

# Market Feasibility Analysis

May River Village Phase II  
Near 5736 Patriot Lane  
Bluffton, Beaufort County, SC 29910

*Prepared For*

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*Effective Date*

February 22, 2013

*Job Reference Number*

13-164 JW/PB



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**2012 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY: (APPENDIX C)**

Development Name: May River Village Phase II Total # Units: 40  
 Location: Near 5736 Patriot Lane, Bluffton, SC 29910 # LIHTC Units: 40  
 PMA Boundary: State Route 462, Three Mile Road, Hazzard Creek and the Chechessee River to the north; Calibogue Sound and Mackay Creek to the east; the Bluffton city limits to the south and State Route 462 and the Bluffton city limits to the west.  
 Development Type: X Family \_\_\_ Older Persons Farthest Boundary Distance to Subject: 12.5 miles

**RENTAL HOUSING STOCK (found on page H-17)**

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	14	2,276	61	97.3%
Market-Rate Housing	8	1,692	60	96.5%
Assisted/Subsidized Housing not to include LIHTC	0	-	-	-
<b>LIHTC (All that are stabilized)*</b>	<b>8</b>	<b>584</b>	<b>1</b>	<b>99.8%</b>
Stabilized Comps**	8	584	1	99.8%
Non-stabilized Comps	0	-	-	-

\*Stabilized occupancy of at least 93%.

\*\*Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.

Subject Development					Adjusted 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	850	\$501	\$850	\$1.00	41.06%	\$835	\$1.07
9	One-Br.	1.0	850	\$565	\$850	\$1.00	33.53%	\$835	\$1.07
4	Two-Br.	2.0	1,100	\$605	\$960	\$0.87	36.98%	\$1,035	\$0.91
12	Two-Br.	2.0	1,100	\$665	\$960	\$0.87	30.73%	\$1,035	\$0.91
3	Three-Br.	2.0	1,250	\$689	\$1,050	\$0.84	34.38%	\$1,230	\$0.87
9	Three-Br.	2.0	1,250	\$750	\$1,050	\$0.84	28.57%	\$1,230	\$0.87
<b>*Gross Potential Rent Monthly</b>				<b>\$25,805</b>	<b>\$38,160</b>		<b>32.38%</b>		

\*Market Advantage is calculated using the following formula: (Gross Adjusted Market Rent (minus) Gross Proposed Tenant Rent) (divided by) Gross Adjusted Market Rent. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.

**DEMOGRAPHIC DATA (found on page F-3, G-5)**

	2000		2012		2015	
Renter Households	3,981	24.5%	4,886	22.2%	5,112	21.8%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	1,706	7.8%	1,804	7.7%
Income-Qualified Renter HHs (MR)	(if applicable)	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	75	87				98
Existing Households (Overburd + Substand)	751	890				996
Homeowner conversion (Seniors)	-	-				-
Other:	-	-				-
Less Comparable/Competitive Supply	17	51				68
<b>Net Income-Qualified Renter Households</b>	<b>809</b>	<b>926</b>				<b>1,026</b>

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

Targeted Population	50%	60%	Market-rate	Other:	Other:	Overall
Capture Rate	1.2%	3.2%				3.9%

**ABSORPTION RATE (found on page G-7)**

Absorption Rate: 7 to 8 units per month; Absorption period: 5 months

S-2 RENT CALCULATION WORKSHEET

**Project Name: May River Village Phase II**

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Potential Tenant Rent	Adjusted Market Rent	Gross Potential Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
3	1 BR	\$501	\$1,503	\$850	\$2,550	
9	1 BR	\$565	\$5,085	\$850	\$7,650	
	1 BR		\$0		\$0	
4	2 BR	\$605	\$2,420	\$960	\$3,840	
12	2 BR	\$665	\$7,980	\$960	\$11,520	
	2 BR		\$0		\$0	
3	3 BR	\$689	\$2,067	\$1,050	\$3,150	
9	3 BR	\$750	\$6,750	\$1,050	\$9,450	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
<b>Totals</b>	<b>40</b>		<b>\$25,805</b>		<b>\$38,160</b>	<b>32.38%</b>

## B. PROJECT DESCRIPTION

The subject project involves the new construction of the 40-unit May River Village Phase II in Bluffton, South Carolina. The proposed project, which will offer one- to three-bedroom units, will be developed under the Low-Income Housing Tax Credit (LIHTC) program and will target households with incomes up to 50% and 60% of Area Median Household Income (AMHI). The proposed collected rents will be \$501 to \$565 for a one-bedroom unit, \$605 to \$665 for a two-bedroom unit and \$689 to \$750 for a three-bedroom unit. The project is projected to be open in 2014. May River Village (Phase I of the subject project) offers 68 one-, two- and three-bedroom units. According to management, Phase I is 100.0% occupied with a 30-household wait list. Additional details concerning the subject project are as follows:

- a. Property Location:** May River Village Phase II  
Near 5736 Patriot Lane  
Bluffton, SC 29910  
(Beaufort County)
- b. Construction Type:** New Construction
- c. Occupancy Type:** Family
- d. Target Income Group:** 50% and 60% AMHI
- e. Special Needs Population:** Not Applicable
- f. and h. to j. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent Of AMHI	Proposed Rents		
						Collected	Utility Allowance	Gross
3	One-Br.	1.0	Garden	850	50%	\$501	\$117	\$618
9	One-Br.	1.0	Garden	850	60%	\$565	\$117	\$682
4	Two-Br.	2.0	Garden	1,100	50%	\$605	\$139	\$744
12	Two-Br.	2.0	Garden	1,100	60%	\$665	\$139	\$804
3	Three-Br.	2.0	Garden	1,250	50%	\$689	\$172	\$861
9	Three-Br.	2.0	Garden	1,250	60%	\$750	\$172	\$922
40	Total							

Source: Bennett & Reindl Companies

AMHI – Area Median Household Income (Beaufort County, SC; 2013)

- g. Number Of Stories/Buildings:** Three (3) two-story, walk-up residential buildings with garden-style units and one non-residential community building.

**k. Project-Based Rental Assistance  
(Existing or Proposed):**

Not Applicable

**l. Community Amenities:**

The subject property will include the following community features:

- On-Site Management
- Swimming Pool
- Laundry Facility
- Playground
- Picnic Area
- Club House
- Community Room
- Fitness Center
- Computer Center

**m. Unit Amenities:**

Each unit will include the following amenities:

- Electric Range
- Refrigerator
- Dishwasher
- Disposal
- Microwave Oven
- Washer/Dryer Hookups
- Carpet
- Window Blinds
- Sunroom (1<sup>st</sup> floor units)
- Balcony (2<sup>nd</sup> floor units)
- Central Air Conditioning
- Ceiling Fan

**n. Parking:**

A surface parking lot with 86 spaces (approximately two spaces per unit) will be provided at no charge to the tenants.

