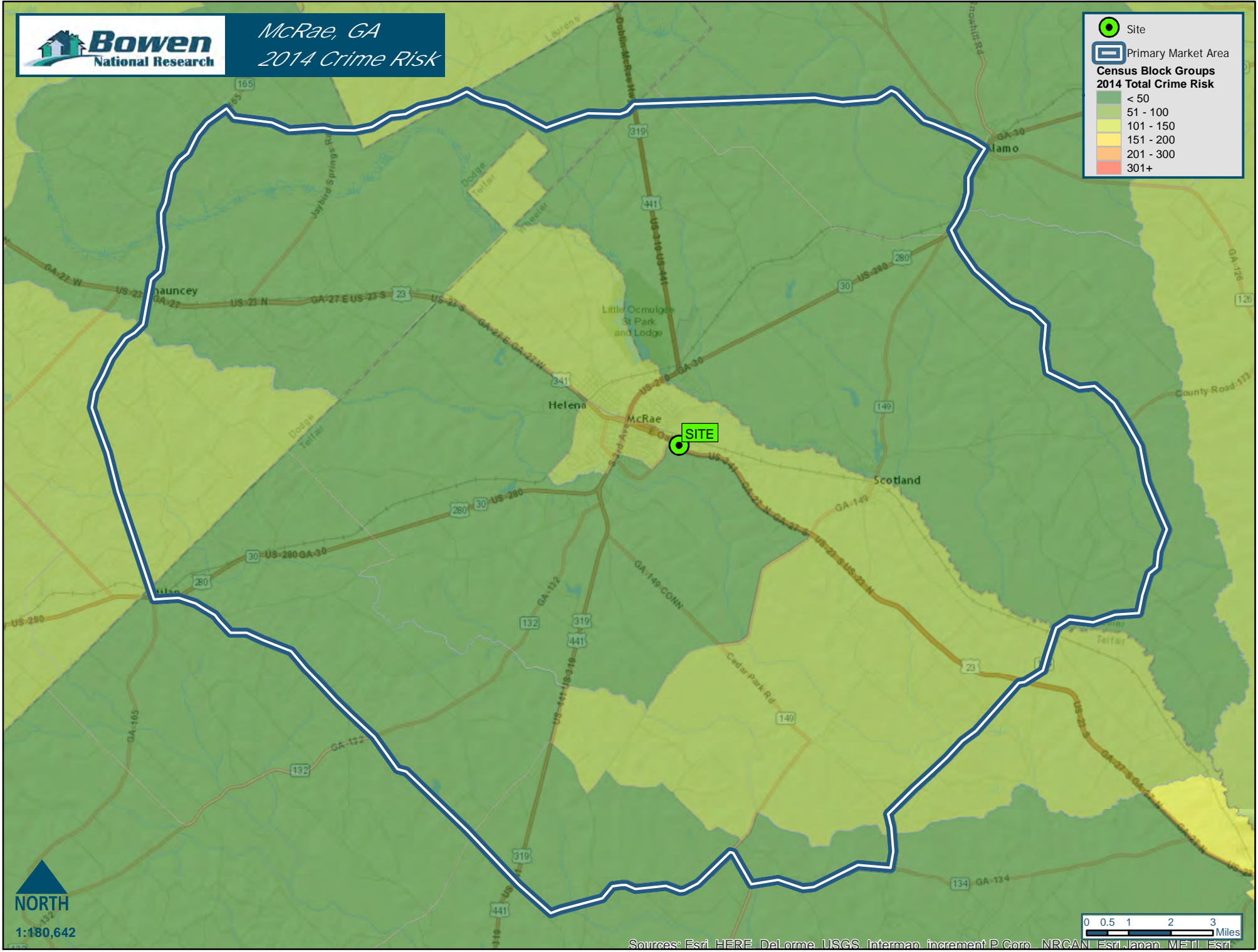
McRae, GA  
2014 Crime Risk

● Site

▭ Primary Market Area

**Census Block Groups**  
**2014 Total Crime Risk**

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



NORTH  
1:180,642



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri

## **7. OVERALL SITE EVALUATION**

The proposed subject site is a vacant parcel of land situated within an established portion of McRae that is generally comprised of commercial and residential structures in good condition. In addition to the well-maintained existing structures within the site neighborhood, wooded land surrounds portions of the subject site which creates a natural buffer to additional surrounding land uses within the immediate site neighborhood. Although several warehouse structures are located south/southwest of the subject site, these commercial structures were also observed to be well-maintained and do not appear to create any noise or environmental concerns within the immediate site neighborhood and most are buffered from the subject site by wooded land south of the site. The subject site is clearly visible and easily accessible from Oak Street (U.S. Highway 341) which borders the site to the north and will provide passerby traffic to the subject development. In addition to providing clear visibility and convenient access, the subject's location along this aforementioned arterial also allows for convenient access to many area services. Overall, the subject development is expected to benefit from its clear visibility and convenient accessibility from Oak Street (U.S. Highway 341) as well as its proximity to most basic community services.

## **8. MAP OF LOW-INCOME RENTAL HOUSING**

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

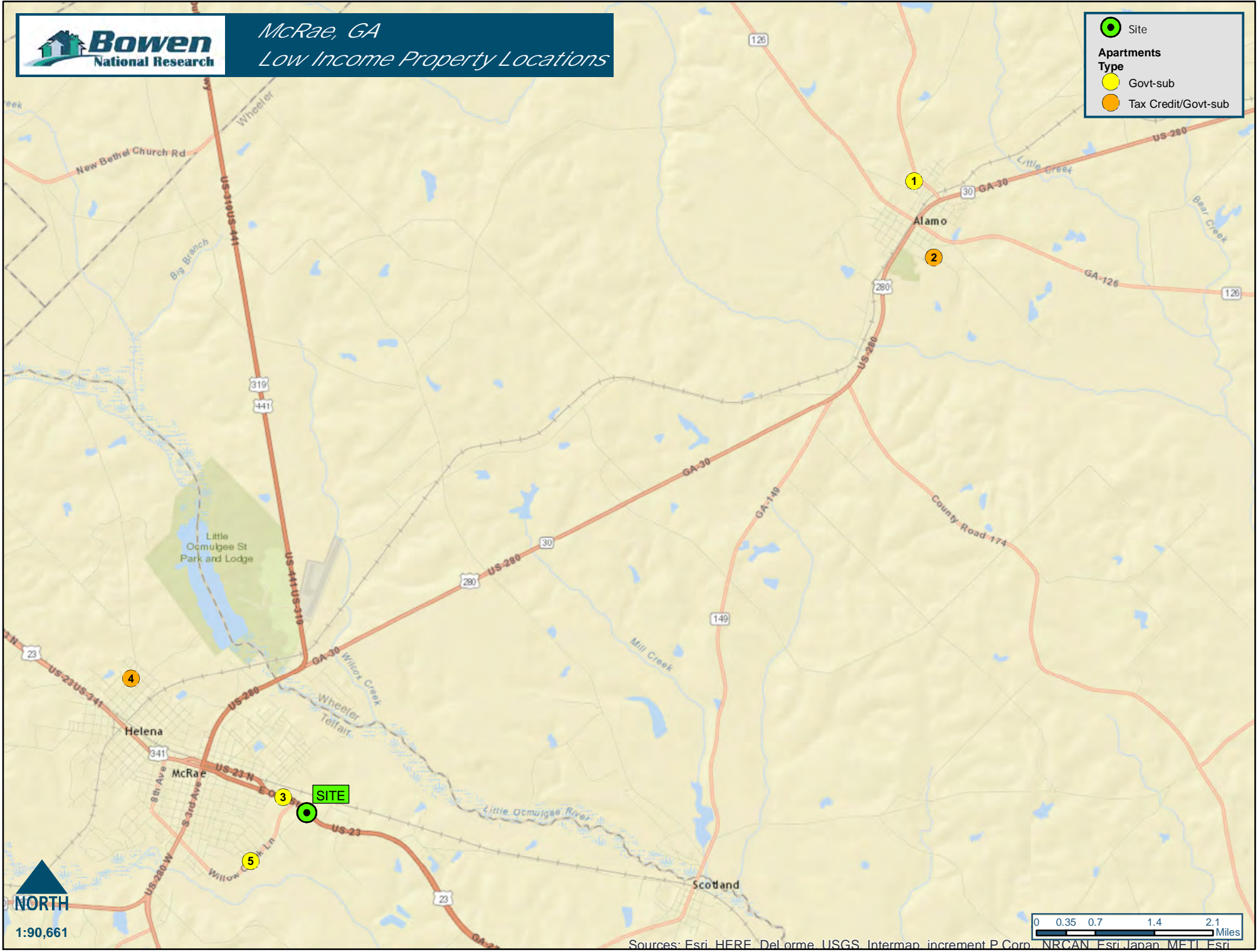


McRae, GA  
Low Income Property Locations

● Site

Apartments  
Type

- Govt-sub
- Tax Credit/Govt-sub



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri, Japan, METI, Esri

## SECTION D – PRIMARY MARKET AREA DELINEATION

The Primary Market Area (PMA) is the geographical area from which most of the support for the proposed development is expected to originate. The McRae Site PMA was determined through interviews with area leasing and real estate agents, government officials, economic development representatives and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The McRae Site PMA includes the municipalities of McRae and Helena, as well as portions of Chauncey, Milan, Scotland and some outlying unincorporated portions of Telfair County. The boundaries of the Site PMA include WPA Road, New Bethel Church Road, and Little Rock Road to the north; County Road 174, State Route 134, and County Road 194 to the east; County Road 240, County Road 267, and Work More Road to the south; and Milan-Chauncey Road the west. The boundaries of the Site PMA are within 11.2 miles of the subject site.

Laura Smith is a board member for the McRae Chamber of Commerce in McRae, Georgia. Ms. Smith stated that the majority of support for multi-family rental housing within the McRae area originates from within the immediate McRae area and surrounding portions of Telfair County. Ms. Smith further stated that while some support originates from residents relocating from out of the area and/or out of state for employment at the Husqvarna facility in McRae, this support base is considered minimal. Ms. Smith confirmed the Site PMA and believes that the majority of support will originate from within the Site PMA boundaries.

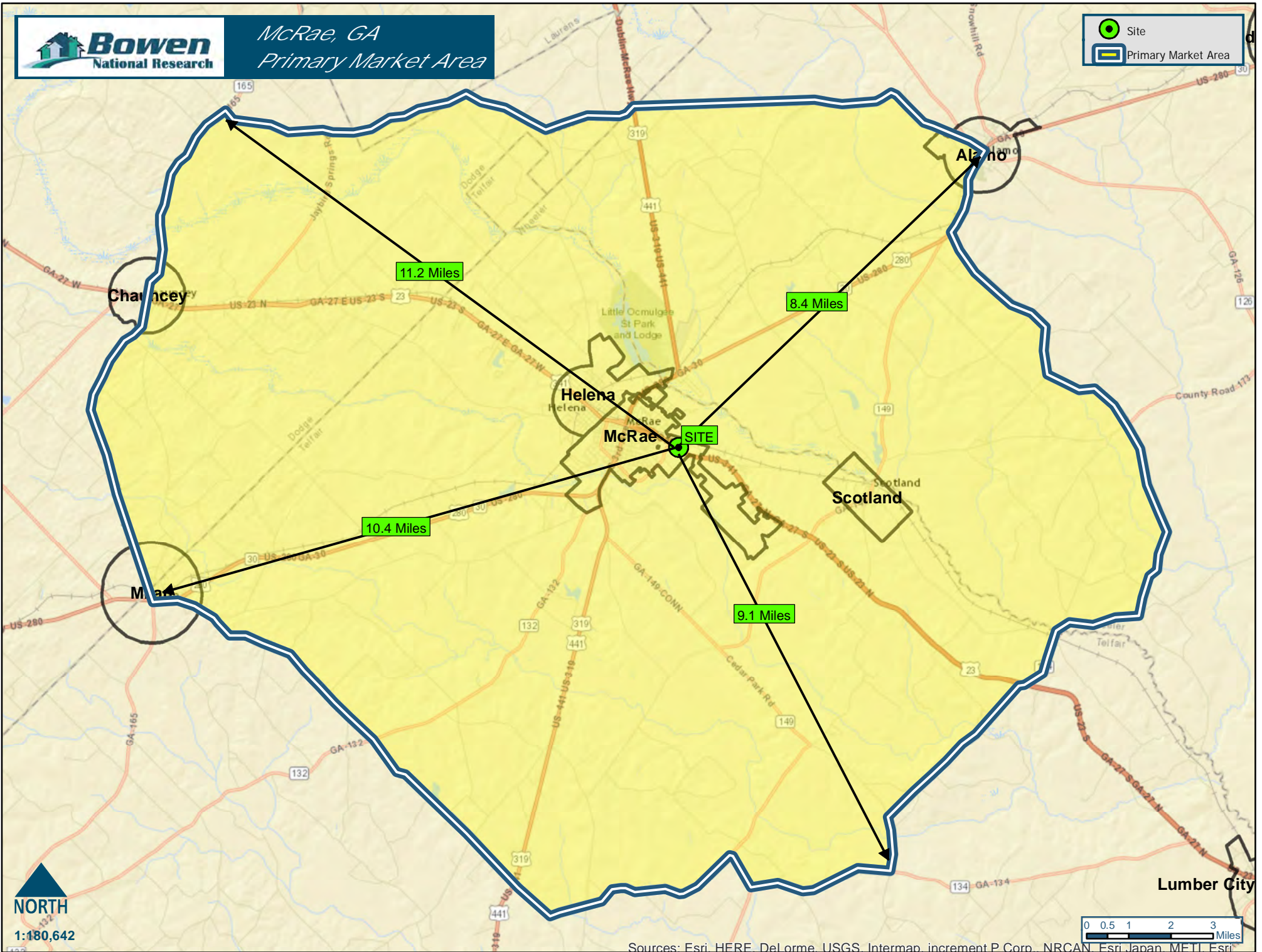
Though some support for the project will undoubtedly originate from areas outside the Site PMA, the majority of support is expected to derive from within the boundaries of the Site PMA. Due to their distance from McRae, areas outside of the Site PMA have been excluded from the Site PMA as households within these areas would likely gravitate towards similar rental alternatives in the surrounding communities outside the Site PMA. Based on the preceding analysis, we have not considered a secondary market area in this report.

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



*McRae, GA  
Primary Market Area*

Site  
 Primary Market Area



**NORTH**  
1:180,642



## SECTION E – COMMUNITY DEMOGRAPHIC DATA

### 1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2015 (estimated) and 2017 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2015 (Estimated)	2017 (Projected)
Population	10,550	14,309	15,051	15,094
Population Change	-	3,759	742	43
Percent Change	-	35.6%	5.2%	0.3%

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

The McRae Site PMA population base increased by 3,759 between 2000 and 2010. This represents a 35.6% increase over the 2000 population, or an annual rate of 3.1%. Between 2010 and 2015, the population increased by 742, or 5.2%. It is projected that the population will increase by 43, or 0.3%, between 2015 and 2017.