**o. Renovations and Current Occupancy:**

Not applicable

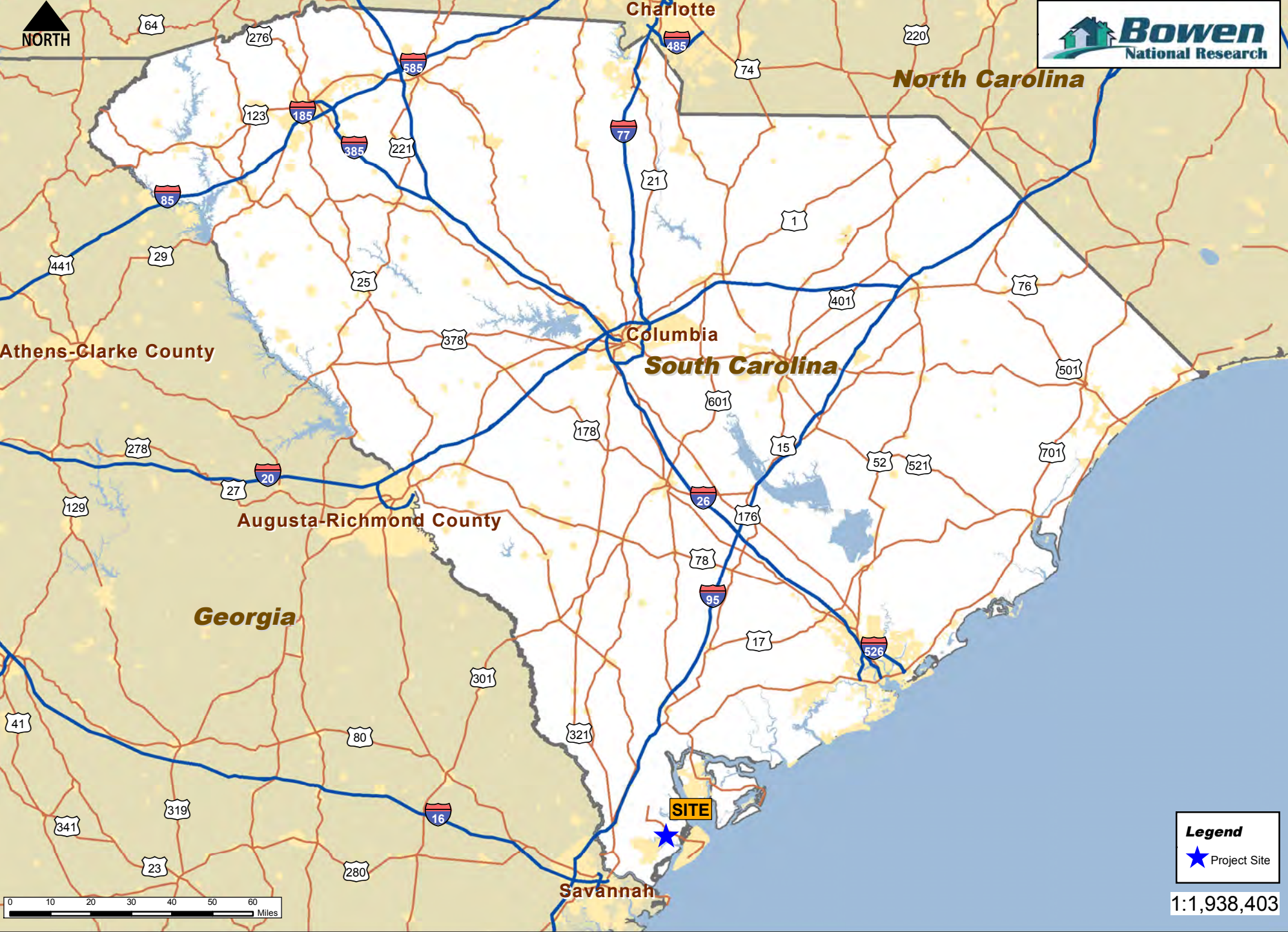
**p. Utility Responsibility:**

Water, sewer and trash collection are included in the rent, while tenants are responsible for all other utilities and services, including the following:

- Electric Heating
- Electric Cooking
- Electric Hot Water
- General Unit Electricity

A state map and an area map are on the following pages.

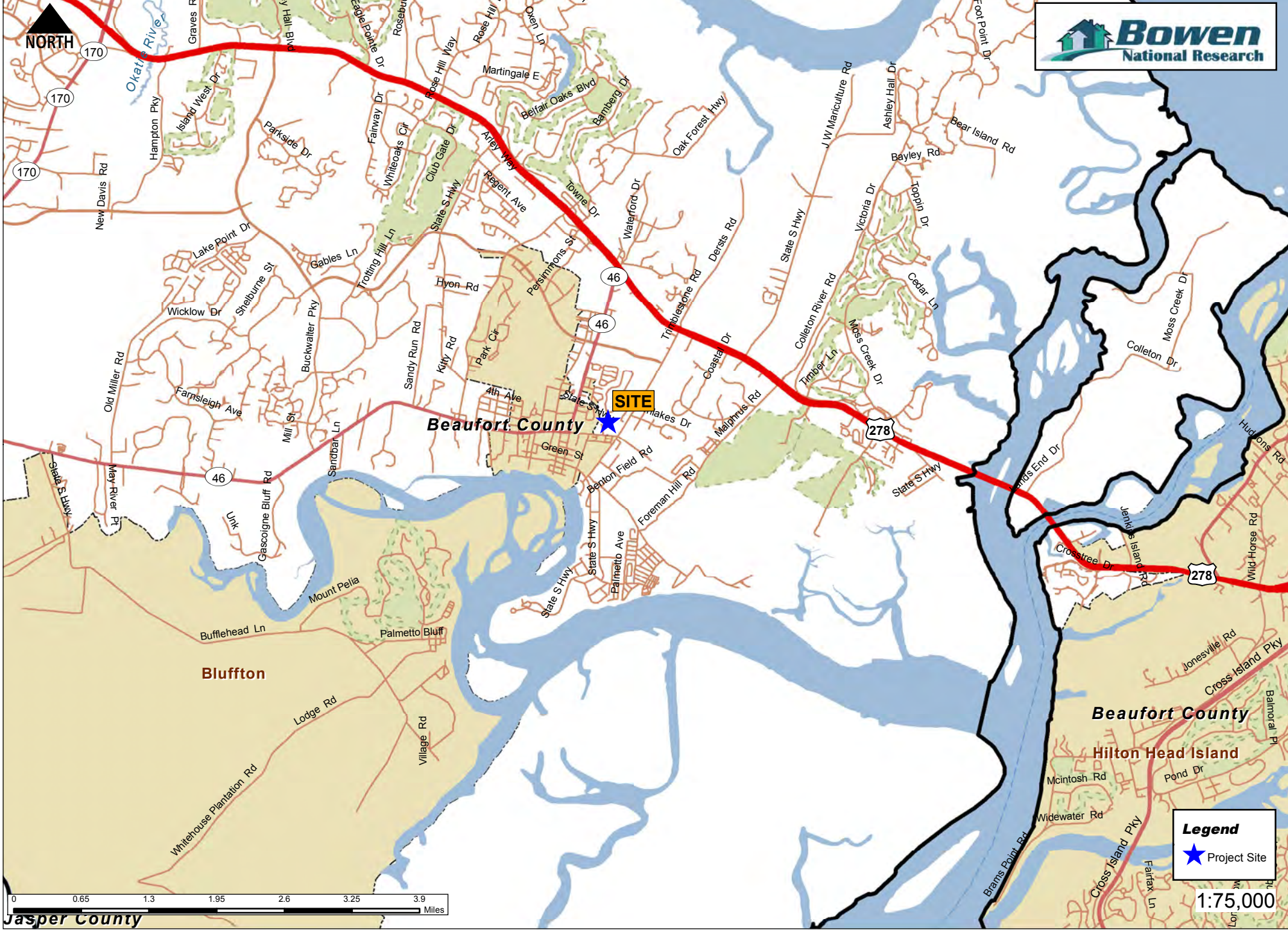
# State of South Carolina



**Legend**  
★ Project Site

1:1,938,403

# Bluffton, SC: Surrounding Area



Beaufort County

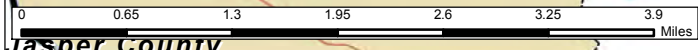
**SITE**

Beaufort County

Hilton Head Island

**Legend**  
★ Project Site

1:75,000



Jasper County



## C. SITE DESCRIPTION AND EVALUATION

### 1. SITE INSPECTION DATE

Bowen National Research personally inspected the subject site during the week of February 11, 2013. The following is a summary of our site evaluation, including an analysis of the site's proximity to community services.