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

Population by Age	2010 (Census)		2015 (Estimated)		2017 (Projected)		Change 2015-2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	3,202	22.4%	3,119	20.7%	3,120	20.7%	2	0.1%
20 to 24	902	6.3%	993	6.6%	952	6.3%	-42	-4.2%
25 to 34	2,264	15.8%	2,558	17.0%	2,563	17.0%	5	0.2%
35 to 44	2,331	16.3%	2,381	15.8%	2,374	15.7%	-6	-0.3%
45 to 54	2,123	14.8%	2,109	14.0%	2,074	13.7%	-35	-1.7%
55 to 64	1,657	11.6%	1,797	11.9%	1,794	11.9%	-3	-0.2%
65 to 74	1,006	7.0%	1,217	8.1%	1,305	8.6%	88	7.2%
75 & Over	825	5.8%	877	5.8%	912	6.0%	34	3.9%
Total	14,310	100.0%	15,051	100.0%	15,094	100.0%	43	0.3%

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

As the preceding table illustrates, nearly 59% of the population is expected to be between 25 and 64 years old in 2015. This age group is the primary group of potential renters for the subject site and will likely represent a significant number of the tenants. Although this primary age cohort is projected to experience a slight decline in population between 2015 and 2017, it will still comprise more than 58% of the total population in 2017.

## 2. HOUSEHOLD TRENDS

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

	Year			
	2000 (Census)	2010 (Census)	2015 (Estimated)	2017 (Projected)
Households	3,426	4,570	4,707	4,730
Household Change	-	1,144	137	24
Percent Change	-	33.4%	3.0%	0.5%
Household Size	3.08	3.13	2.44	2.44

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

Within the McRae Site PMA, households increased by 1,144 (33.4%) between 2000 and 2010. Between 2010 and 2015, households increased by 137 or 3.0%. By 2017, there will be 4,730 households, an increase of 24 households, or 0.5% over 2015 levels. This is an increase of approximately 12 households annually over the next two years.

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

Households by Age	2010 (Census)		2015 (Estimated)		2017 (Projected)		Change 2015-2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	203	4.4%	197	4.2%	192	4.1%	-4	-2.2%
25 to 34	594	13.0%	647	13.7%	645	13.6%	-2	-0.3%
35 to 44	738	16.1%	698	14.8%	690	14.6%	-8	-1.1%
45 to 54	875	19.1%	821	17.4%	800	16.9%	-21	-2.5%
55 to 64	912	20.0%	952	20.2%	943	19.9%	-10	-1.0%
65 to 74	666	14.6%	775	16.5%	824	17.4%	49	6.3%
75 to 84	447	9.8%	467	9.9%	473	10.0%	6	1.2%
85 & Over	136	3.0%	150	3.2%	164	3.5%	14	9.4%
Total	4,571	100.0%	4,707	100.0%	4,730	100.0%	24	0.5%

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

As previously stated, the primary age cohort of potential tenants at the subject project is those between the ages of 25 and 64, an age cohort which is estimated to comprise more than 66.0% of all households in 2015. Similar to population trends, this primary age cohort is projected to experience a decline in the total number of households between 2015 and 2017. Regardless, this primary age cohort will still comprise approximately 65.0% of all households in 2017. Also note that while the primary age cohort of potential tenants at the subject project is those between the ages of 25 and 64, the one- and two-bedroom garden-style units offered at the subject project will likely attract some senior households. Notably, senior households (age 55 and older) are projected to increase by 59, or 2.5%, between 2015 and 2017.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2015 (Estimated)		2017 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	3,200	70.0%	3,163	67.2%	3,178	67.2%
Renter-Occupied	1,370	30.0%	1,544	32.8%	1,553	32.8%
Total	4,570	100.0%	4,707	100.0%	4,730	100.0%

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

In 2015, homeowners occupied 67.2% of all occupied housing units, while the remaining 32.8% were occupied by renters. This is considered a good share of renters for a rural market such as the McRae Site PMA and demonstrates a good base of potential renter support in the market. Note, although modest, the number of renter households is projected to increase by nine (9), or 0.6%, between 2015 and 2017. This demonstrates a stable and slightly expanding base of renter support within the market.

The household sizes by tenure within the Site PMA, based on the 2015 estimates and 2017 projections, were distributed as follows:

Persons Per Renter Household	2015 (Estimated)		2017 (Projected)		Change 2015-2017	
	Households	Percent	Households	Percent	Households	Percent
1 Person	501	32.5%	507	32.7%	6	1.2%
2 Persons	394	25.5%	394	25.4%	0	0.1%
3 Persons	260	16.8%	263	16.9%	3	1.1%
4 Persons	191	12.4%	192	12.3%	1	0.5%
5 Persons+	198	12.8%	197	12.7%	-1	-0.4%
Total	1,544	100.0%	1,553	100.0%	9	0.6%

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

Persons Per Owner Household	2015 (Estimated)		2017 (Projected)		Change 2015-2017	
	Households	Percent	Households	Percent	Households	Percent
1 Person	901	28.5%	905	28.5%	4	0.5%
2 Persons	1,142	36.1%	1,145	36.0%	3	0.2%
3 Persons	504	15.9%	508	16.0%	4	0.8%
4 Persons	363	11.5%	365	11.5%	2	0.4%
5 Persons+	252	8.0%	254	8.0%	2	0.7%
Total	3,163	100.0%	3,178	100.0%	14	0.5%

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

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



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

Household Income	2010 (Census)		2015 (Estimated)		2017 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	947	20.7%	1,031	21.9%	1,030	21.8%
\$10,000 to \$19,999	1,042	22.8%	1,080	22.9%	1,077	22.8%
\$20,000 to \$29,999	517	11.3%	567	12.0%	570	12.1%
\$30,000 to \$39,999	523	11.4%	539	11.4%	542	11.5%
\$40,000 to \$49,999	348	7.6%	370	7.9%	375	7.9%
\$50,000 to \$59,999	388	8.5%	356	7.6%	355	7.5%
\$60,000 to \$74,999	284	6.2%	272	5.8%	277	5.9%
\$75,000 to \$99,999	271	5.9%	275	5.8%	281	5.9%
\$100,000 to \$124,999	146	3.2%	127	2.7%	126	2.7%
\$125,000 to \$149,999	28	0.6%	32	0.7%	37	0.8%
\$150,000 to \$199,999	58	1.3%	50	1.1%	50	1.1%
\$200,000 & Over	18	0.4%	8	0.2%	9	0.2%
<b>Total</b>	<b>4,570</b>	<b>100.0%</b>	<b>4,707</b>	<b>100.0%</b>	<b>4,730</b>	<b>100.0%</b>
<b>Median Income</b>	<b>\$25,710</b>		<b>\$24,286</b>		<b>\$24,522</b>	

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

In 2010, the median household income was \$25,710. This declined by 5.5% to \$24,286 in 2015. By 2017, it is projected that the median household income will be \$24,522, an increase of 1.0% over 2015.

The following tables illustrate renter household income by household size for 2010, 2015 and 2017 for the McRae Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	241	122	39	31	7	440
\$10,000 to \$19,999	98	98	102	76	64	438
\$20,000 to \$29,999	62	73	11	5	8	158
\$30,000 to \$39,999	28	44	31	9	44	155
\$40,000 to \$49,999	5	6	10	5	0	26
\$50,000 to \$59,999	5	2	2	12	8	29
\$60,000 to \$74,999	1	2	11	0	30	44
\$75,000 to \$99,999	1	1	20	27	19	68
\$100,000 to \$124,999	2	0	1	4	0	7
\$125,000 to \$149,999	1	2	1	0	0	4
\$150,000 to \$199,999	1	0	0	0	0	1
\$200,000 & Over	1	0	0	0	0	1
<b>Total</b>	<b>445</b>	<b>350</b>	<b>228</b>	<b>168</b>	<b>179</b>	<b>1,370</b>

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2015 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	272	128	46	39	8	494
\$10,000 to \$19,999	105	119	101	77	61	463
\$20,000 to \$29,999	70	87	17	7	17	198
\$30,000 to \$39,999	33	41	35	12	51	172
\$40,000 to \$49,999	8	9	13	11	0	42
\$50,000 to \$59,999	3	3	3	13	12	34
\$60,000 to \$74,999	3	4	22	0	29	58
\$75,000 to \$99,999	3	1	21	27	17	70
\$100,000 to \$124,999	1	0	2	3	0	6
\$125,000 to \$149,999	3	2	0	0	1	6
\$150,000 to \$199,999	0	0	0	0	0	0
\$200,000 & Over	1	0	0	0	0	1
Total	501	394	260	191	198	1,544

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2017 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	273	124	47	38	9	492
\$10,000 to \$19,999	106	123	100	75	59	464
\$20,000 to \$29,999	70	85	17	8	18	198
\$30,000 to \$39,999	32	41	34	12	50	169
\$40,000 to \$49,999	9	10	14	11	1	45
\$50,000 to \$59,999	5	3	3	15	13	39
\$60,000 to \$74,999	4	5	24	1	28	61
\$75,000 to \$99,999	3	1	21	26	18	70
\$100,000 to \$124,999	2	0	2	4	0	7
\$125,000 to \$149,999	3	2	1	1	0	7
\$150,000 to \$199,999	1	0	0	0	0	1
\$200,000 & Over	0	0	0	1	0	1
Total	507	394	263	192	197	1,553

Source: Ribbon Demographics; ESRI; Urban Decision Group

### Demographic Summary

Demographic trends within the McRae Site PMA are projected to be positive between 2015 and 2017, as the total population will increase by 43 (0.3%) and the total number of households will increase by 24 (0.5%) during this time period. Although modest growth, these trends demonstrate a stable overall demographic base within the Site PMA. Additionally, it is projected that there will be 1,553 renter households in the market in 2017, an increase of nine (9), or 0.6%, over 2015 levels. Notably, low-income renter households (earning below \$30,000) are projected to comprise more than 74.0% of all renter households in the market in 2017. Based on the preceding analysis and additional demographic data contained within this report, there appears to be a good and stable base of income-appropriate renter support for affordable rental housing in the market, such as that proposed at the subject site.

## SECTION F – ECONOMIC TRENDS

### 1. LABOR FORCE PROFILE

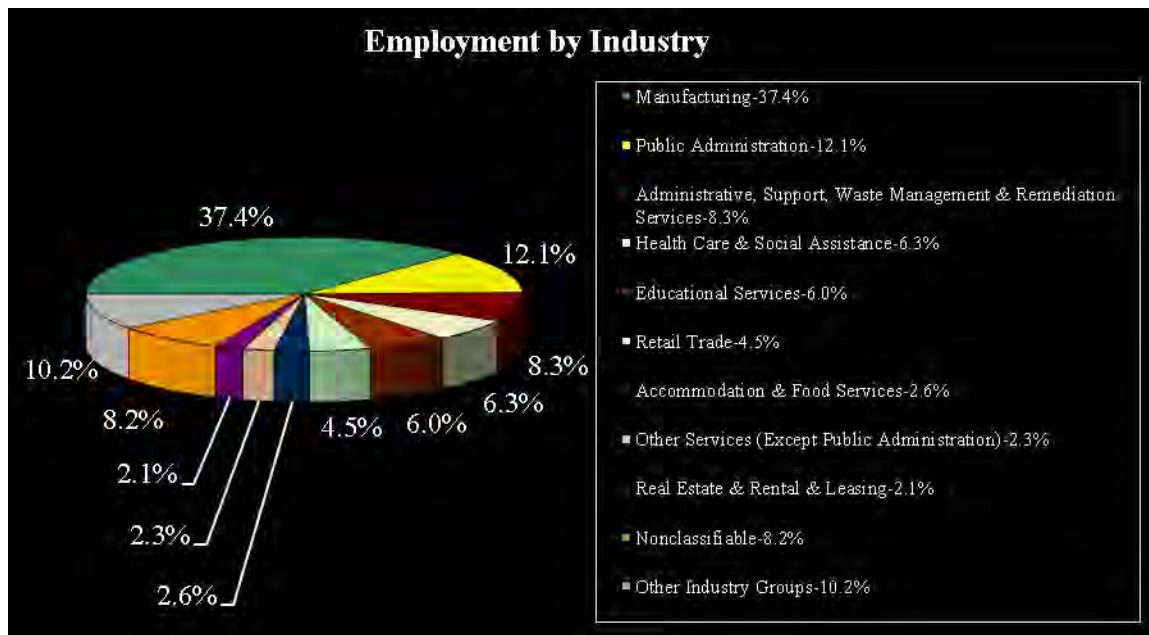
The labor force within the McRae Site PMA is based primarily in two sectors. Manufacturing (which comprises 37.4%) and Public Administration comprise nearly 50% of the Site PMA labor force. Non-classifiable jobs comprised over 8% of the labor force. Employment in the McRae Site PMA, as of 2015, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	31	7.3%	91	1.5%	2.9
Mining	0	0.0%	0	0.0%	0.0
Utilities	2	0.5%	15	0.2%	7.5
Construction	14	3.3%	70	1.2%	5.0
Manufacturing	7	1.7%	2,255	37.4%	322.1
Wholesale Trade	14	3.3%	90	1.5%	6.4
Retail Trade	52	12.3%	273	4.5%	5.3
Transportation & Warehousing	30	7.1%	81	1.3%	2.7
Information	6	1.4%	55	0.9%	9.2
Finance & Insurance	22	5.2%	119	2.0%	5.4
Real Estate & Rental & Leasing	15	3.5%	127	2.1%	8.5
Professional, Scientific & Technical Services	23	5.4%	80	1.3%	3.5
Management of Companies & Enterprises	1	0.2%	3	0.0%	3.0
Administrative, Support, Waste Management & Remediation Services	48	11.3%	502	8.3%	10.5
Educational Services	12	2.8%	360	6.0%	30.0
Health Care & Social Assistance	31	7.3%	380	6.3%	12.3
Arts, Entertainment & Recreation	2	0.5%	11	0.2%	5.5
Accommodation & Food Services	17	4.0%	155	2.6%	9.1
Other Services (Except Public Administration)	63	14.9%	140	2.3%	2.2
Public Administration	32	7.6%	730	12.1%	22.8
Nonclassifiable	1	0.2%	493	8.2%	493.0
Total	423	100.0%	6,030	100.0%	14.3

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

E.P.E. - Average Employees Per Establishment

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



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

Typical Wage by Occupation Type		
Occupation Type	South Georgia Nonmetropolitan Area	Georgia
Management Occupations	\$80,200	\$108,550
Business and Financial Occupations	\$58,050	\$70,950
Computer and Mathematical Occupations	\$61,450	\$80,740
Architecture and Engineering Occupations	\$64,190	\$76,020
Community and Social Service Occupations	\$35,460	\$42,850
Art, Design, Entertainment and Sports Medicine Occupations	\$42,750	\$50,400
Healthcare Practitioners and Technical Occupations	\$61,270	\$72,600
Healthcare Support Occupations	\$22,590	\$26,850
Protective Service Occupations	\$30,640	\$33,830
Food Preparation and Serving Related Occupations	\$18,280	\$19,890
Building and Grounds Cleaning and Maintenance Occupations	\$22,030	\$23,870
Personal Care and Service Occupations	\$22,630	\$23,420
Sales and Related Occupations	\$26,770	\$37,010
Office and Administrative Support Occupations	\$28,700	\$33,860
Construction and Extraction Occupations	\$31,470	\$38,210
Installation, Maintenance and Repair Occupations	\$38,150	\$42,770
Production Occupations	\$28,690	\$32,080
Transportation and Moving Occupations	\$28,640	\$34,510

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

Most annual blue-collar salaries range from \$18,280 to \$42,750 within the South Georgia Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$65,032. It is important to note that most occupational types within the South Georgia Nonmetropolitan Area have lower typical wages than the State of Georgia's typical wages. Regardless, the proposed project will generally target households with incomes between \$14,500 and \$30,000. As such, the area employment base appears to have a good share of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

**2. MAJOR EMPLOYERS**

The seven largest employers within the Telfair County area are summarized in the following table. Note that the total number of employees was unavailable at the time of this report.