### 2. SITE DESCRIPTION AND SURROUNDING LAND USES

The subject site consists of approximately 3.5 acres of undeveloped land located adjacent to May River Village I, located at 5736 Patriot Lane, in Bluffton, South Carolina. Located within Beaufort County, Bluffton is approximately 17.0 miles east of Hardeeville, South Carolina and approximately 7.0 miles northwest of Hilton Head, South Carolina. Following is a description of surrounding land uses:

<b>North -</b>	Bordering the site to the north is Lake Linden Drive which contains single-family homes in average condition. Continuing northeast on Lake Linden Lane, are additional single-family homes in average condition. Further northwest is Bluffton Community Library.
<b>East -</b>	The existing May River Village I borders the site to the east. Further east is 2-Friends Beads Crafts & Gifts, The Corner Perk Café Shop and Burnt Church Road. Undeveloped land and scattered single-family homes are on the east side of Burnt Church Road.
<b>South -</b>	Hawkes Road borders the site to the south and dead ends into State Road S-7-120/Bruin Road. Further south consists of wooded land, local businesses and the Beaufort County School District Office located on Burnt Church Road.
<b>West -</b>	Bordering the site to the west by a single-family residence, followed by Hawkes Road. A 24-hour self storage facility lines the west side of Hawkes Road and is followed by wooded land, single-family homes and local businesses that are located along State Route 46/Bluffton Road and May River Road.

The proposed development is within very close proximity to various business and shopping centers which will contribute to the marketability of the site. Overall, the subject property fits well with the surrounding land uses, which should contribute to the marketability of the site.

### 3. 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 Highway(s)	State Route 46 U.S. Highway 278	Adjacent south 1.4 Northeast
Public Bus Stop	Lowcountry Regional Transportation Authority (Palmetto Breeze Transit)	2.4 Northwest
Major Employers/ Employment Centers	Krogers Ramstad	3.1 North 3.1 North
Convenience Store	Nickel Pumpers Enmark Stations Circle K	0.3 West 2.4 North 2.7 West
Grocery	Piggly Wiggly Food Lion	1.0 North 2.3 North
Discount Department Store	Dollar General Target	1.0 West 2.0 Northwest
Shopping Center/Mall	Tanger Outlet Centers	2.0 Northeast
Schools:		
Elementary	MC Riley Elementary	0.5 South
Middle/Junior High	Bluffton Middle School	3.0 Northwest
Senior High	Bluffton High School	4.3 Northwest
Hospital/Medical Center	Doctor Care Urgent Care Clinic Beaufort Memorial Hospital	1.5 Northwest 4.2 Northwest
Police	Bluffton Police Department	2.1 North
Fire	Bluffton Township Fire Department	0.7 South
Post Office	U.S. Post Office	1.1 Northwest
Bank	Palmetto State Bank BB&T Coastal States Bank	0.6 Northwest 1.3 Northeast 1.0 North
Gas Station	Nickel Pumpers	0.3 West
Pharmacy	Bluffton Pharmacy CVS	0.8 Northwest 2.3 North
Restaurant	The Corner Perk Cafe Fiddle Head Pizza Captain Woody's May River Grill	0.2 east 0.2 east 0.5 west 0.8 west
Library	Bluffton Community Library	1.1 Northwest
Fitness Center	Curves Benchmark Fitness	2.1 North 2.7 North
Recreation Facility	Bluffton Pool Bluffton Recreation Center	0.3 Southeast 1.1 South
Church	Church of The Cross	0.9 Southwest
Golf	Hilton Head National Golf Club	2.5 East

The subject site is located within close proximity to numerous shopping, dining, and entertainment opportunities. Fording Island Road is located approximately 1.3 miles north of the site and serves as a major commercial corridor in the immediate site neighborhood. Multiple community services are located along this major arterial roadway including Tanger Outlet Centers, Target, restaurants, banks, and gas stations.

The site is located within Beaufort County School District and is served by MC Riley Elementary (0.5 miles south), Bluffton Middle School (3.0 miles northwest), and Bluffton High School (4.3 miles northwest).

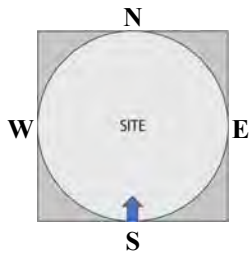
Beaufort Memorial Hospital is the area's major hospital, and the largest medical center between Savannah, Georgia and Charleston, South Carolina. It is located 4.2 miles northwest of the site. Beaufort Memorial Hospital is equipped with 197 beds and over 150 qualified medical staff. Additionally, Doctor's Care Urgent Care Clinic is located 1.5 miles northwest of the site.

The city of Bluffton is served by the Lowcountry Regional Transportation Authority, also known as Palmetto Breeze Transit. This is a scheduled route transportation service that operates 4:30 a.m. to 8:00 p.m. Sunday through Saturday. The site is served by Route 503 with the nearest bus stop located at Target on Fording Island Road 2.4 Miles northwest of the site. Note that the Palmetto Breeze Transit also provides on-call services between 10:00 a.m. and 1:00 p.m. Monday through Friday that will be able to accommodate residents at the subject site.

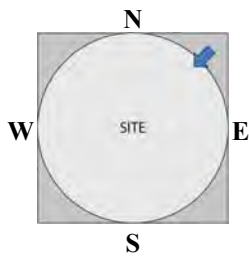
#### **4. SITE PHOTOGRAPHS**

Photographs of the subject site and surrounding land uses are on the following pages.

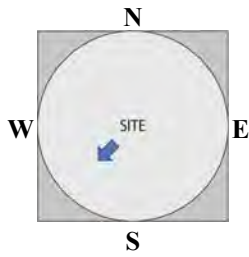
# SITE PHOTOGRAPHS



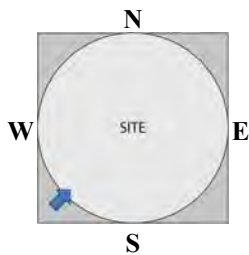
View of Hawkes Road from the south



View of site from the northeast



Hawkes Road looking southwest from site



View of site from the southwest

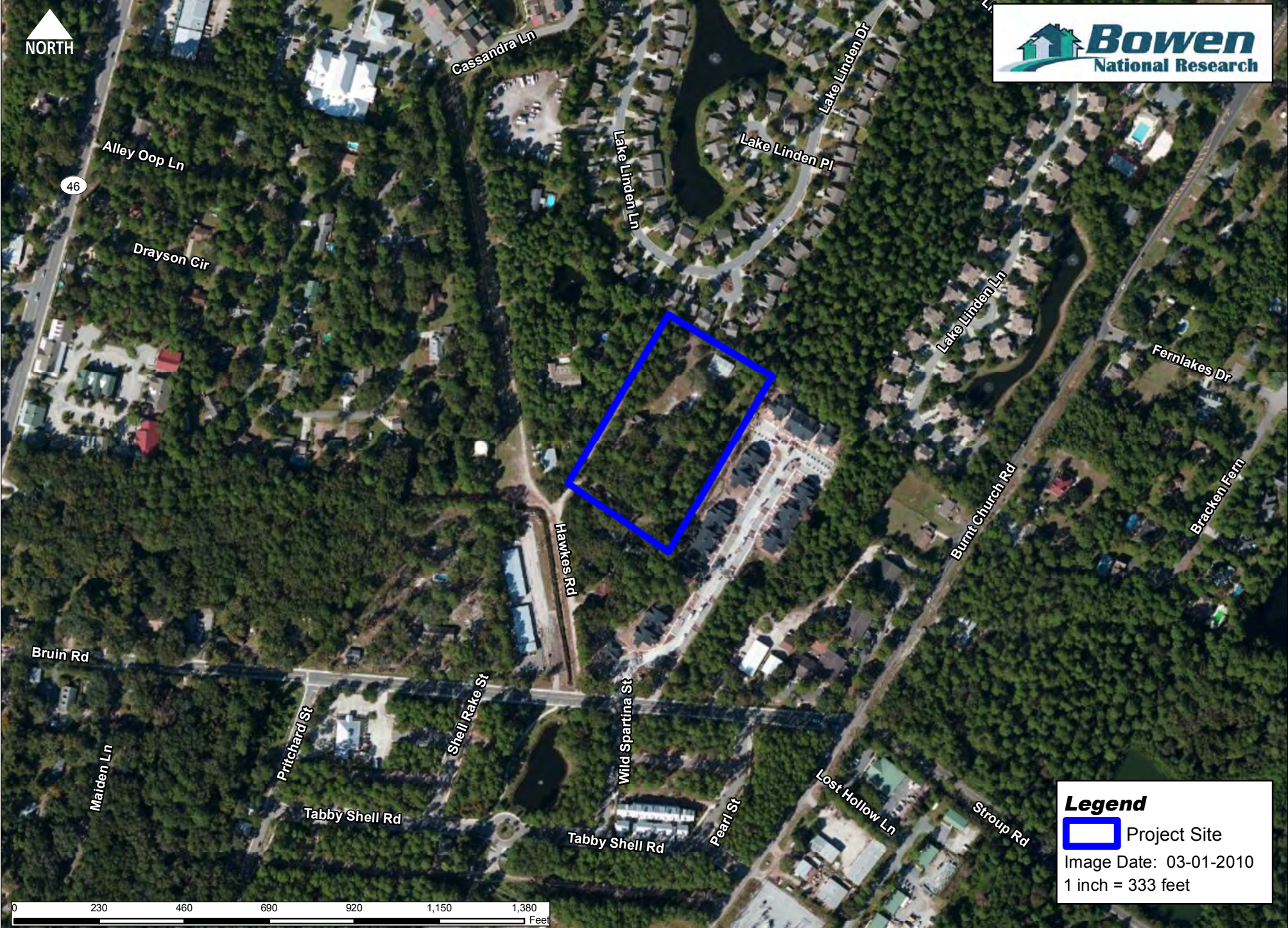


Looking south from northeast corner of site.

**5. SITE AND COMMUNITY SERVICES MAPS**


Maps of the subject site and relevant community services follow.

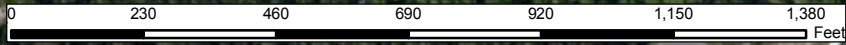
# Bluffton, SC: Site Neighborhood



NORTH

46

**Legend**  
 Project Site  
Image Date: 03-01-2010  
1 inch = 333 feet








# Bluffton, SC: Neighborhood Community Services

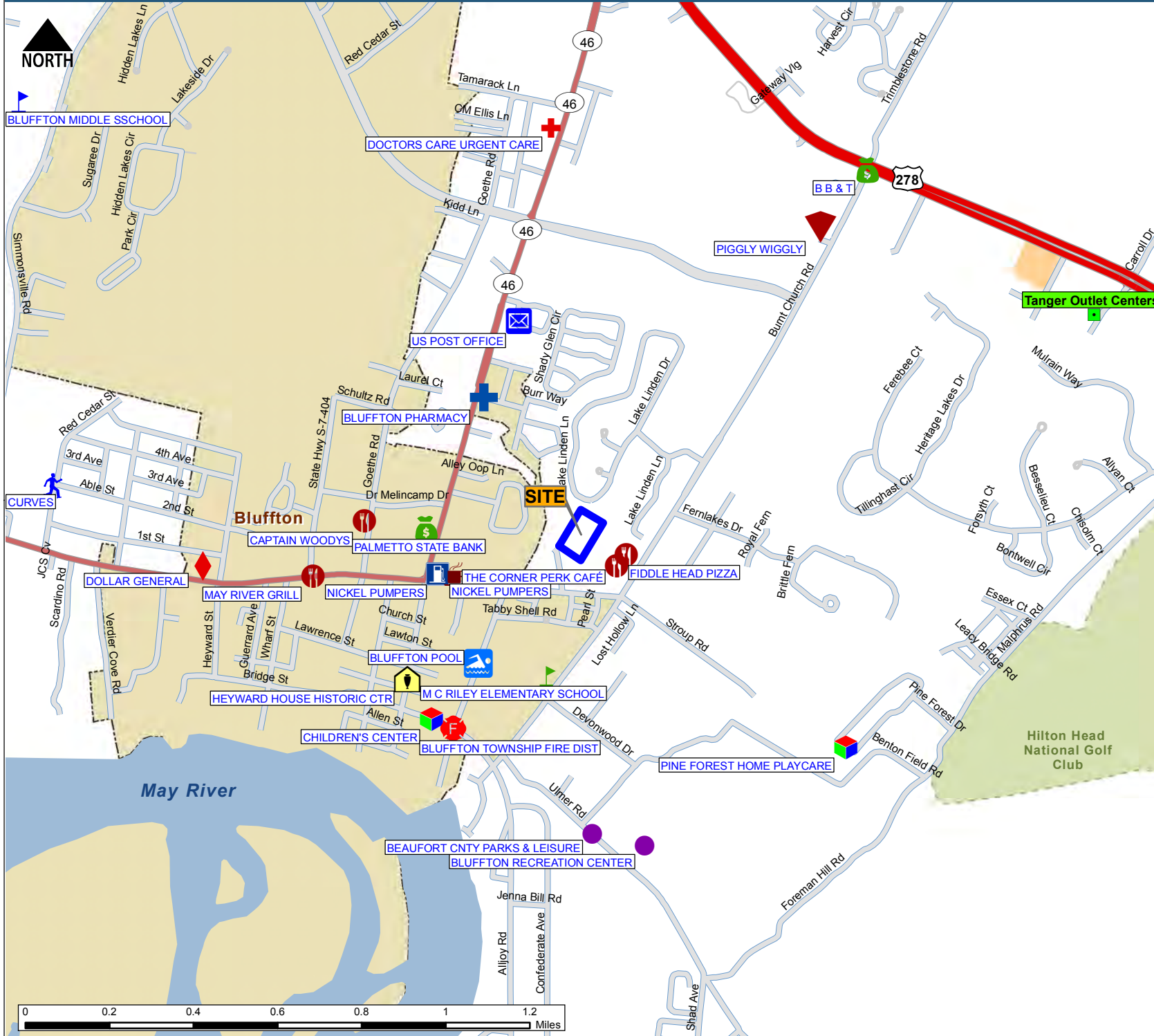


## Legend

-  Project Site
-  bank
-  child care
-  convenience store
-  elementary school
-  fire
-  fitness center
-  gas
-  grocery
-  medical center
-  middle school
-  pharmacy
-  post office
-  rec./community center
-  restaurant
-  shopping
-  swimming