Employer Name	Business Type
Husqvarna Outdoor Products	Yard Equipment Manufacturer
CCA-McRae Correctional Facility	Prison System
Telfair State Prison	Prison System
McRae Manor Nursing Home	Health Care
Lumber City Nursing Home	Health Care
Telfair Forest Products	Pine Wood Shavings
McRae Coca Cola	Beverage Production

Source: Telfair Chamber of Commerce April 2015

According to a representative with the Development Authority of Telfair County, the Telfair County economy is struggling. According to this representative, the average income among Telfair County residents in 2014 was \$17,536, which is more than \$6,000 below the federal poverty level, further reflective of a struggling economy. In addition to the aforementioned factors, this representative further stated that the area's largest employer, Husqvarna Outdoor Products, recently decided to convert more than 50% of their year-round positions to seasonal positions. Therefore, many employees are laid-off as the product line changes at this facility, which has had a largely negative impact on the overall economy according to this representative.

**WARN (layoff notices):**

According to the Georgia Department of Labor website, there have been no WARN notices of large-scale layoffs/closures reported for Telfair County within the past two year period. However, the recent change in employment at the Husqvarna Outdoor Products facility, as previously mentioned, has negatively impacted the local economy according to a local economic representative.

### 3. EMPLOYMENT TRENDS

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

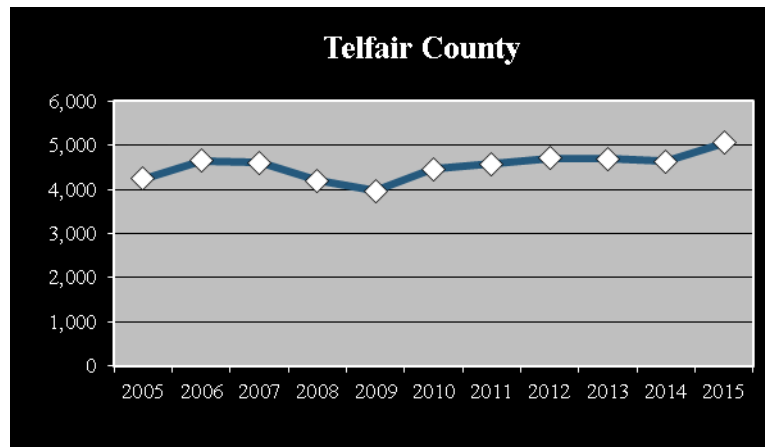
Excluding 2015, the employment base has increased by 3.9% over the past five years in Telfair County, less than the Georgia state increase of 5.1%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Telfair County		Georgia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2005	4,246	-	4,341,223	-	142,222,734	-
2006	4,658	9.7%	4,489,128	3.4%	145,000,042	2.0%
2007	4,612	-1.0%	4,597,640	2.4%	146,388,400	1.0%
2008	4,207	-8.8%	4,575,010	-0.5%	146,047,748	-0.2%
2009	3,973	-5.6%	4,311,854	-5.8%	140,696,560	-3.7%
2010	4,462	12.3%	4,202,052	-2.5%	140,469,405	-0.2%
2011	4,582	2.7%	4,262,403	1.4%	141,793,976	0.9%
2012	4,711	2.8%	4,344,683	1.9%	143,692,766	1.3%
2013	4,693	-0.4%	4,367,926	0.5%	145,141,024	1.0%
2014	4,634	-1.3%	4,414,343	1.1%	147,569,657	1.7%
2015*	5,060	9.2%	4,442,765	0.6%	147,852,833	0.2%

Source: Department of Labor; Bureau of Labor Statistics

\*Through March



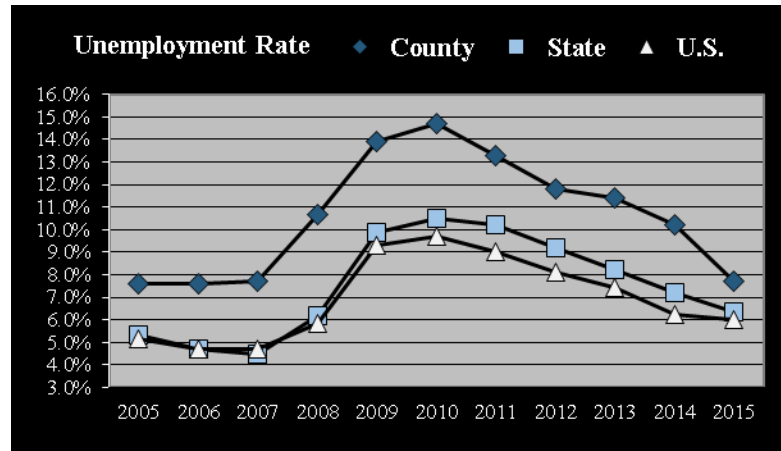
The total employment base within Telfair County was adversely impacted during the national recession, declining by 685 (14.7%) jobs between 2006 and 2009. This is likely contributed in part to the large concentration of manufacturing jobs in the area, as this industry segment comprises more than 37.0% of the total employment base within the McRae Site PMA. However, the employment base quickly began to improve in 2010 and has increased by nearly 1,100 jobs, or 27.4%, since 2009. Note that total employment through March of 2015 exceeds 5,000 jobs for the first time in the past ten year period.

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

Year	Unemployment Rate		
	Telfair County	Georgia	United States
2005	7.6%	5.3%	5.2%
2006	7.6%	4.7%	4.7%
2007	7.7%	4.5%	4.7%
2008	10.7%	6.2%	5.8%
2009	13.9%	9.9%	9.3%
2010	14.7%	10.5%	9.7%
2011	13.3%	10.2%	9.0%
2012	11.8%	9.2%	8.1%
2013	11.4%	8.2%	7.4%
2014	10.2%	7.2%	6.2%
2015*	7.7%	6.3%	6.0%

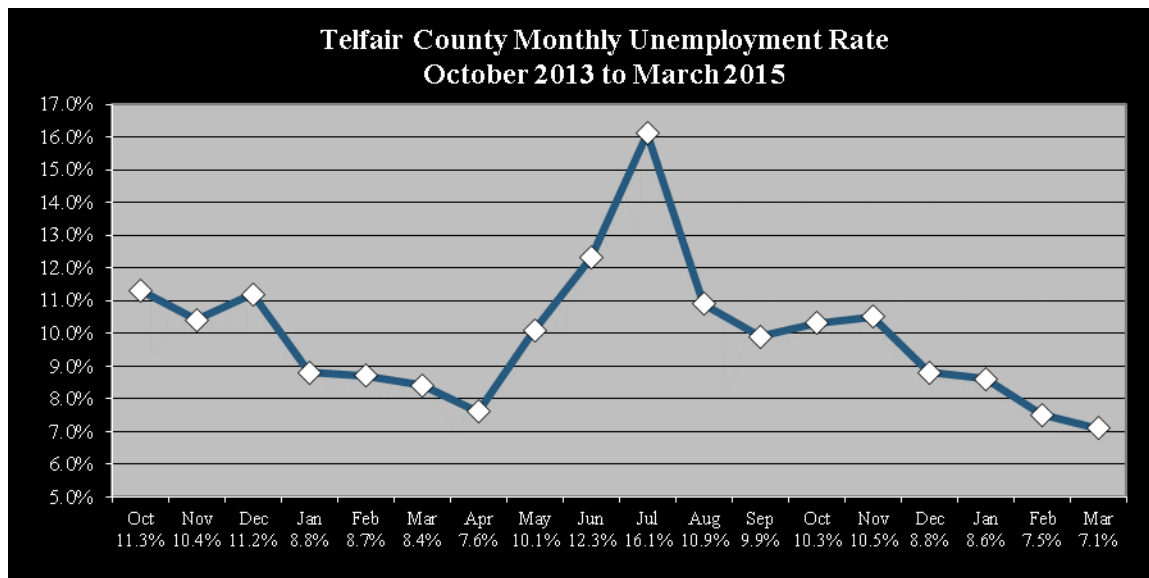
Source: Department of Labor, Bureau of Labor Statistics

\*Through March



The unemployment rate within Telfair County was also adversely impacted by the national recession, increasing from 7.7% in 2007 to 14.7% in 2010. Note however, that the unemployment rate has declined each year since the end of the national recession, similar to both state and national trends. Notably, the 7.7% unemployment rate reported through March of 2015 is nearly identical to pre-recession levels, indicating that the economy has recovered from the downturn caused by the national recession, in terms of unemployment rates.

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



As the preceding illustrates, the monthly unemployment rate has generally trended downward over the past 18-month period, despite a spike in unemployment between April of 2014 and July of 2014. This spike in unemployment is likely due in part to the seasonal employment change at the Husqvarna Outdoor Products facility, as previously detailed in this section of the report. Regardless, the unemployment rate has declined by nine full percentage points since July 2014, to an 18-month low of 7.1% in March of 2015.

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



In-Place Employment Telfair County			
Year	Employment	Change	Percent Change
2004	3,800	-	-
2005	4,350	550	14.5%
2006	4,671	321	7.4%
2007	4,642	-29	-0.6%
2008	4,081	-561	-12.1%
2009	3,853	-228	-5.6%
2010	3,431	-422	-11.0%
2011	3,534	103	3.0%
2012	3,612	78	2.2%
2013	3,642	30	0.8%
2014*	3,806	164	4.5%

Source: Department of Labor, Bureau of Labor Statistics

\*Through September

Data for 2013, the most recent year that year-end figures are available, indicates in-place employment in Telfair County to be 77.6% of the total Telfair County employment. This means that Telfair County has a good share of residents that both live and work within the county. This share of in-place employment will likely contribute to the project's overall marketability, as many potential tenants of the project will likely have relatively short commute times to their respective place of employment.

#### 4. ECONOMIC FORECAST

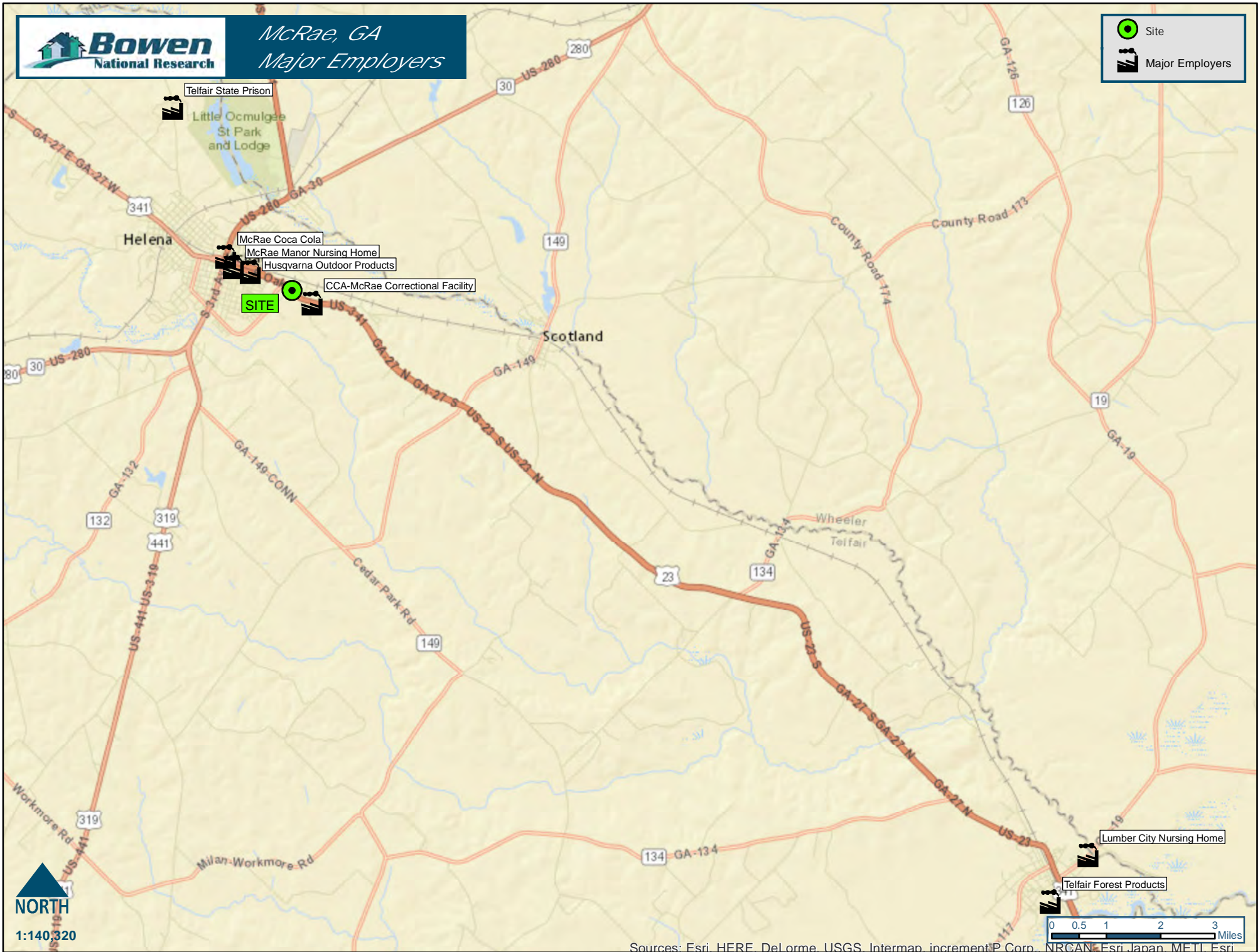
According to a local economic development representative with the Development Authority of Telfair County, the local economy is struggling and has been negatively impacted by employment changes (year-round to seasonal) at the Husqvarna Outdoor Products facility in McRae. It is also important to note however, that data provided by the U.S. Department of Labor, Bureau of Labor Statistics indicates that the Telfair County economy has steadily improved each year since the impact of the national recession. Notably, total employment has increased by nearly 1,100 jobs, or 27.4%, since 2009, while the unemployment rate has declined by seven full percentage points since 2010, through March of 2015. These trends demonstrate that the local economy has almost fully recovered from the impact of the national recession, in terms of both total employment and unemployment rates, despite the impact of the change in employment at the Husqvarna Outdoor Products facility as cited by a local economic development representative. Based on the preceding factors, we expect the Telfair County economy will continue to improve for the foreseeable future. However, the large share (approximately 74.0%) of low-income renter households (earning below \$30,000) projected for the Site PMA in 2017, is a good indication that demand for affordable rental housing will remain high within the Site PMA and Telfair County, regardless of economic conditions.