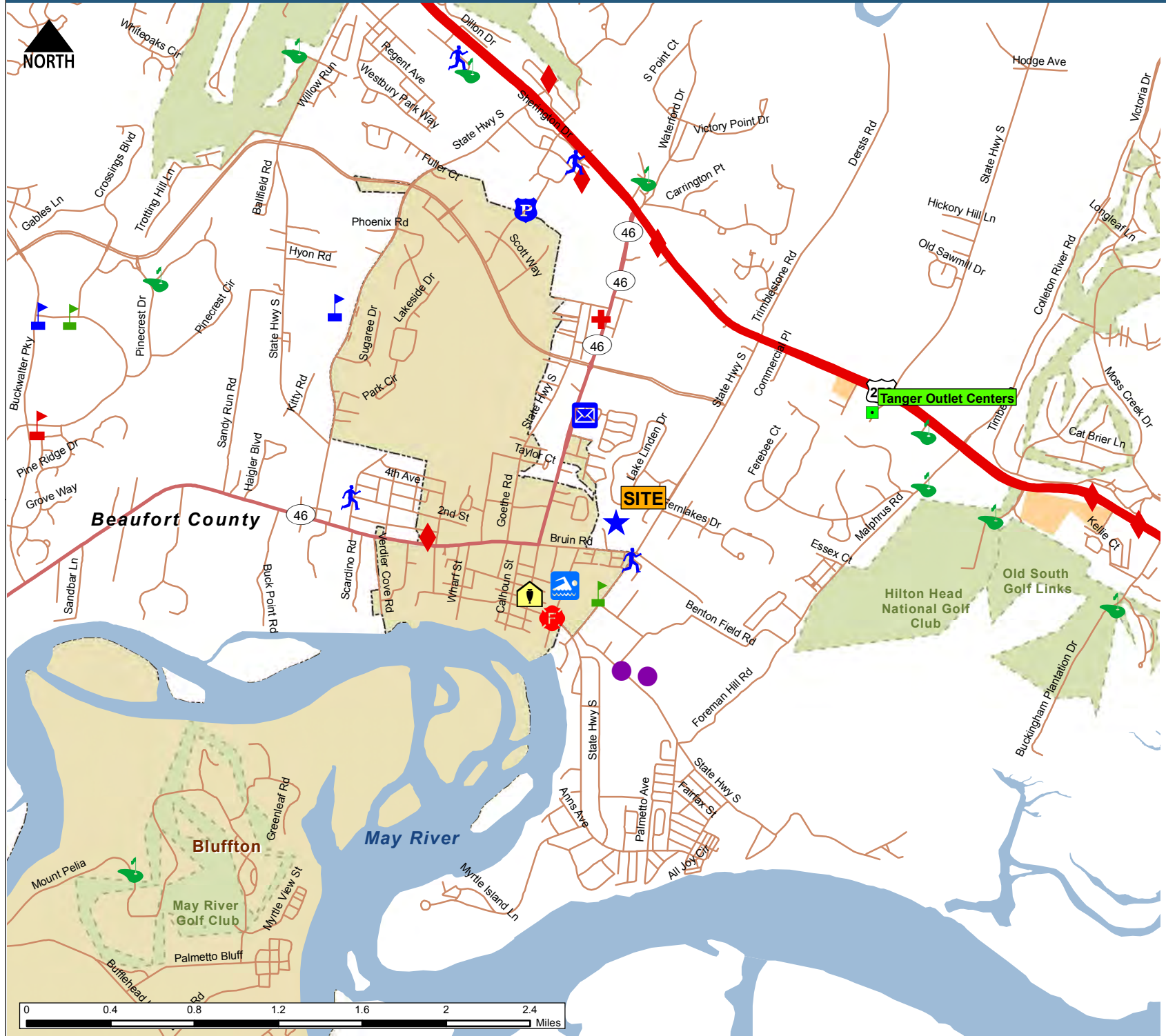
## Shopping Center

- Gross Leasable Area
-  < 500,000 sq. ft.
  -  < 1,000,000 sq. ft.
  -  < 3,200,000 sq. ft.



1:20,000

# Bluffton, SC: Regional Community Services

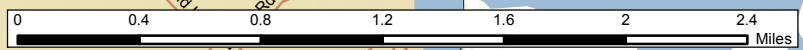


**Legend**

- Project Site
- elementary school
- fire
- fitness center
- golf
- high school
- medical center
- middle school
- museum
- police
- post office
- rec./community center
- shopping
- swimming

**Shopping Center**  
Gross Leasable Area

- < 500,000 sq. ft.
- < 1,000,000 sq. ft.
- < 3,200,000 sq. ft.



1:40,000

## 6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

According to local planning and zoning officials, no significant road construction or infrastructure improvements are planned for the immediate neighborhood.

## 7. 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 (148) for the Site PMA is above the national average with an overall personal crime index of 164 and a property crime index of 163. Total crime risk (138) for Beaufort County is above the national average with indexes for personal and property crime of 145 and 160, respectively.

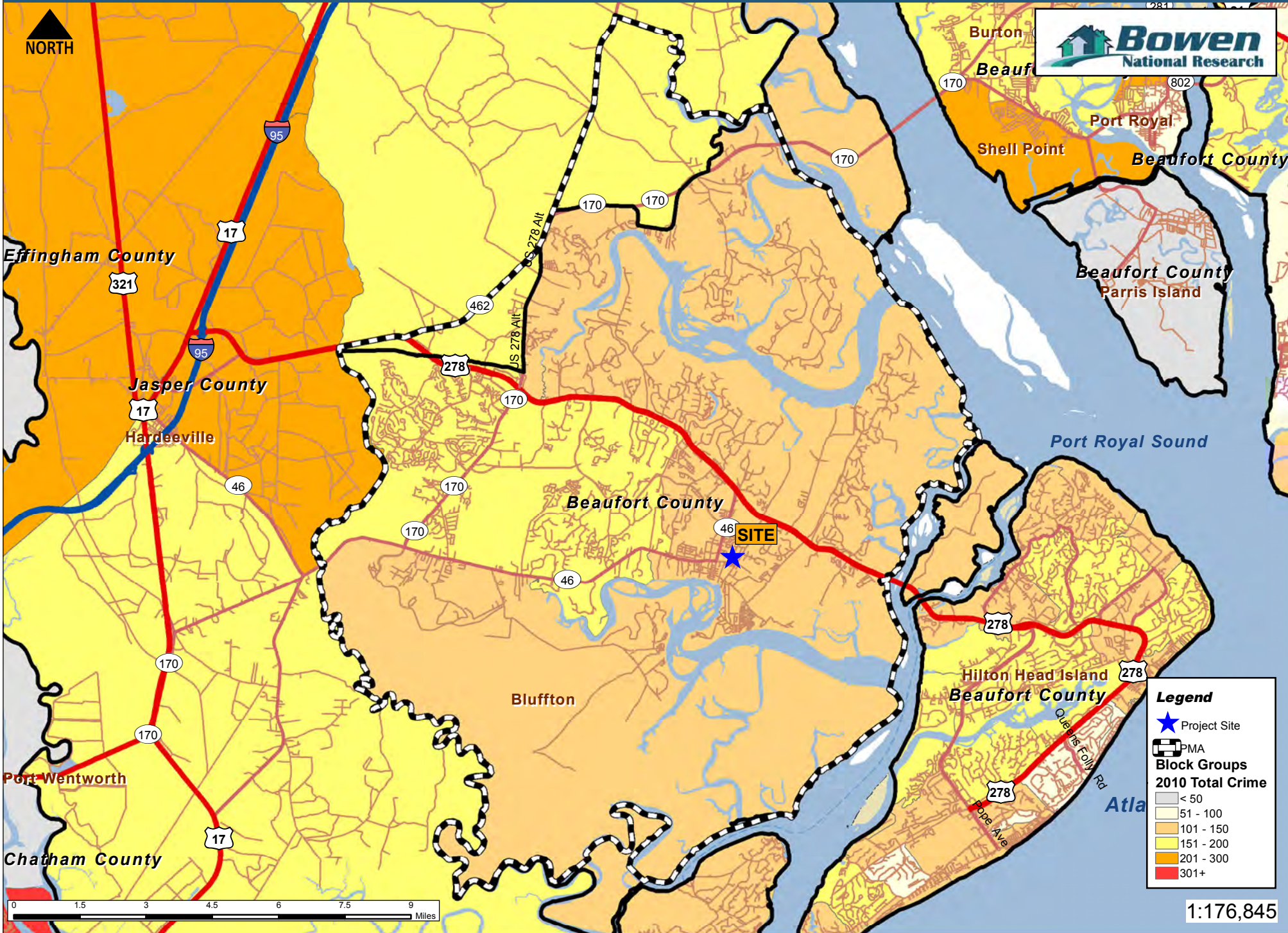
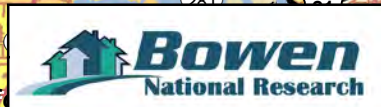
	Crime Risk Index	
	Site PMA	Beaufort County
<b>Total Crime</b>	<b>148</b>	<b>138</b>
<b>Personal Crime</b>	<b>164</b>	<b>145</b>
Murder	151	115
Rape	124	141
Robbery	103	79
Assault	192	166
<b>Property Crime</b>	<b>163</b>	<b>160</b>
Burglary	160	178
Larceny	217	202
Motor Vehicle Theft	89	75

Source: Applied Geographic Solutions

As the preceding table demonstrates, both the Site PMA and Beaufort County have crime risk indices above the national average. However, this has not had an impact on the rental housing market, as all properties surveyed in the market are maintaining high occupancies, which is further summarized in Section H of this report. Further, May River Village Phase I is 100.0% occupied and maintains a wait list, further providing evidence that the perception of crime has not had an adverse impact on the housing market. As such, we do not anticipate crime will be an issue on the marketability of the subject site.

A map illustrating crime risk is on the following page.

# Bluffton, SC: 2010 Crime Risk



**Legend**

- ★ Project Site
- ▭ PMA
- Block Groups
- 2010 Total Crime
- < 50
- 51 - 100
- 101 - 150
- 151 - 200
- 201 - 300
- 301+

1:176,845

## **8. ACCESS AND VISIBILITY**

The subject site is adjacent to May River Village Phase I, which is located at 5736 Patriot Lane. It is anticipated that the subject site will share the same access point as May River Village Phase I. Vehicular traffic along Patriot Lane is light and pedestrian traffic is insignificant. Visibility is considered good from State Road S-7-120/Bruin Road and is slightly obstructed when traveling northbound along Hawkes Road due to the wooded land west of the site. Accessibility is considered good, as there is easy and immediate access to major arterial roadways in the area. Public transportation services are also available. Vehicular traffic may experience slight delays upon ingress and egress of the site, as State Road S-7-120/Bruin Road may have increments of heavy flowing traffic.

## **9. VISIBLE OR ENVIRONMENTAL ISSUES**

There were no visible or environmental concerns within proximity to the site.

## **10. OVERALL SITE CONCLUSIONS**

The subject project fits in well with surrounding land uses. Visibility and access are considered good. The site is within 3.1 miles of most shopping, employment, recreation, entertainment and education opportunities. Social services, public transportation and public safety services are all within 4.2 miles, and the site has convenient access to major highways. Overall, we consider the site's location and proximity to community services to have a positive impact on its marketability.

## D. PRIMARY MARKET AREA DELINEATION

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to originate. The Bluffton Site PMA was determined through interviews with area leasing agents 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.

Ms. Damaris Valentin, Property Manager of May River Village, the first phase of the proposed site, stated that the majority of her tenants originated from the Bluffton area with a few being from within Beaufort County, thus confirming the Site PMA.

In addition Itzel Garza and Anne Marie, both property managers of Bluffton House Apartments and Hallmark Homes at Malphrus (both general-occupancy LIHTC projects), respectively, confirmed the Site PMA, stating that at least 80% to 90% of their tenants originated from the Bluffton area.

The Bluffton Site PMA includes the entire City of Bluffton and the surrounding unincorporated areas of Beaufort County. The boundaries of the Site PMA consist of State Route 462, Three Mile Road, Hazzard Creek and the Chechessee River to the north; Calibogue Sound and Mackay Creek to the east; the Bluffton city limits to the south and State Route 462 and the Bluffton city limits to the west.

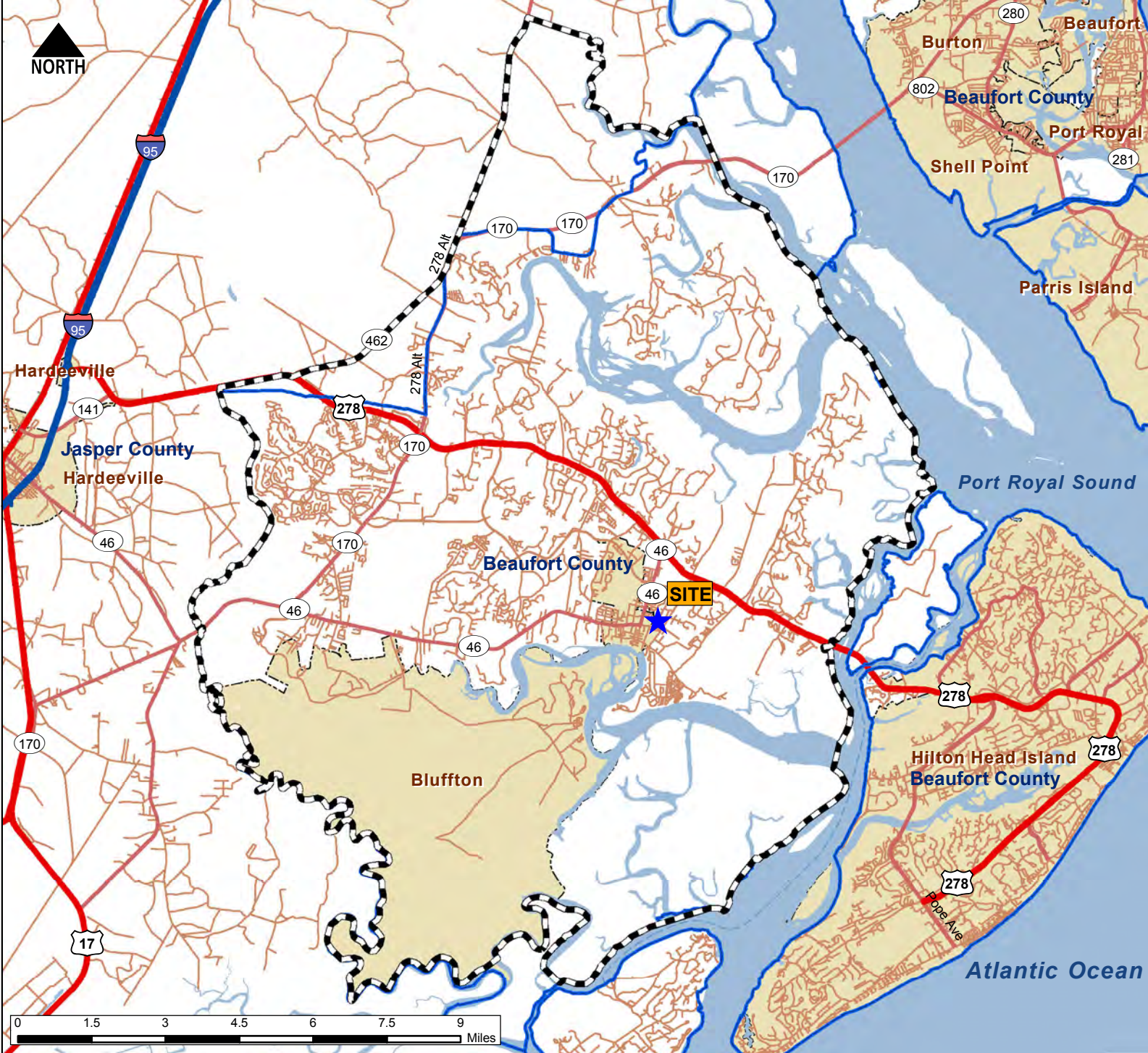
The Site PMA comprised the following Census Tract numbers:

21.02	21.03	21.04	21.05
21.06	21.07	21.08	22.01
22.02	9502.01		

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

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

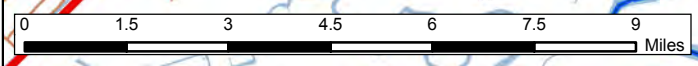
# Bluffton, SC: Primary Market Area



**Primary Market Area Information**  
 Area: 165.33 Sq. Miles  
 County in PMA: Beaufort  
 2012 Estimated Population: 54,389  
 2012 Total Households: 21,990  
 2012 Median Household Inc.: \$56,223