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



# McRae, GA Major Employers

- Site
- Major Employers



**NORTH**  
1:140,320

## SECTION G – PROJECT-SPECIFIC DEMAND ANALYSIS

### 1. DETERMINATION OF INCOME ELIGIBILITY

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

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

The subject site is within Telfair County, Georgia, which has a median four-person household income of \$32,900 for 2014. The subject property will be restricted to households with incomes of up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size and targeted AMHI level.

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$15,900	\$19,080
Two-Person	\$18,200	\$21,840
Three-Person	\$20,450	\$24,540
Four-Person	\$22,700	\$27,240
Five-Person	\$24,550	\$29,460

#### a. Maximum Income Limits

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income at the subject site is **\$29,460**.

#### b. Minimum Income Requirements

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

The proposed Low-Income Housing Tax Credit units will have a lowest gross rent of \$426 (one-bedroom unit at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$5,112. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$14,606.

c. **Income-Appropriate Range**

Based on the preceding analyses, the income-appropriate range required to live at the proposed project with units built to serve households at 50% and 60% of AMHI is as follows:

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$14,606	\$24,550
Tax Credit (Limited To 60% Of AMHI)	\$17,520	\$29,460
Tax Credit Overall	\$14,606	\$29,460

2. **METHODOLOGY**

**Demand**

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

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

b. **Demand from Existing Households:** The second source of demand should be projected from:

- **Rent overburdened households, if any, within the age group, income groups and tenure (renters) targeted for the proposed development.** *In order to achieve consistency in methodology, all analysts should assume that the rent overburdened analysis includes households paying greater than 35% (Family), or greater than 40% (Senior) of their incomes toward gross rent. Based on Table B25074 of the American Community Survey (ACS) 2006-2010 5-year estimates, approximately 27.9% to 48.8% (depending upon targeted income level) of renter households within the market were rent overburdened. These households have been included in our demand analysis.*
- **Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded).** *Households in substandard housing should be determined based on the age, the income bands, and the tenure that apply. The analyst should use his/her own knowledge of the market area and project to determine whether households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both rent overburdened households and from those living in substandard housing. Based on Table B25016 of the American Community Survey (ACS) 2006-2010 5-year estimates, 0.4% of all households in the market were living in substandard housing that lacked complete indoor plumbing or in overcrowded (1.5+ persons per room) households.*
- **Elderly Homeowners likely to convert to renters:** *GDCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. This segment should not account for more than 2% of total demand. Due to the difficulty of extrapolating elderly (age 62 and older) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. A narrative of the steps taken to arrive at this demand figure must be included and any figure that accounts for more than 2% of total demand must be based on actual market conditions, as documented in the study. Not applicable, as the subject project will not be age-restricted.*

- c. **Other:** *DCA does not consider household turnover to be a source of market demand. However, if an analyst firmly believes that demand exists that is not captured by the above methods, he/she may use other indicators to estimate demand if they are fully justified (e.g. an analysis of an under built market in the base year). Any such additional indicators should be calculated separately from the demand analysis above. Such additions should be well documented by the analyst with documentation included in the Market Study.*

### **Net Demand**

The overall demand components illustrated above are added together and the competitive supply of developments awarded and/or constructed from 2013 to the present is subtracted to calculate Net Demand. Vacancies in projects placed in service prior to 2013 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of supply. **DCA requires analysts to include ALL projects that have been funded, are proposed for funding and/or received a bond allocation from DCA, in the demand analysis, along with ALL conventional rental properties existing or planned in the market as outlined above. Competitive units are defined as those units that are of similar size and configuration and provide alternative housing to a similar tenant population, at rent levels comparative to those proposed for the subject development.**

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

There are no general-occupancy LIHTC properties that were funded and/or built during the projection period (2013 to current). In fact, there are no non-subsidized LIHTC properties in the Site PMA. As such, there were no existing LIHTC properties included as part of supply in our demand analysis.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% (\$14,606-\$24,550)	60% (\$17,520-\$29,460)	Overall (\$14,606-\$29,460)
Demand From New Households (Age- And Income-Appropriate)	340 - 340 = 0	302 - 302 = 0	438 - 437 = 1
+			
Demand From Existing Households (Rent Overburdened)	340 X 48.8% = 166	302 X 27.9% = 84	437 X 39.1% = 171
+			
Demand From Existing Households (Renters In Substandard Housing)	340 X 0.4% = 1	302 X 0.4% = 1	437 X 0.4% = 2
=			
Demand Subtotal	167	85	174
+			
Demand From Existing Homeowners (Elderly Homeowner Conversion) Cannot exceed 2%	N/A	N/A	N/A
=			
Total Demand	167	85	174
-			
Supply (Directly Comparable Units Built And/Or Funded Since 2013)	0	0	0
=			
Net Demand	167	85	174
Proposed Units / Net Demand	18 / 167	30 / 85	48 / 174
Capture Rate	= 10.8%	= 35.3%	= 27.6%

N/A – Not Applicable

Per GDCA guidelines, capture rates below 30% for projects in urban markets and below 35% for projects in rural markets are considered acceptable. As such, the project's overall capture rate of 27.6% is considered achievable within the McRae Site PMA. This is especially true given the lack of non-subsidized LIHTC product within the Site PMA, which is expected to allow the subject project to capture a higher than typical share of the income-qualified applicants within the market.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	30%
Two-Bedroom	45%
Three-Bedroom	25%
Total	100.0%

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

Bedroom Size (Share Of Demand)	Target % of AMHI	Subject Units	Total Demand*	Supply**	Net Demand	Capture Rate	Absorption	Average Market Rent	Subject Rents
One-Bedroom (30%)	50%	3	50	0	50	6.0%	1 Month	\$374	\$285
One-Bedroom (30%)	60%	9	26	0	26	34.6%	4 Months	\$374	\$370
<b>One-Bedroom</b>	<b>Total</b>	<b>12</b>	<b>76</b>	<b>0</b>	<b>76</b>	<b>15.8%</b>	<b>4 Months</b>		<b>-</b>
Two-Bedroom (45%)	50%	11	75	0	75	14.7%	3 Months	\$497	\$331
Two-Bedroom (45%)	60%	13	38	0	38	34.2%	6 Months	\$497	\$433
<b>Two-Bedroom</b>	<b>Total</b>	<b>24</b>	<b>113</b>	<b>0</b>	<b>113</b>	<b>21.2%</b>	<b>6 Months</b>		<b>-</b>
Three-Bedroom (25%)	50%	4	42	0	42	9.5%	1 Month	\$587	\$371
Three-Bedroom (25%)	60%	8	21	0	21	38.1%	7 Months	\$587	\$489
<b>Three-Bedroom</b>	<b>Total</b>	<b>12</b>	<b>73</b>	<b>0</b>	<b>73</b>	<b>16.4%</b>	<b>7 Months</b>		<b>-</b>

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

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

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

The capture rates by bedroom type and AMHI level range from 6.0% to 38.1%, depending upon unit type. Utilizing this methodology, these capture rates are considered acceptable and demonstrate a sufficient base of income-eligible renter households in the McRae Site PMA for the proposed subject development. It is of note however, that the capture rates for the subject's units at 60% of AMHI, although acceptable, suggest that these units will likely lease-up the slowest as there is a more limited base of support for such unit types within the Site PMA. Regardless, the subject's capture rates by bedroom type and AMHI level are acceptable within this market, especially when considering the lack of non-subsidized LIHTC product, as previously discussed and evidenced by our Field Survey of Conventional Rentals (Addendum A).

In addition to the preceding GDCA required demand estimates, we have also provided supplemental demand estimates for the subject's three-bedroom units (25% of the property) based solely on larger renter household sizes (four-person or larger) within the Site PMA. Based on demographic data included in Section E, it is projected that there will be 24 size- and income-eligible renter households in the market in 2017 for the subject's three-bedroom units. This results in a simple capture rate of 50.0% (12 units / 24 income-eligible renter households = 50.0%). This is indicative of a limited base of income-eligible renter households for the subject's three-bedroom units and will likely result in a slower than anticipated absorption of the subject's three-bedroom units. It is also important to reiterate however, that the subject development will be the only non-subsidized LIHTC project in the Site PMA. Thus, the subject project is expected to be able to capture a larger than typical share of the income-qualified applicants within the Site PMA. The aforementioned factors have been considered in our absorption projections in Section I.



## SECTION H – RENTAL HOUSING ANALYSIS (SUPPLY)

### 1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the McRae Site PMA in 2010 and 2015 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2015 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	4,570	79.2%	4,707	77.6%
Owner-Occupied	3,200	70.0%	3,163	67.2%
Renter-Occupied	1,370	30.0%	1,544	32.8%
Vacant	1,202	20.8%	1,359	22.4%
Total	5,772	100.0%	6,066	100.0%

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

Based on a 2015 update of the 2010 Census, of the 6,066 total housing units in the market, 22.4% were vacant. This vacancy rate is considered somewhat high and would typically indicate a weak housing market. It is important to note however, that this number of vacant housing units includes abandoned, dilapidated and/or for-sale housing units, as well as housing units utilized for seasonal/recreation purposes. As such, the above referenced share of vacant housing units is not likely reflective of the long-term rental housing market within the McRae Site PMA. The following table further demonstrates the vacancy status among housing units within Telfair County according to table B25004 of the American Community Survey (2009-2013 five year estimates).

Vacancies		
Vacancy Type	Number of Units	Percent
For Rent	357	21.6%
For-Sale Only	113	6.9%
Rented/Sold, Not Occ.	144	8.7%
Seasonal, Recreational	224	13.6%
Other Vacant	811	49.2%
Total	1,649	100.0%

Source: American Community Survey 5-year Estimates (2009-2013)

As illustrated in the preceding table, more than 49% of the vacant housing units within Telfair County were classified as “Other Vacant”, further indicating that the high share of vacant units reported within the Site PMA are not likely reflective of the long-term rental housing market within the McRae Site PMA. Regardless, in order to determine if the long-term rental housing market within the McRae Site PMA has been negatively impacted by the rise in vacant housing units, we have conducted a Field Survey of Conventional Rentals.

The McRae Site PMA offers a limited supply of conventional rental product, as we identified and personally surveyed only five conventional rental housing projects containing a total of 129 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 100.0%, an excellent rate for rental housing. Each of the rental housing segments surveyed is summarized in the following table.

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Tax Credit/Government-Subsidized	2	41	0	100.0%
Government-Subsidized	3	88	0	100.0%
Total	5	129	0	100.0%

As the preceding illustrates, the McRae rental housing market is dominated by affordable rental product, as there were no non-subsidized (market-rate or Tax Credit) properties surveyed in the market. As such, the proposed subject development will introduce a new non-subsidized affordable rental alternative to the market which will also likely help fill a void in the McRae rental housing market. Note that the 100.0% occupancy rates reported among the five existing affordable properties in the market demonstrate that such product is in high demand within the Site PMA.

As previously stated and evidenced by our Field Survey of Conventional Rentals, the McRae apartment market offers a limited supply of rental product in terms of affordability levels. Specifically, there were no conventional non-subsidized (market-rate or Tax Credit) properties surveyed in the Site PMA. As such, it was necessary to identify and survey such product outside of the Site PMA, but within the region in the surrounding towns of Dublin, Hazlehurst, and Vidalia, Georgia for comparability purposes. Specifically, we identified and surveyed four conventional rental projects located outside of the Site PMA that offer non-subsidized market-rate units. These four market-rate projects were built between 1976 and 2010 and consist of properties containing between 12 and 136 total units. The 211 total market-rate units offered among these properties are currently 100.0% occupied, demonstrating that these market-rate properties have been well received within their respective markets.

Likewise, we also identified three non-subsidized Tax Credit projects which are located outside of the Site PMA but within the region, for comparability purposes. These three non-subsidized Tax Credit projects offer one- through three-bedroom units, were built between 1996 and 2009, and range in size from 40 to 51 total units. The 139 total LIHTC units offered among these three properties are 100.0% occupied and all three properties maintain waiting lists for their next available units. These high occupancy rates and waiting lists are good indications that these properties are well-received within the region and will offer a good base of comparability for the subject development. These Tax Credit properties have been included in our comparable analysis later in this section of the report.

## 2. SUMMARY OF ASSISTED PROJECTS

We identified and surveyed a total of five federally subsidized and/or Tax Credit apartment developments in the McRae Site PMA. These projects were surveyed in May 2015 and are summarized as follows:

Map I.D.	Project Name	Type	Year Built/Renovated	Total Units	Occup.	Gross Rent (Unit Mix)		
						One-Br.	Two-Br.	Three-Br.
1	50-71 Lucille	P.H.	1950 / 1996	16	100.0%	\$422 (5)	\$543 (5)	\$674 (6)
2	Santa Ana Apts.	TAX & RD 515	1985 / 2014	16	100.0%	\$571-\$691 (4)	\$672-\$792 (12)	-
3	Treeloft Apts.	RD 515	1982	36	100.0%	\$470-\$514 (12)	\$556-\$615 (24)	-
4	Heritage Villas of Helena	TAX & RD 515	1991	25	100.0%	\$465-\$624 (20)	\$541-\$717 (5)	-
5	Willow Creek Apts.	RD 515 & SEC 8	1982	36	100.0%	\$735 (8)	\$786 (16)	\$832 (12)
<b>Total</b>				<b>129</b>	<b>100.0%</b>			

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

OCCUP. - Occupancy

TAX - Tax Credit

SEC - Section

P.H. - Public Housing

RD - Rural Development

As the preceding illustrates, the five subsidized properties surveyed in the market comprise a total of 129 units which are 100.0% occupied. In addition to the high occupancy rates reported, four of the five subsidized properties maintain waiting lists for their next available unit. The high occupancy rates and waiting lists maintained among these properties are good indications of pent-up demand for additional affordable rental product within the Site PMA.

### HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Georgia Department of Community Affairs' Rental Assistance Division-Waycross Office-Southern Region, there are approximately 24 Housing Choice Voucher holders within Telfair County and no people currently on the waiting list for additional Vouchers. The waiting list is closed and is expected to reopen sometime in 2015. Annual turnover of persons in the Voucher program is estimated at one household. This reflects the continuing need for Housing Choice Voucher assistance within the McRae and Telfair County areas.

If the rents do not exceed Fair Market Rents, households with Housing Choice Vouchers may be eligible to reside at a LIHTC project. The following table outlines the HUD 2014 Fair Market Rents for Telfair County, Georgia and the proposed subject gross rents.

Bedroom Type	Fair Market Rents	Proposed Tax Credit Gross Rents
One-Bedroom	\$470	\$426 (50%) \$511 (60%)
Two-Bedroom	\$636	\$511 (50%) \$613 (60%)
Three-Bedroom	\$792	\$590 (50%) \$708 (60%)

As the preceding illustrates, most of the proposed gross rents are set below the current Fair Market Rents. As such, the subject project will be able to accommodate Housing Choice Voucher holders. This will likely increase the base of income-appropriate renter households within the McRae Site PMA for the subject development and has been considered in our absorption estimates in Section I of this report.

### 3. PLANNED MULTIFAMILY DEVELOPMENT

Based on interviews with building and planning officials from the appropriate jurisdictions within the McRae Site PMA, it was determined that there are no additional multifamily rental projects within the development pipeline in the Site PMA.

#### Building Permit Data

The following table illustrates single-family and multifamily building permits issued within Telfair County for the past ten years. Note that building permit data was not available specific to the city of McRae.

Housing Unit Building Permits for Telfair County:										
Permits	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Multifamily Permits	0	0	0	0	0	0	0	0	0	0
Single-Family Permits	3	1	2	1	3	0	1	1	0	0
Total Units	3	1	2	1	3	0	1	1	0	0

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

As the preceding illustrates, there have been no multifamily building permits issued within the county over the past ten year period and no more than three (3) single-family permits issued during any given year during this same time period. The lack of multifamily permits issued within Telfair County during the past ten years is a good indication that the McRae market is in need of newer multifamily product such as that proposed at the subject site.

#### 4. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

##### Tax Credit Units

The proposed subject development will offer one- through three-bedroom garden-style units targeting general-occupancy (family) households earning up to 50% and 60% of Area Median Household Income (AMHI). As stated throughout this reported and further evidenced by our Field Survey of Conventional Rentals, there are no non-subsidized Low-Income Housing Tax Credit (LIHTC) properties within the McRae Site PMA. Therefore, it was necessary to identify and survey general-occupancy LIHTC product outside the Site PMA, but within the region, for comparability purposes. Thus, we identified and surveyed three such properties in the nearby towns of Hazlehurst and Dublin, Georgia that offer one-through three-bedroom garden-style units targeting households earning up to 50% and/or 60% of AMHI similar to the subject project. As such, these three LIHTC projects will offer a good base of comparability for the subject project. It is important to note however, that since these properties are located outside the Site PMA they will derive demographic support from different geographic areas as compared to the subject project and therefore are not considered directly competitive with the subject development. As such, these three LIHTC properties have been considered and included for comparability purposes only.

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
<b>Site</b>	<b>McRae-Helena Estates</b>	<b>2017</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 50% &amp; 60% AMHI</b>
902	Cloverset Place	2009	40	100.0%	23.1 Miles	10 H.H.	Families; 50% & 60% AMHI
903	Hillcrest Apts.	1996	48	100.0%	36.1 Miles	17 H.H.	Families; 30% & 50% AMHI
907	Emerald Pointe	2006	51*	100.0%	35.9 Miles	63 H.H.	Families; 30%, 50%, & 60% AMHI

900 Series Map IDs are located outside the Site PMA

OCC. – Occupancy

H.H. - Households

\*Tax Credit units only

The three comparable LIHTC projects comprise a total of 139 units which are 100.0% occupied. It is also of note that all three comparable properties maintain waiting lists which range from 10 to 63 households. The high occupancy rates and waiting lists maintained among the comparable properties are indicative of pent-up demand for general-occupancy LIHTC product within the region. It is important to reiterate that the subject project will be the only non-subsidized LIHTC property (family or senior) in the Site PMA, which is expected to create a competitive advantage for the subject project and help fill a void in the McRae rental housing market.

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

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
902	Cloverset Place	40	5	12.5%
903	Hillcrest Apts.	48	11	22.9%
907	Emerald Pointe	51*	2	3.9%
Total		139	18	12.9%

900 Series Map IDs are located outside the Site PMA

\*Tax Credit units only

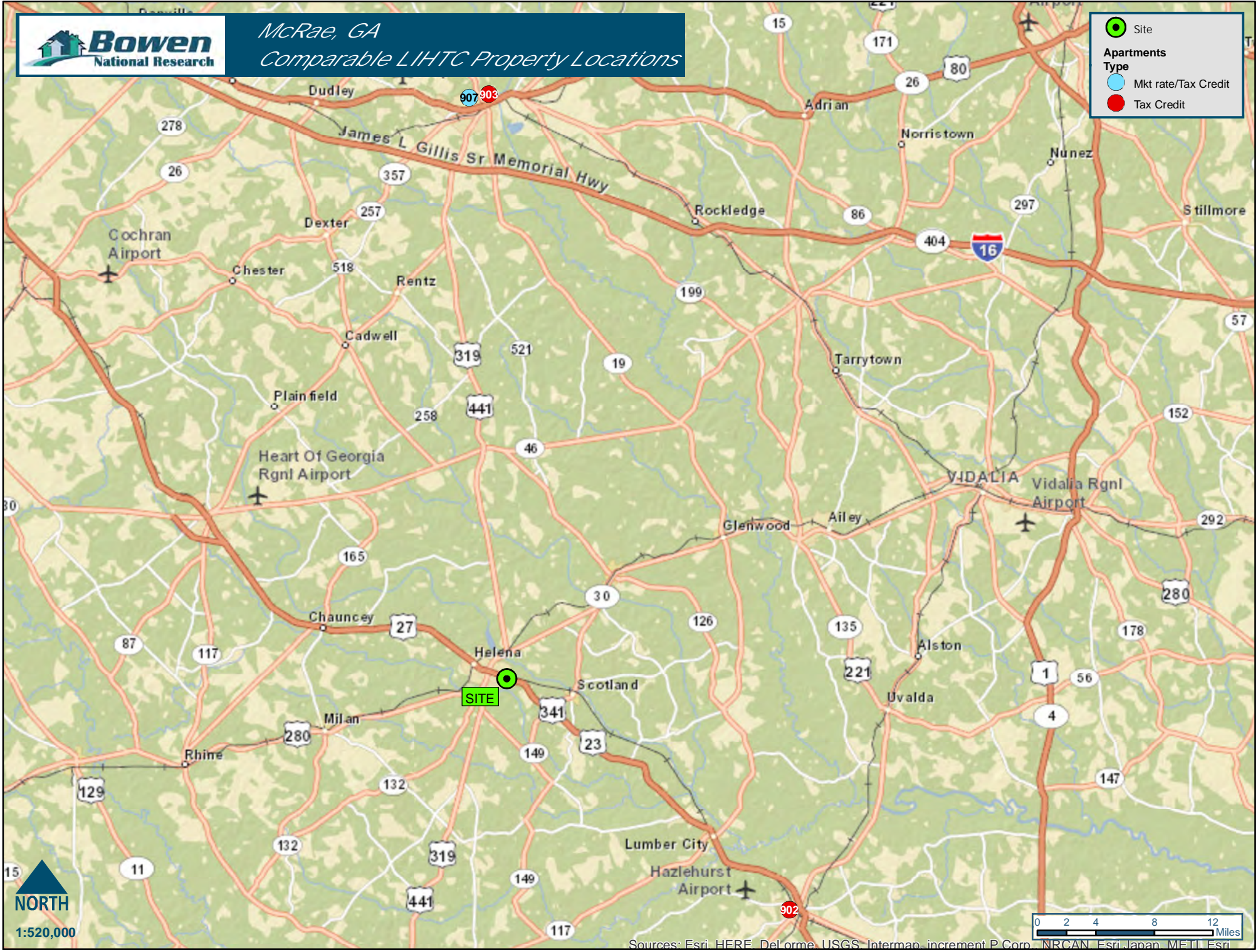
As the preceding table illustrates, there are a total of approximately 18 voucher holders residing at the comparable properties within the region. This comprises 12.9% of the 139 total non-subsidized LIHTC units offered among these projects. Given that approximately 87.0% of the units offered among these properties are occupied by non-voucher holders, it can be concluded that the gross rents at these properties are achievable within the region as evidenced by the overall 100.0% occupancy rate and will offer a good base of comparability for the subject development.

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



McRae, GA  
Comparable LIHTC Property Locations

● Site  
● Apartments  
Type  
● Mkt rate/Tax Credit  
● Tax Credit



NORTH  
1:520,000

0 2 4 8 12 Miles

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri, Japan, METI, Esri

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

		Gross Rent/Percent of AMHI (Number of Units/Vacancies)			
Map I.D.	Project Name	One-Br.	Two-Br.	Three-Br.	Rent Special
<b>Site</b>	<b>McRae-Helena Estates</b>	<b>\$426/50% (3)</b> <b>\$511/60% (9)</b>	<b>\$511/50% (11)</b> <b>\$613/60% (13)</b>	<b>\$590/50% (4)</b> <b>\$708/60% (8)</b>	-
902	Cloverset Place	\$498/50% (13/0) \$526/60% (3/0)	\$604/50% (12/0) \$604/60% (4/0)	\$677/50% (7/0) \$677/60% (1/0)	None
903	Hillcrest Apts.	\$316/30% (3/0) \$480/50% (17/0)	\$564/50% (16/0)	\$636/50% (12/0)	None
907	Emerald Pointe	\$306/30% (2/0) \$485/50% (10/0) \$492/60% (1/0)	\$374/30% (3/0) \$563/50% (19/0) \$563/60% (3/0)	\$443/30% (2/0) \$690/50% (9/0) \$730/60% (2/0)	None

900 Series Map IDs are located outside the Site PMA

The subject's proposed gross Tax Credit rents ranging from \$426 to \$708 are generally lower than the rents reported among similar unit types at most of the comparable properties. When considering the newness and higher anticipated quality of the subject development as compared to the comparable LIHTC projects, along with the fact that the three comparable properties are located in the towns of Dublin and Hazlehurst which are considered similar to the subject market in terms of median household income and median gross rent, the subject rents appear to be appropriately positioned. Regardless, the subject's proposed rents are evaluated in further detail in the Achievable Market Rent section of this report.

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

Weighted Average Collected Rent Of Comparable LIHTC Units		
One-Br.	Two-Br.	Three-Br.
\$346 (50%)	\$391 (50%)	\$446 (50%)
\$359 (60%)	\$387 (60%)	\$476 (60%)

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

Bedrooms	Weighted Avg. Rent (% AMHI)	Proposed Rent (% AMHI)	Difference	Proposed Rent (% AMHI)	Rent Advantage
One-Br.	\$346 (50%)	- \$285 (50%)	\$61	/ \$285 (50%)	2.1%
	\$359 (60%)	- \$370 (60%)	-\$11	/ \$370 (60%)	-3.0%
Two-Br.	\$391 (50%)	- \$331 (50%)	\$60	/ \$331 (50%)	18.1%
	\$387 (60%)	- \$433 (60%)	-\$46	/ \$433 (60%)	-10.6%
Three-Br.	\$446 (50%)	- \$371 (50%)	\$75	/ \$371 (50%)	20.2%
	\$476 (60%)	- \$489 (60%)	-\$13	/ \$489 (60%)	-2.7%



As the preceding illustrates, the proposed subject units represent rent advantages ranging from negative 10.6% to positive 20.2%, depending upon unit type, as compared to the weighted average collected rents of the comparable LIHTC projects. Please note however that these are weighted averages of *collected* rents and do not reflect differences in the utility structure that gross rents include. Therefore caution must be used when drawing any conclusions. A complete analysis of the achievable market rent by bedroom type and the rent advantage of the proposed development's collected rents are available in Addendum E of this report.

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

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>McRae-Helena Estates</b>	<b>650</b>	<b>1,000</b>	<b>1,100</b>
902	Cloverset Place	808	1,056	1,211
903	Hillcrest Apts.	737	860	1,032
907	Emerald Pointe	857	1,137	1,270

900 Series Map IDs are located outside the Site PMA

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>McRae-Helena Estates</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>
902	Cloverset Place	1.0	2.0	2.0
903	Hillcrest Apts.	1.0	1.0	2.0
907	Emerald Pointe	1.0	2.0	2.0

900 Series Map IDs are located outside the Site PMA

Although the subject project will offer some of the smallest unit sizes (square feet) among the comparable properties, the subject units are considered to be appropriate for low-income rental housing in terms of square footage. This is especially true when considering the lack of non-subsidized Tax Credit product within the Site PMA. The number of bathrooms to be offered among the subject units is similar to those offered among the comparable properties and should contribute to the project's marketability.

The following table compares the amenities of the subject development with the other LIHTC projects in the region.

# COMPARABLE PROPERTIES AMENITIES - McRAE, GEORGIA

MAP ID	APPLIANCES						UNIT AMENITIES											OTHER		
	RANGE	REFRIGERATOR	ICEMAKER	DISHWASHER	DISPOSAL	MICROWAVE	CENTRAL AC	WINDOW AC	FLOOR COVERING	WASHER AND DRYER	W/D HOOKUP	PATIO/DECK/BALCONY	CEILING FAN	BASEMENT	INTERCOM	SECURITY	WINDOW TREATMENTS		E-CALL BUTTONS	PARKING
<b>SITE</b>	X	X		X	X		X		C		X						B		S	
<b>907</b>	X	X	X	X			X		C	S	X	X	X				B	S	S	Patio Storage
<b>902</b>	X	X	X	X	X		X		C	S	X	X	X				B	X	S	Exterior Storage
<b>903</b>	X	X		X	X		X		C		X	X					B		S	Patio Storage

MAP ID	PROJECT AMENITIES																	OTHER		
	POOL	ON-SITE MGMT	LAUNDRY	CLUB HOUSE	COMMUNITY SPACE	FITNESS CENTER	JACUZZI / SAUNA	PLAYGROUND	TENNIS COURT	SPORTS COURT	STORAGE	ELEVATOR	SECURITY GATE	COMPUTER LAB	LIBRARY	PICNIC AREA	SOCIAL SERVICES		BUSINESS CENTER	
<b>SITE</b>		X	X		X		X									X				
<b>907</b>		X	X		L	X	X			B			X			X				
<b>902</b>		X	X	X		X	X			B			X			X				
<b>903</b>		X	X				X									X				Gazebo

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

X - All Units	
S - Some Units	
O - Optional	
Window Treatments	
B - Blinds	C - Curtains
D - Drapes	

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

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

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

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

The subject project will offer an amenity package that is generally considered competitive with those offered among the comparable properties within the region. Notably, the subject project will include such amenities as dishwashers, washer/dryer hookups, a community space and on-site management which will contribute to the project's overall marketability within the McRae market. Overall, the amenity package to be offered at the subject development is considered marketable to the targeted tenant population and does not appear to lack any key unit or project amenities that would adversely impact its marketability within the McRae market.