**Legend**

- Project Site
- PMA



1:179,054



## E. MARKET AREA ECONOMY

### 1. EMPLOYMENT BY INDUSTRY

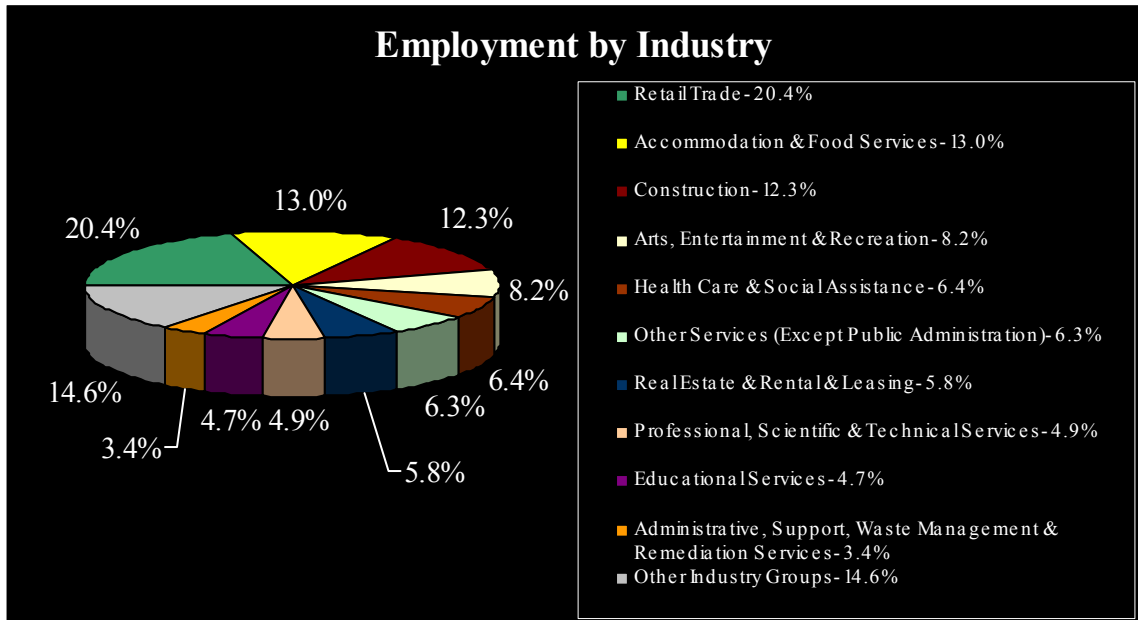
The labor force within the Bluffton Site PMA is based primarily in three sectors. Retail Trade (which comprises 20.4%), Accommodation & Food Services and Construction comprise nearly 46% of the Site PMA labor force. Employment in the Bluffton Site PMA, as of 2012, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	14	0.6%	35	0.2%	2.5
Mining	0	0.0%	0	0.0%	0.0
Utilities	4	0.2%	46	0.3%	11.5
Construction	376	16.8%	1,987	12.3%	5.3
Manufacturing	49	2.2%	225	1.4%	4.6
Wholesale Trade	69	3.1%	504	3.1%	7.3
Retail Trade	437	19.5%	3,297	20.4%	7.5
Transportation & Warehousing	31	1.4%	256	1.6%	8.3
Information	37	1.6%	340	2.1%	9.2
Finance & Insurance	106	4.7%	413	2.6%	3.9
Real Estate & Rental & Leasing	174	7.8%	937	5.8%	5.4
Professional, Scientific & Technical Services	167	7.4%	785	4.9%	4.7
Management of Companies & Enterprises	1	0.0%	0	0.0%	0.0
Administrative, Support, Waste Management & Remediation Services	127	5.7%	556	3.4%	4.4
Educational Services	31	1.4%	764	4.7%	24.6
Health Care & Social Assistance	148	6.6%	1,043	6.4%	7.0
Arts, Entertainment & Recreation	59	2.6%	1,332	8.2%	22.6
Accommodation & Food Services	129	5.8%	2,104	13.0%	16.3
Other Services (Except Public Administration)	197	8.8%	1,017	6.3%	5.2
Public Administration	44	2.0%	526	3.3%	12.0
Nonclassifiable	43	1.9%	13	0.1%	0.3
<b>Total</b>	<b>2,243</b>	<b>100.0%</b>	<b>16,180</b>	<b>100.0%</b>	<b>7.2</b>

\*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.



## 2. LOW-INCOME EMPLOYMENT OPPORTUNITIES

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

Typical Wage by Occupation Type		
Occupation Type	Low Country South Carolina Nonmetropolitan Area	South Carolina
Management Occupations	\$90,350	\$93,520
Business and Financial Occupations	\$59,500	\$58,280
Computer and Mathematical Occupations	\$65,510	\$63,170
Architecture and Engineering Occupations	\$66,010	\$70,990
Community and Social Service Occupations	\$37,670	\$38,470
Art, Design, Entertainment and Sports Medicine Occupations	\$45,480	\$41,560
Healthcare Practitioners and Technical Occupations	\$66,820	\$64,930
Healthcare Support Occupations	\$26,100	\$25,000
Protective Service Occupations	\$37,870	\$32,480
Food Preparation and Serving Related Occupations	\$21,400	\$19,790
Building and Grounds Cleaning and Maintenance Occupations	\$23,730	\$22,300
Personal Care and Service Occupations	\$24,840	\$23,040
Sales and Related Occupations	\$30,700	\$30,830
Office and Administrative Support Occupations	\$30,770	\$31,180
Construction and Extraction Occupations	\$37,890	\$35,720
Installation, Maintenance and Repair Occupations	\$39,300	\$39,920
Production Occupations	\$32,680	\$33,930
Transportation and Moving Occupations	\$27,180	\$29,540

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

Most annual blue-collar salaries range from \$21,400 to \$45,480 within the MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$69,638. It is important to note that most occupational types within the MSA have generally similar typical wages than the State of South Carolina's typical wages. The proposed project will target households with incomes generally between \$21,000 and \$43,500. The area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

### 3. AREA'S LARGEST EMPLOYERS

The ten largest employers within the Beaufort County area are summarized as follows:

Employer Name	Business Type	Total Employed
Beaufort Memorial Hospital	Healthcare/ Acute	1,000-4,999
Naval Hospital	Healthcare/ Military	1,000-4,999
Hilton Head Regional Medical Center	Hospital	500-999
Mals 31 Headquarters	Aircraft Servicing & Maintenance	500-999
Westin Hilton Head Island Resort	Hotels/ Motels	500-999
Robbers Row Grill	Restaurant	500-999
Wal-Mart Super Center	Department Store	500-999
Beaufort County Sherriff	Sherriff/ Police	250-499
Fripp Island	Hotel/ Resorts	250-499
Marriott Vacation Club International	Hotel/ Resorts	250-499

Source: [www.SCWorkforceInfo.com](http://www.SCWorkforceInfo.com) (July 2012)

A review of layoff notices posted on the South Carolina Department of Employment and workforce website shows that there have been minimal layoff or closure notices posted for the Bluffton/Beaufort County area since January 2012:

- Parker Hannifan, in Beaufort, announced that in October 2012 they would lay off 55 employees.
- Bank of American, in Beaufort, announced that in June 2012 they would lay off 20 employees due to a location closure.
- Food Lion, in Hilton Head, announced that in February 2012 they would lay off 35 employees due to a location closure.

Additional information pertaining to the local economy was unavailable at the time this report was issued.

#### 4. 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.

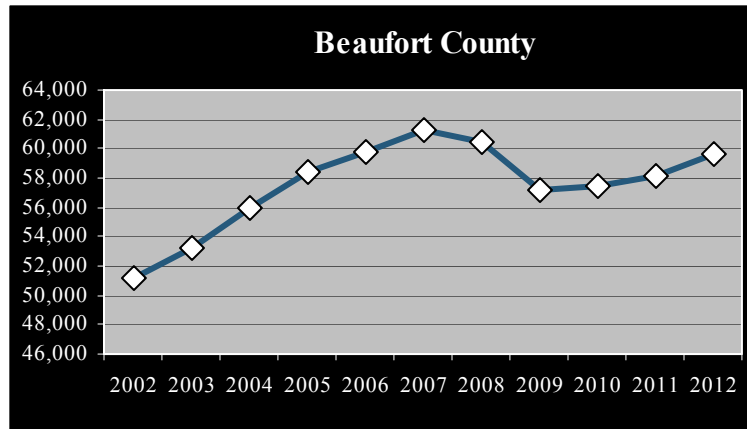
Excluding 2012, the employment base has declined by 5.2% over the past five years in Beaufort County, more than the South Carolina state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Beaufort County, South Carolina and the United States.