#### Comparable/Competitive Tax Credit Summary

The McRae rental housing market offers a relatively limited supply of rental product, as illustrated by our Field Survey of Conventional Rentals. In fact, there are no non-subsidized LIHTC projects (family or senior) in the Site PMA. As such, the proposed subject development is expected to help fill a void within the McRae rental housing market. This will likely create a competitive advantage for the subject project within the Site PMA. The subject project is also considered to be appropriately positioned in terms of gross rents as compared to similar unit types at the three comparable LIHTC properties surveyed in the region, all of which are 100.0% occupied with wait lists. Although the subject project will offer some of the smallest unit sizes (square feet) among the comparable properties, the proposed unit sizes are considered appropriate for low-income rental housing and are expected to be marketable to the targeted tenant population, especially when considering the lack of non-subsidized LIHTC product within the market. The amenity package included at the subject project is also considered to be appropriately positioned for the targeted tenant population. Overall, the subject development is expected to provide a much needed non-subsidized rental alternative to the McRae market and is considered marketable to the targeted tenant population.

#### Comparable/Competitive Housing Impact

As stated throughout this report, the subject development will be the first non-subsidized Tax Credit property offered within the Site PMA. As such, the subject development is not expected to have any adverse impact on existing rental product within the McRae market, as it will target a tenant population that is considered to be underserved.

## 5. SINGLE-FAMILY HOME IMPACT

According to ESRI, the median home value within the Site PMA was \$70,167. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$70,167 home is \$422, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$70,167
Mortgaged Value = 95% of Median Home Price	\$66,659
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$338
Estimated Taxes and Insurance*	\$84
Estimated Monthly Mortgage Payment	\$422

\*Estimated at 25% of principal and interest

In comparison, the proposed monthly collected Tax Credit rents at the subject project range from \$285 to \$489, depending upon bedroom type and AMHI level. While some potential tenants of the subject project may be able to afford the cost of a monthly mortgage for a typical home in the area, the number that could also afford the cost of a down payment, routine maintenance costs, and/or typical monthly utility expenses associated with such a home is considered minimal. Based on the preceding factors, we do not anticipate any competitive impact on or from the homebuyer market.

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

## SECTION I – ABSORPTION & STABILIZATION RATES

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow GDCA/GHFA guidelines that assume a 2017 completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2017.

Considering the facts contained in the market study and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the subject development. Our absorption projections take into consideration the lack of non-subsidized LIHTC product in the market, the subject's capture rate, achievable market rents and the competitiveness of the proposed subject development within the McRae Site PMA. Our absorption projections also take into consideration that the developer and/or management successfully markets the project throughout the Site PMA.

Based on our analysis, it is our opinion that the 48 proposed LIHTC units at the subject site will reach a stabilized occupancy of at least 93.0% within approximately seven months of opening. This absorption period is based on an average monthly absorption rate of approximately six units per month.

These absorption projections assume a March 2017 opening date. A different opening date may impact the absorption potential (positively or negatively) for the subject project. Further, these absorption projections assume the project will be built and operated as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development ultimately receives.

## SECTION J – INTERVIEWS

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

- Liz McClean is the City Clerk for the town of McRae, Georgia. Ms. McClean feels that there is a need for affordable housing in the area. Although such housing would be beneficial to persons of all ages, Ms. McClean specifically stated that an affordable rental housing development within the McRae area would greatly benefit the younger population within the area that is just starting out on their own. Ms. McClean further stated that there is currently a very limited supply of affordable rental housing alternatives within the area, thus contributing to the need for additional affordable housing within the market.
- Laura Smith is a board member for the McRae Chamber of Commerce in McRae, Georgia. Ms. Smith stated that there is a need for affordable multifamily housing in McRae. Ms. Smith feels that the area lacks quality rental product and that a new affordable rental alternative would be beneficial to the area. More specifically, Ms. Smith believes the need is greatest for two- and three-bedroom unit types within the area.
- Pat McNally is the Director of the Georgia Department of Community Affairs' Rental Assistance Division-Waycross Office-Southern Region. Mr. McNally stated that there is a huge need for affordable housing in the South Georgia Region. Specifically, due to budget cuts the waiting lists for additional Housing Choice Vouchers (HCV) have been closed for more than two years in all counties that the Waycross Office serves, including Telfair County. Mr. McNally further stated that his office receives calls regularly from residents seeking affordable housing or housing assistance within their jurisdiction.

## SECTION K – CONCLUSIONS & RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market exists for the 48 general-occupancy LIHTC units proposed at the subject site, assuming it is developed and operated as detailed in this report. Changes to the project's site design, rents, amenities or opening date may alter these findings.

The subject site is located along U.S. Highway 341 (Oak Street), which will allow for convenient access and clear visibility of the subject development. This aforementioned arterial also serves as a commercial corridor within the McRae area and allows for many area services to be easily accessible from the subject site.

The McRae rental housing market is relatively limited in terms of overall supply, as only five conventional rental properties were surveyed in the Site PMA. Notably, the rental housing market within McRae is dominated by affordable rental product, as all five properties surveyed operate with some type of subsidy, including the two Tax Credit properties in the market. Therefore, the proposed subject development will introduce a much needed non-subsidized rental alternative to the market which is expected to help fill a void in the rental market while also creating a competitive advantage for the subject development. The five subsidized properties surveyed all report occupancy rates of 100.0%, with most also maintaining waiting lists. Although no non-subsidized LIHTC properties were identified in the Site PMA, the subject development appears to be appropriately positioned in terms of gross rents, unit size (square feet) and amenities offered, as compared to the three LIHTC properties surveyed outside the Site PMA but within the region.

Although modest, overall demographic trends are projected to be positive within the Site PMA between 2015 and 2017 in terms of total population and households. It is also of note that more than 74.0% of the 1,553 renter households projected for the market in 2017 will earn below \$30,000, which is conducive to low-income rental housing such as that proposed at the subject site. The subject's overall capture rate of 27.6% is further indicative of a good base of potential support for the subject development. It must be noted however, that a somewhat more limited base of potential support exists for the subject's three-bedroom units, when considering support solely from four-person or larger renter households. It is likely that there will be some smaller households within the PMA that can afford a three-bedroom unit at the subject development, which will likely increase the base of potential support for the subject's three-bedroom units. Regardless, we expect the subject's three-bedroom units, as well as the units set at 60% of AMHI, will experience the longest absorption, based on our demand estimates included in Section G. Nonetheless, it is our opinion that a market exists for the subject development, as there are currently no non-subsidized LIHTC projects in the market, which will allow the project to capture a larger share of the qualified applicants in the market.

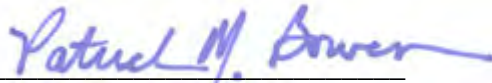
Based on the preceding analysis and facts contained within this report, we believe the proposed subject development is marketable and supportable within the McRae Site PMA, as proposed. As there are currently no non-subsidized LIHTC properties in the Site PMA, the subject project is not expected to have any adverse impact on future occupancy rates among the existing rental properties in the Site PMA, all of which are currently 100.0% occupied. In fact, we expect the subject project will help fill a void in the McRae rental housing market. We do not have any recommendations or modifications to the subject development at this time.



## SECTION L - SIGNED STATEMENT

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

Certified:



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Date: May 28, 2015



Garth Semple  
Market Analyst  
[garths@bowennational.com](mailto:garths@bowennational.com)  
Date: May 28, 2015



Craig Rupert  
Market Analyst  
[craigr@bowennational.com](mailto:craigr@bowennational.com)  
Date: May 28, 2015

## **SECTION M – MARKET STUDY REPRESENTATION**

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

## SECTION N - QUALIFICATIONS

### The Company

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

### The Staff

**Patrick Bowen** is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, since 1996. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

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

**Jack Wiseman**, Market Analyst, has conducted extensive market research in over 200 markets throughout the United States since 2007. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, student housing, and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

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

**Christine Atkins**, In-House Research Coordinator, has experience in the property management industry and has managed a variety of rental housing types. With experience in conducting site-specific analysis since 2012, she has the ability to analyze market and economic trends and conditions. Ms. Atkins holds a Bachelor of Arts in Communication from the University of Cincinnati.

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

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

**Garth Semple**, Market Analyst, has surveyed both urban and rural markets throughout the country. He is trained to understand the nuances of various rental housing programs and their construction and is experienced in the collection of rental housing data from leasing agents, property managers, and other housing experts within the market. Mr. Semple graduated from Elizabethtown College and has a Bachelor of Arts degree in Sociology.

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

**Desireé Johnson** is the Executive Administrative Assistant at Bowen National Research. Ms. Johnson is involved in the day-to-day communication with clients. She has been involved in extensive market research in a variety of project types since 2006. Ms. Johnson has the ability to research, find, analyze and manipulate data in a multitude of ways. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

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

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

## ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

### MCRAE, GEORGIA

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

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

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

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

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

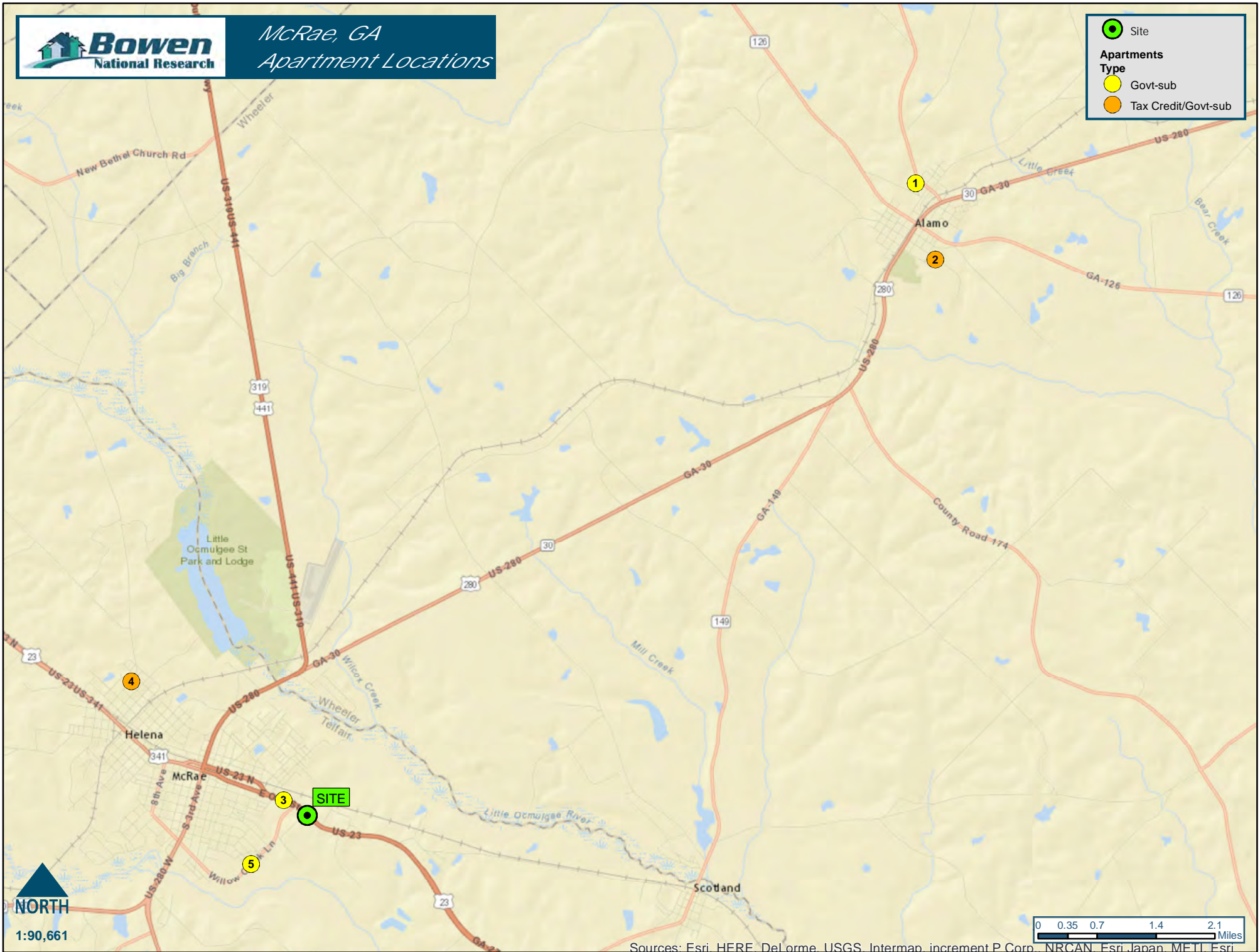


McRae, GA  
Apartment Locations

● Site

● Apartments Type

- Govt-sub
- Tax Credit/Govt-sub





# MAP IDENTIFICATION LIST - MCRAE, GEORGIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	50-71 Lucille	GSS	C	1950	16	0	100.0%	11.0
2	Santa Ana Apts.	TGS	B	1985	16	0	100.0%	10.7
3	Treeloft Apts.	GSS	B-	1982	36	0	100.0%	0.3
4	Heritage Villas of Helena	TGS	B-	1991	25	0	100.0%	2.5
5	Willow Creek Apts.	GSS	B	1982	36	0	100.0%	0.9

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
TGS	2	41	0	100.0%	0
GSS	3	88	0	100.0%	0

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

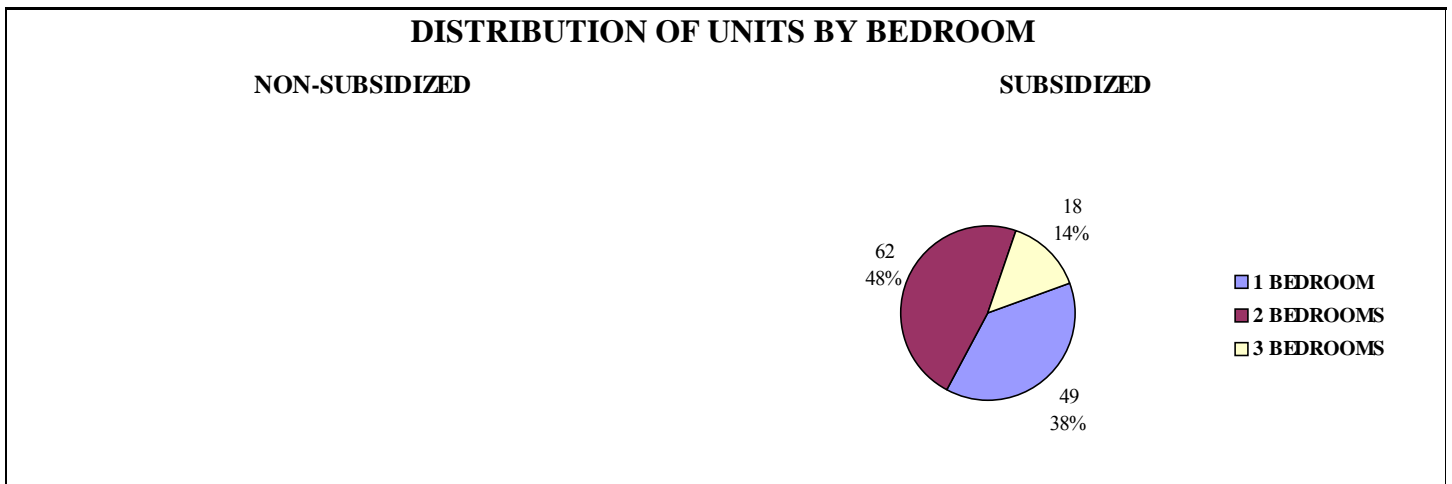
\* - Drive Distance (Miles)

Survey Date: May 2015





# DISTRIBUTION OF UNITS - MCRAE, GEORGIA

TAX CREDIT, GOVERMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	24	58.5%	0	0.0%	N.A.
2	1	5	12.2%	0	0.0%	N.A.
2	1.5	12	29.3%	0	0.0%	N.A.
<b>TOTAL</b>		<b>41</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	

GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
1	1	25	28.4%	0	0.0%	N.A.
2	1	45	51.1%	0	0.0%	N.A.
3	1	18	20.5%	0	0.0%	N.A.
<b>TOTAL</b>		<b>88</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>129</b>	<b>-</b>	<b>0</b>	<b>0.0%</b>	



# SURVEY OF PROPERTIES - MCRAE, GEORGIA

1 50-71 Lucille			
	<b>Address</b> 50-71 Lucille Alamo, GA 30411	<b>Phone</b> (912) 568-7641 (Contact in person)	<b>Total Units</b> 16
	<b>Year Built</b> 1950 <b>Renovated</b> 1996 <b>Contact</b> Sue	<b>Comments</b> Public Housing; Single-family homes & duplex; In process of converting to all electric utilities	
<b>Waiting List</b> 25 household			
2 Santa Ana Apts.			
	<b>Address</b> 409 Broad St. Alamo, GA 30411	<b>Phone</b> (912) 568-7048 (Contact in person)	<b>Total Units</b> 16
	<b>Year Built</b> 1985 <b>Renovated</b> 2014 <b>Contact</b> Gail	<b>Comments</b> 60% AMHI; RD 515, has RA (16 units)	
<b>Waiting List</b> None			
3 Treeloft Apts.			
	<b>Address</b> 723 Oak St. McRae, GA 31055	<b>Phone</b> (229) 247-9956 (Contact in person)	<b>Total Units</b> 36
	<b>Year Built</b> 1982 <b>Contact</b> Regina	<b>Comments</b> RD 515, has RA (19 units); Accepts HCV (0 currently)	
<b>Waiting List</b> 1 household			
4 Heritage Villas of Helena			
	<b>Address</b> 78 N. Irwinton Ave. Helena, GA 31037	<b>Phone</b> (229) 868-7189 (Contact in person)	<b>Total Units</b> 25
	<b>Year Built</b> 1991 <b>Contact</b> Regina	<b>Comments</b> 50% AMHI; RD 515, has RA (23 units); Accepts HCV (0 currently); One manager unit not included in total; Square footage estimated	
<b>Waiting List</b> 3 households			
5 Willow Creek Apts.			
	<b>Address</b> 136 E. Willow Creek Lane McRae, GA 31055	<b>Phone</b> (229) 868-5864 (Contact in person)	<b>Total Units</b> 36
	<b>Year Built</b> 1982 <b>Contact</b> Regina	<b>Comments</b> HUD Section 8; RD 515, no RA; Square footage estimated	
<b>Waiting List</b> 6 households			

### Project Type

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

Survey Date: April 2015

# TAX CREDIT UNITS - MCRAE, GEORGIA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 4	Heritage Villas of Helena	20	650	1	50%	\$344 - \$503
2	Santa Ana Apts.	4	624	1	60%	\$450 - \$570
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
◆ 4	Heritage Villas of Helena	5	850	1	50%	\$384 - \$560
2	Santa Ana Apts.	12	925	1.5	60%	\$515 - \$635

◆ - Senior Restricted

# DISTRIBUTION OF UTILITIES - MCRAE, GEORGIA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
<b>HEAT</b>			
TENANT			
ELECTRIC	4	113	87.6%
GAS	1	16	12.4%
			100.0%
<b>COOKING FUEL</b>			
TENANT			
ELECTRIC	4	113	87.6%
GAS	1	16	12.4%
			100.0%
<b>HOT WATER</b>			
TENANT			
ELECTRIC	4	113	87.6%
GAS	1	16	12.4%
			100.0%
<b>ELECTRIC</b>			
TENANT	5	129	100.0%
			100.0%
<b>WATER</b>			
LANDLORD	5	129	100.0%
			100.0%
<b>SEWER</b>			
LANDLORD	5	129	100.0%
			100.0%
<b>TRASH PICK-UP</b>			
LANDLORD	5	129	100.0%
			100.0%

# UTILITY ALLOWANCE - MCRAE, GEORGIA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$12	\$17		\$35	\$14	\$20	\$5	\$7	\$44	\$12	\$19	\$14	\$20
1	GARDEN	\$17	\$23		\$48	\$19	\$28	\$7	\$9	\$61	\$16	\$25	\$14	\$20
1	TOWNHOUSE	\$17	\$23		\$48	\$19	\$28	\$7	\$9	\$61	\$16	\$25	\$14	\$20
2	GARDEN	\$22	\$30		\$60	\$24	\$36	\$9	\$12	\$79	\$20	\$31	\$14	\$20
2	TOWNHOUSE	\$22	\$30		\$60	\$24	\$36	\$9	\$12	\$79	\$20	\$31	\$14	\$20
3	GARDEN	\$27	\$36		\$73	\$29	\$44	\$11	\$14	\$96	\$25	\$37	\$14	\$20
3	TOWNHOUSE	\$27	\$36		\$73	\$29	\$44	\$11	\$14	\$96	\$25	\$37	\$14	\$20
4	GARDEN	\$34	\$46		\$95	\$36	\$57	\$14	\$18	\$122	\$32	\$44	\$14	\$20
4	TOWNHOUSE	\$34	\$46		\$95	\$36	\$57	\$14	\$18	\$122	\$32	\$44	\$14	\$20

GA-Southern Region (7/2014)

Survey Date: April 2015

ADDENDUM B

COMPARABLE PROPERTY PROFILES

**904 Elise**

35.9 miles to site



**Address** 114 Maple Dr.  
Vidalia, GA 30474

**Phone** (912) 293-0625 **Contact** Dennis

**Total Units** 12 **Vacancies** 0 **Percent Occupied** 100.0%

**Project Type** Market-Rate

**Year Open** 2010 **Floors** 1

**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** NONE

**Quality Rating** B **Neighborhood Rating** B

**Remarks** Does not accept HCV; Built in phases 2010-2011



### Features and Utilities

**Utilities** No landlord paid utilities

**Unit Amenities** Refrigerator, Range, Central AC, Patio/Deck/Balcony, Blinds

**Project Amenities**

### Unit Configuration

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
2	2	G	12	0	1150	\$0.61	\$700



**905 Claxton Pointe North**

36.0 miles to site



<b>Address</b>	1003 Claxton Dairy Rd. Dublin, GA 31021		
<b>Phone</b>	(478) 272-7335	<b>Contact</b>	Ms. Stewart
<b>Total Units</b>	136	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	1976	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	10 households		
<b>Quality Rating</b>	B-	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Phases built between 1976-1995; HCV (12 units); 2-br/1.5-ba townhomes include water & sewer (54 units)		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
<b>Project Amenities</b>	On-site Management, Picnic Area

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
1	1	T	1	0	850	\$0.52	\$445
1	1	G	12	0	600	\$0.54	\$325
2	1	G	12	0	975	\$0.42	\$410
2	1.5 to 2.5	T	103	0	1200 to 1300	\$0.40 - \$0.45	\$480 to \$580
3	2.5	T	8	0	1500	\$0.43	\$650

**906 Wilkes Townhouses**

34.6 miles to site



**Address** 707 Loop Rd.  
Vidalia, GA 30474

**Phone** (912) 537-3141 **Contact** Sharon

**Total Units** 50 **Vacancies** 0 **Percent Occupied** 100.0%

**Project Type** Market-Rate

**Year Open** 1985 **Floors** 2

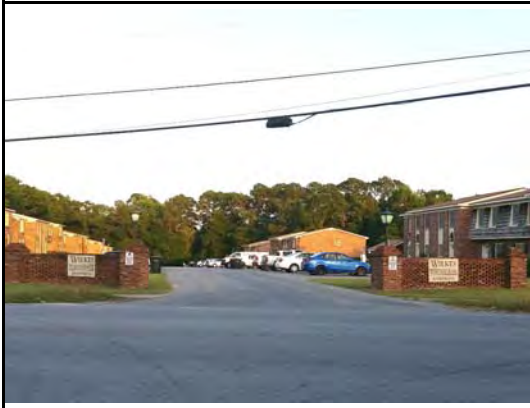
**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** NONE

**Quality Rating** B **Neighborhood Rating** B

**Remarks** Does not accept HCV; Square footage estimated



**Features and Utilities**

**Utilities** No landlord paid utilities  
**Unit Amenities** Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds  
**Project Amenities** Swimming Pool

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT
1	1.5	T	6	0	960	\$0.44	\$420
2	1.5	T	42	0	1100	\$0.41	\$450
3	1.5	T	2	0	1300	\$0.38	\$500

**907 Emerald Pointe**

35.9 miles to site



<b>Address</b>	111 Woodlawn Dr. Dublin, GA 31021		
<b>Phone</b>	(478) 296-1060	<b>Contact</b>	April
<b>Total Units</b>	64	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Market-Rate & Tax Credit		
<b>Year Open</b>	2006	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	63 households		
<b>Quality Rating</b>	B	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Market-rate (13 units); 30%, 50% & 60% AMHI (51 units); HCV (2 units); Six handicap units have E-call buttons & include washer/dryers		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, E-Call Button, Patio Storage
<b>Project Amenities</b>	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Sports Court, Computer Lab, Picnic Area

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	3	0	857	\$0.55	\$475	
1	1	G	1	0	857	\$0.40	\$345	60%
1	1	G	10	0	857	\$0.39	\$338	50%
1	1	G	2	0	857	\$0.19	\$159	30%
2	2	G	7	0	1137	\$0.51	\$575	
2	2	G	3	0	1137	\$0.33	\$375	60%
2	2	G	19	0	1137	\$0.33	\$375	50%
2	2	G	3	0	1137	\$0.16	\$186	30%
3	2	G	3	0	1270	\$0.51	\$645	
3	2	G	2	0	1270	\$0.40	\$502	60%
3	2	G	9	0	1270	\$0.36	\$462	50%
3	2	G	2	0	1270	\$0.17	\$215	30%

**902 Cloverset Place**

23.1 miles to site



<b>Address</b>	74 Wilson St. Hazlehurst, GA 31539		
<b>Phone</b>	(912) 375-5002	<b>Contact</b>	Dawn
<b>Total Units</b>	40	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2009	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	10 households		
<b>Quality Rating</b>	B+	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	50% & 60% AMHI; HCV (5 units); Three handicap units have washer/dryers		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, E-Call Button, Exterior Storage
<b>Project Amenities</b>	On-site Management, Laundry Facility, Club House, Fitness Center, Playground, Sports Court, Computer Lab, Picnic Area

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	3	0	808	\$0.45	\$364	60%
1	1	G	13	0	808	\$0.42	\$336	50%
2	2	G	4	0	1056	\$0.38	\$396	60%
2	2	G	12	0	1056	\$0.38	\$396	50%
3	2	G	1	0	1211	\$0.35	\$425	60%
3	2	G	7	0	1211	\$0.35	\$425	50%

**903 Hillcrest Apts.**

36.1 miles to site



<b>Address</b>	450 Hillcrest Dr. Dublin, GA 31021		
<b>Phone</b>	(478) 275-3553	<b>Contact</b>	Beth
<b>Total Units</b>	48	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	1996	<b>Floors</b>	1,2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	17 households		
<b>Quality Rating</b>	A-	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	30% & 50% AMHI; HCV (approx. 11 units)		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Water, Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds, Patio Storage
<b>Project Amenities</b>	On-site Management, Laundry Facility, Playground, Picnic Area, Gazebo

**Unit Configuration**

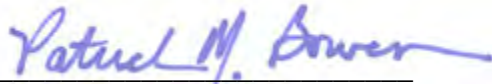
BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	3	0	737	\$0.26	\$195	30%
1	1	G	17	0	737	\$0.49	\$359	50%
2	1	G	16	0	860	\$0.47	\$407	50%
3	2	G	12	0	1032	\$0.43	\$446	50%

## ADDENDUM C – MEMBER CERTIFICATION & CHECKLIST

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

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

Certified:



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

## ADDENDUM-MARKET STUDY INDEX

### A. INTRODUCTION

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

### B. DESCRIPTION AND PROCEDURE FOR COMPLETING

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

### C. CHECKLIST

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

## CHECKLIST (Continued)

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



**CHECKLIST (Continued)**

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

## Addendum D – Methodologies, Disclaimers & Sources

### 1. PURPOSE

The purpose of this report is to evaluate the market feasibility of a proposed Low-Income Housing Tax Credit (LIHTC) project to be developed in McRae, Georgia by McRae-Helena Estates, LP (Owner) and McRae-Helena Development, LLC (Developer).

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

### 2. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

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

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

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

product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the subject property.

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

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

### **3. REPORT LIMITATIONS**

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

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

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

### **4. SOURCES**

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

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

## ADDENDUM E - ACHIEVABLE MARKET RENT ANALYSIS

### A. INTRODUCTION

As stated throughout this report, the McRae Site PMA offers a limited supply of rental product. In fact, we did not survey any market-rate properties within the Site PMA. Given the lack of market-rate product within the Site PMA, we identified and surveyed four market-rate properties outside the Site PMA but within the region in the towns of Dublin and Vidalia, Georgia that we consider most comparable to the subject development in terms of unit types offered, unit size (square feet) and/or amenities offered. The four selected properties are used to derive market rent for a project with characteristics similar to the proposed subject development. It is important to note that for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the proposed subject units without maximum income and rent restrictions.

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

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

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

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

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>McRae-Helena Estates</b>	<b>2017</b>	<b>48</b>	<b>-</b>	<b>12 (-)</b>	<b>24 (-)</b>	<b>12 (-)</b>
904	Elise	2010	12	100.0%	-	12 (100.0%)	-
905	Claxton Pointe North	1976	136	100.0%	13 (100.0%)	115 (100.0%)	8 (100.0%)
906	Wilkes Townhouses	1985	50	100.0%	6 (100.0%)	42 (100.0%)	2 (100.0%)
907	Emerald Pointe	2006	13*	100.0%	3 (100.0%)	7 (100.0%)	3 (100.0%)

900 Series Map IDs are located outside the Site PMA

Occ. – Occupancy

\*Market-rate units only

The four selected market-rate projects have a combined total of 211 units with an overall occupancy rate of 100.0%. The high occupancy rates reported among the selected properties demonstrate that they have been well-received within their respective markets and will therefore offer a good base of comparability for the subject project.

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

**Rent Comparability Grid**

Unit Type →

**ONE BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>			
McRae-Helena Estates		Claxton Pointe North		Wilkes Townhouses		Emerald Pointe			
Oak Street & Industrial Boulevard		1003 Claxton Dairy Rd.		707 Loop Rd.		111 Woodlawn Dr.			
McRae, GA		Dublin, GA		Vidalia, GA		Dublin, GA			
<b>A. Rents Charged</b>	<b>Data on Subject</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>		
1	\$ Last Rent / Restricted?	\$325		\$420		\$475			
2	Date Surveyed	May-15		May-15		May-15			
3	Rent Concessions	None		None		None			
4	Occupancy for Unit Type	100%		100%		100%			
5	Effective Rent & Rent/ sq. ft	\$325	0.54	\$420	0.44	\$475	0.55		
<b>B. Design, Location, Condition</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>			
6	Structure / Stories	WU/2		TH/2		WU/2			
7	Yr. Built/Yr. Renovated	2017	\$41	1985	\$32	2006	\$11		
8	Condition /Street Appeal	E	\$15	G	\$15	G	\$15		
9	Neighborhood	G		G		G			
10	Same Market?	No		No		No			
<b>C. Unit Equipment/ Amenities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>			
11	# Bedrooms	1		1		1			
12	# Baths	1		1.5	(\$15)	1			
13	Unit Interior Sq. Ft.	650	\$6	960	(\$39)	857	(\$26)		
14	Balcony/ Patio	N	(\$5)	Y	(\$5)	Y	(\$5)		
15	AC: Central/ Wall	C		C		C			
16	Range/ Refrigerator	R/F		R/F		R/F			
17	Microwave/ Dishwasher	N/Y		Y/Y	(\$5)	N/Y			
18	Washer/Dryer	HU/L	\$5	W/D	(\$25)	HU/L			
19	Floor Coverings	C		C		C			
20	Window Coverings	B		B		B			
21	Intercom/Security System	N/N		N/N		N/N			
22	Garbage Disposal	Y		Y		N	\$5		
23	Ceiling Fans	N	(\$5)	Y	(\$5)	Y	(\$5)		
<b>D Site Equipment/ Amenities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>			
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0			
25	On-Site Management	Y		N	\$5	Y			
26	Security Gate	N		N		N			
27	Clubhouse/ Meeting Rooms	Y	\$5	N	\$5	Y			
28	Pool/ Recreation Areas	N		P	(\$10)	F/S	(\$8)		
29	Computer Center	N		N		Y	(\$3)		
30	Picnic Area	Y		N	\$3	Y			
31	Playground	Y	\$3	N	\$3	Y			
32	Social Services	N		N		N			
<b>E. Utilities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>			
33	Heat (in rent?/ type)	N/E		N/E		N/G			
34	Cooling (in rent?/ type)	N/E		N/E		N/E			
35	Cooking (in rent?/ type)	N/E		N/E		N/E			
36	Hot Water (in rent?/ type)	N/E		N/E		N/G			
37	Other Electric	N		N		N			
38	Cold Water/ Sewer	N/N		N/N		N/N			
39	Trash /Recycling	Y/N		N/N	\$14	Y/N			
<b>F. Adjustments Recap</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>			
40	# Adjustments B to D	6	2	6	7	3	5		
41	Sum Adjustments B to D	\$75	(\$10)	\$63	(\$104)	\$31	(\$47)		
42	Sum Utility Adjustments			\$14					
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>		
43	Net/ Gross Adjmts B to E	\$65	\$85	(\$27)	\$181	(\$16)	\$78		
<b>G. Adjusted &amp; Market Rents</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>		<b>Adj. Rent</b>				
44	Adjusted Rent (5+ 43)	\$390		\$393		\$459			
45	Adj Rent/Last rent		120%		94%		97%		
46	Estimated Market Rent	\$415	\$0.64	← Estimated Market Rent/ Sq. Ft					

**Rent Comparability Grid**

Unit Type → **TWO BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>	
McRae-Helena Estates		Elise		Claxton Pointe North		Wilkes Townhouses		Emerald Pointe	
Oak Street & Industrial Boulevard		114 Maple Dr.		1003 Claxton Dairy Rd.		707 Loop Rd.		111 Woodlawn Dr.	
McRae, GA		Vidalia, GA		Dublin, GA		Vidalia, GA		Dublin, GA	
<b>Data on Subject</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
<b>A. Rents Charged</b>									
1 \$ Last Rent / Restricted?		\$700		\$410		\$450		\$575	
2 Date Surveyed		May-15		May-15		May-15		May-15	
3 Rent Concessions		None		None		None		None	
4 Occupancy for Unit Type		100%		100%		100%		100%	
5 Effective Rent & Rent/ sq. ft	▼	\$700	0.61	\$410	0.42	\$450	0.41	\$575	0.51
<b>B. Design, Location, Condition</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
6 Structure / Stories	WU/2	R/1		WU/2		TH/2		WU/2	
7 Yr. Built/Yr. Renovated	2017	2010	\$7	1976	\$41	1985	\$32	2006	\$11
8 Condition /Street Appeal	E	G	\$15	G	\$15	G	\$15	G	\$15
9 Neighborhood	G	G		G		G		G	
10 Same Market?		No		No		No		No	
<b>C. Unit Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
11 # Bedrooms	2	2		2		2		2	
12 # Baths	2	2		1	\$30	1.5	\$15	2	
13 Unit Interior Sq. Ft.	1000	1150	(\$18)	975	\$3	1100	(\$12)	1137	(\$17)
14 Balcony/ Patio	N	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
15 AC: Central/ Wall	C	C		C		C		C	
16 Range/ Refrigerator	R/F	R/F		R/F		R/F		R/F	
17 Microwave/ Dishwasher	N/Y	N/N	\$10	N/Y		Y/Y	(\$5)	N/Y	
18 Washer/Dryer	HU/L	N	\$15	HU	\$5	W/D	(\$25)	HU/L	
19 Floor Coverings	C	C		C		C		C	
20 Window Coverings	B	B		B		B		B	
21 Intercom/Security System	N/N	N/N		N/N		N/N		N/N	
22 Garbage Disposal	Y	N	\$5	Y		Y		N	\$5
23 Ceiling Fans	N	N		Y	(\$5)	Y	(\$5)	Y	(\$5)
<b>D Site Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
24 Parking ( \$ Fee)	LOT/\$0	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25 On-Site Management	Y	N	\$5	Y		N	\$5	Y	
26 Security Gate	N	N		N		N		N	
27 Clubhouse/ Meeting Rooms	Y	N	\$5	N	\$5	N	\$5	Y	
28 Pool/ Recreation Areas	N	N		N		P	(\$10)	F/S	(\$8)
29 Computer Center	N	N		N		N		Y	(\$3)
30 Picnic Area	Y	N	\$3	Y		N	\$3	Y	
31 Playground	Y	N	\$3	N	\$3	N	\$3	Y	
32 Social Services	N	N		N		N		N	
<b>E. Utilities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
33 Heat (in rent?/ type)	N/E	N/E		N/E		N/E		N/G	
34 Cooling (in rent?/ type)	N/E	N/E		N/E		N/E		N/E	
35 Cooking (in rent?/ type)	N/E	N/E		N/E		N/E		N/E	
36 Hot Water (in rent?/ type)	N/E	N/E		N/E		N/E		N/G	
37 Other Electric	N	N		N		N		N	
38 Cold Water/ Sewer	N/N	N/N		N/N		N/N		N/N	
39 Trash /Recycling	Y/N	N/N	\$14	Y/N		N/N	\$14	Y/N	
<b>F. Adjustments Recap</b>		<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>
40 # Adjustments B to D		9	2	7	2	7	6	3	5
41 Sum Adjustments B to D		\$68	(\$23)	\$102	(\$10)	\$78	(\$62)	\$31	(\$38)
42 Sum Utility Adjustments		\$14				\$14			
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>
43 Net/ Gross Adjmts B to E		\$59	\$105	\$92	\$112	\$30	\$154	(\$7)	\$69
<b>G. Adjusted &amp; Market Rents</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44 Adjusted Rent (5+ 43)		\$759		\$502		\$480		\$568	
45 Adj Rent/Last rent			108%		122%		107%		99%
46 Estimated Market Rent	\$575	\$0.58	←	Estimated Market Rent/ Sq. Ft					



**Rent Comparability Grid**

Unit Type → **THREE BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>			
McRae-Helena Estates		Elise		Wilkes Townhouses		Emerald Pointe			
Oak Street & Industrial Boulevard		114 Maple Dr.		707 Loop Rd.		111 Woodlawn Dr.			
McRae, GA		Vidalia, GA		Vidalia, GA		Dublin, GA			
<b>A. Rents Charged</b>	<b>Data on Subject</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>		
1	\$ Last Rent / Restricted?	\$700		\$500		\$645			
2	Date Surveyed	May-15		May-15		May-15			
3	Rent Concessions	None		None		None			
4	Occupancy for Unit Type	100%		100%		100%			
5	Effective Rent & Rent/ sq. ft	\$700	0.61	\$500	0.38	\$645	0.51		
<b>B. Design, Location, Condition</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>		
6	Structure / Stories	WU/2		TH/2		WU/2			
7	Yr. Built/Yr. Renovated	2017		1985	\$32	2006	\$11		
8	Condition /Street Appeal	E		G	\$15	G	\$15		
9	Neighborhood	G		G		G			
10	Same Market?	No		No		No			
<b>C. Unit Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>		
11	# Bedrooms	3	\$50	3		3			
12	# Baths	2		1.5	\$15	2			
13	Unit Interior Sq. Ft.	1100	(\$6)	1300	(\$25)	1270	(\$21)		
14	Balcony/ Patio	N	(\$5)	Y	(\$5)	Y	(\$5)		
15	AC: Central/ Wall	C		C		C			
16	Range/ Refrigerator	R/F		R/F		R/F			
17	Microwave/ Dishwasher	N/Y	\$10	Y/Y	(\$5)	N/Y			
18	Washer/Dryer	HU/L	\$15	W/D	(\$25)	HU/L			
19	Floor Coverings	C		C		C			
20	Window Coverings	B		B		B			
21	Intercom/Security System	N/N		N/N		N/N			
22	Garbage Disposal	Y	\$5	Y		N	\$5		
23	Ceiling Fans	N		Y	(\$5)	Y	(\$5)		
<b>D Site Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>		
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0			
25	On-Site Management	Y	\$5	N	\$5	Y			
26	Security Gate	N		N		N			
27	Clubhouse/ Meeting Rooms	Y	\$5	N	\$5	Y			
28	Pool/ Recreation Areas	N		P	(\$10)	F/S	(\$8)		
29	Computer Center	N		N		Y	(\$3)		
30	Picnic Area	Y	\$3	N	\$3	Y			
31	Playground	Y	\$3	N	\$3	Y			
32	Social Services	N		N		N			
<b>E. Utilities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>		
33	Heat (in rent?/ type)	N/E		N/E		N/G			
34	Cooling (in rent?/ type)	N/E		N/E		N/E			
35	Cooking (in rent?/ type)	N/E		N/E		N/E			
36	Hot Water (in rent?/ type)	N/E		N/E		N/G			
37	Other Electric	N		N		N			
38	Cold Water/ Sewer	N/N		N/N		N/N			
39	Trash /Recycling	Y/N	\$14	N/N	\$14	Y/N			
<b>F. Adjustments Recap</b>		<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>		
40	# Adjustments B to D	10	2	7	6	3	5		
41	Sum Adjustments B to D	\$118	(\$11)	\$78	(\$75)	\$31	(\$42)		
42	Sum Utility Adjustments	\$14		\$14					
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>		
43	Net/ Gross Adjmts B to E	\$121	\$143	\$17	\$167	(\$11)	\$73		
<b>G. Adjusted &amp; Market Rents</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>			
44	Adjusted Rent (5+ 43)	\$821		\$517		\$634			
45	Adj Rent/Last rent		117%		103%		98%		
46	Estimated Market Rent	\$655	\$0.60	← Estimated Market Rent/ Sq. Ft					

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

Based on the preceding Rent Comparability Grids, it was determined that achievable market rents for units similar to the subject development are \$415 for a one-bedroom unit, \$575 for a two-bedroom unit, and \$655 for a three-bedroom unit.

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

Bedroom Type	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	\$285 (50%)	\$415	31.3%
	\$370 (60%)		10.8%
Two-Bedroom	\$331 (50%)	\$575	42.4%
	\$433 (60%)		24.7%
Three-Bedroom	\$371 (50%)	\$655	43.4%
	\$489 (60%)		25.3%

Typically, Tax Credit rents should represent at least a 10% market rent advantage to be perceived as a value in the market and ensure a sufficient flow of qualified applicants. Therefore, the proposed subject rents will likely be perceived as significant values within the market as they represent market rent advantages ranging from 10.8% to 43.4%, depending upon bedroom type and AMHI level.

**B. RENT ADJUSTMENT EXPLANATIONS (RENT COMPARABILITY GRID)**

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

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

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1976 and 2010. We have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.
8. It is anticipated that the proposed subject project will have an excellent quality finish and attractive aesthetic street appeal once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
10. Due to the lack of comparable market-rate product within the Site PMA, the four comparable properties are located outside of the Site PMA in the towns of Dublin and Vidalia, Georgia. These aforementioned markets are considered similar to the McRae market in terms of median household income and median gross rents. As such, adjustments for out of market differences were not warranted for these properties.
11. One of the selected properties (The Elise) does not offer three-bedroom units. As such, we have utilized the two-bedroom floorplans at this property as a comparable for the subject's three-bedroom units, as these unit types were determined to be most comparable to the subject's three-bedroom units. We have applied a positive adjustment of \$50 to reflect the inclusion of an additional bedroom at the subject project as compared to this selected property.
12. The number of bathrooms offered among the selected properties varies. We have made an adjustment of \$15 per half bathroom to reflect the difference in the number of bathrooms offered at the site as compared the selected properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar basis, we have used 25% of the average for this adjustment.
- 14.-23. The proposed subject project will offer a unit amenity package that is generally considered slightly inferior to those offered among most of the selected properties. We have made, however, adjustments for features lacking at the subject project as compared to the selected properties, and in some cases, we have made adjustments for features the subject property offers that the selected properties do not offer.

- 24.-32. The proposed project offers a relatively similar project amenities package as compared to those offered among most of the selected market-rate properties. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. We made adjustments to reflect the differences in utility responsibility at the selected properties as needed. The utility adjustments were based on the local housing authority's utility cost estimates.