Year	Total Employment					
	Beaufort County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2002	51,130	-	1,826,240	-	137,936,674	-
2003	53,259	4.2%	1,854,419	1.5%	138,386,944	0.3%
2004	55,914	5.0%	1,888,050	1.8%	139,988,842	1.2%
2005	58,372	4.4%	1,922,367	1.8%	142,328,023	1.7%
2006	59,786	2.4%	1,970,912	2.5%	144,990,053	1.9%
2007	61,256	2.5%	2,010,252	2.0%	146,397,529	1.0%
2008	60,488	-1.3%	2,000,582	-0.5%	146,068,824	-0.2%
2009	57,173	-5.5%	1,903,146	-4.9%	140,721,369	-3.7%
2010	57,397	0.4%	1,909,414	0.3%	140,483,185	-0.2%
2011	58,091	1.2%	1,935,885	1.4%	141,748,955	0.9%
2012*	59,649	2.7%	1,953,708	0.9%	141,772,241	0.0%

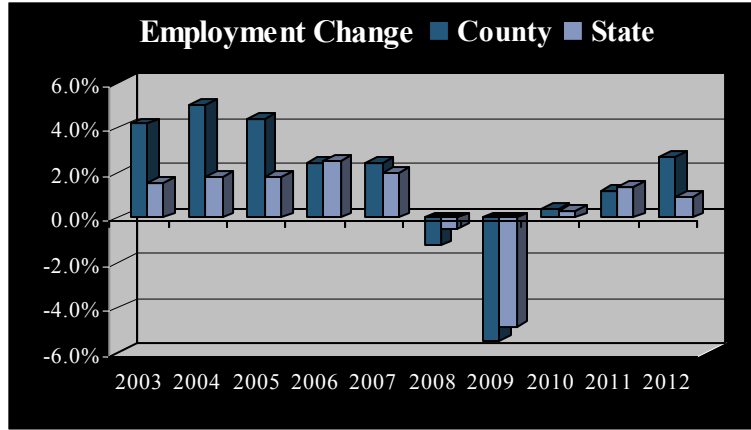
Source: Department of Labor; Bureau of Labor Statistics

\*Through December



As the preceding illustrates, the Beaufort County employment base declined by 4,083 employees (6.7%) between 2007 and 2009. The decline in the employment base is consistent with national trends during the recession. It should be noted, since 2009, the employment base increased by 2,476 employees (4.3%), indicating that the county is well within the stage of recovery.

The following table illustrates the percent change in employment for Beaufort County and South Carolina.

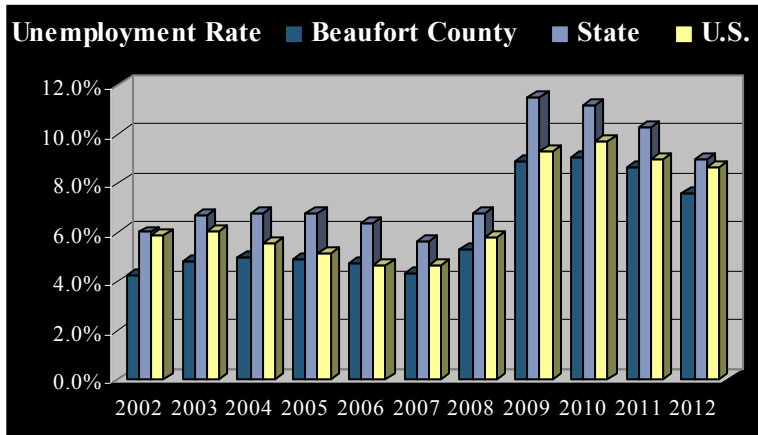


Unemployment rates for Beaufort County, South Carolina and the United States are illustrated as follows:

Year	Unemployment Rate		
	Beaufort County	South Carolina	United States
2002	4.2%	6.0%	5.8%
2003	4.8%	6.7%	6.0%
2004	5.0%	6.8%	5.6%
2005	4.9%	6.8%	5.2%
2006	4.7%	6.4%	4.7%
2007	4.3%	5.6%	4.7%
2008	5.3%	6.8%	5.8%
2009	8.9%	11.5%	9.3%
2010	9.1%	11.2%	9.7%
2011	8.7%	10.3%	9.0%
2012*	7.6%	9.0%	8.7%

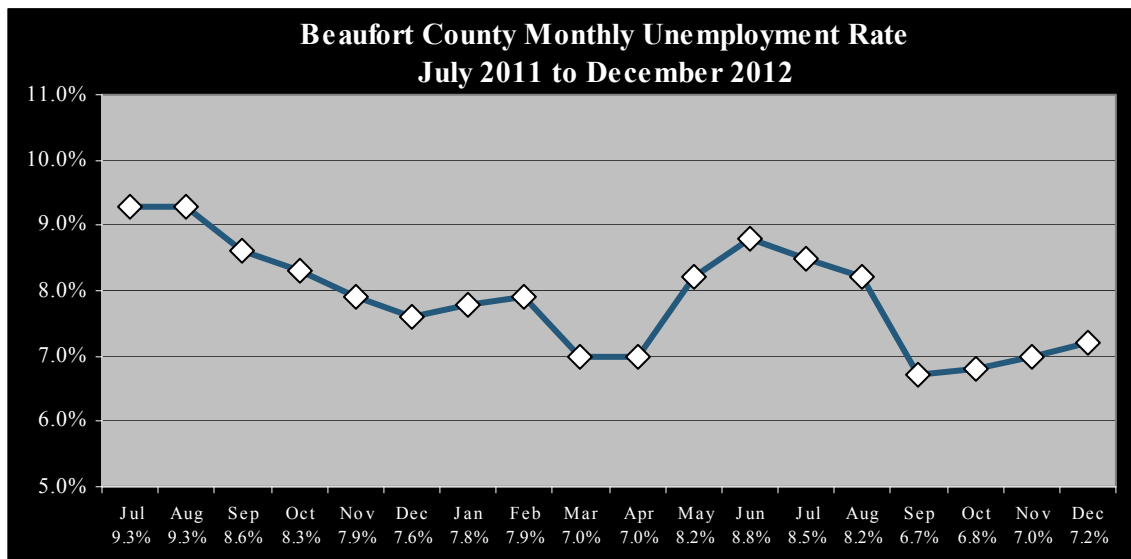
Source: Department of Labor, Bureau of Labor Statistics

\*Through December



The unemployment rate in Beaufort County has ranged between 4.2% and 9.1%, below both the state and national averages since 2002. It should be noted that the unemployment rate increased by nearly five percentage points between 2007 and 2010, which is consistent with trends during the national recession. On a positive note, the unemployment rate has consistently declined over the preceding three-year period; however, the unemployment rate still remains moderately high at 7.6% (through December).

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



While the county has experienced fluctuations in unemployment over the past 18 months, it has generally trended downward and has been below 7.5% since September of 2012.

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

In-Place Employment Beaufort County			
Year	Employment	Change	Percent Change
2002	55,303	-	-
2003	57,059	1,756	3.2%
2004	58,841	1,782	3.1%
2005	60,663	1,822	3.1%
2006	61,852	1,189	2.0%
2007	63,027	1,175	1.9%
2008	61,860	-1,167	-1.9%
2009	58,272	-3,588	-5.8%
2010	56,511	-1,761	-3.0%
2011	56,453	-58	-0.1%
2012*	57,229	776	1.4%

Source: Department of Labor, Bureau of Labor Statistics

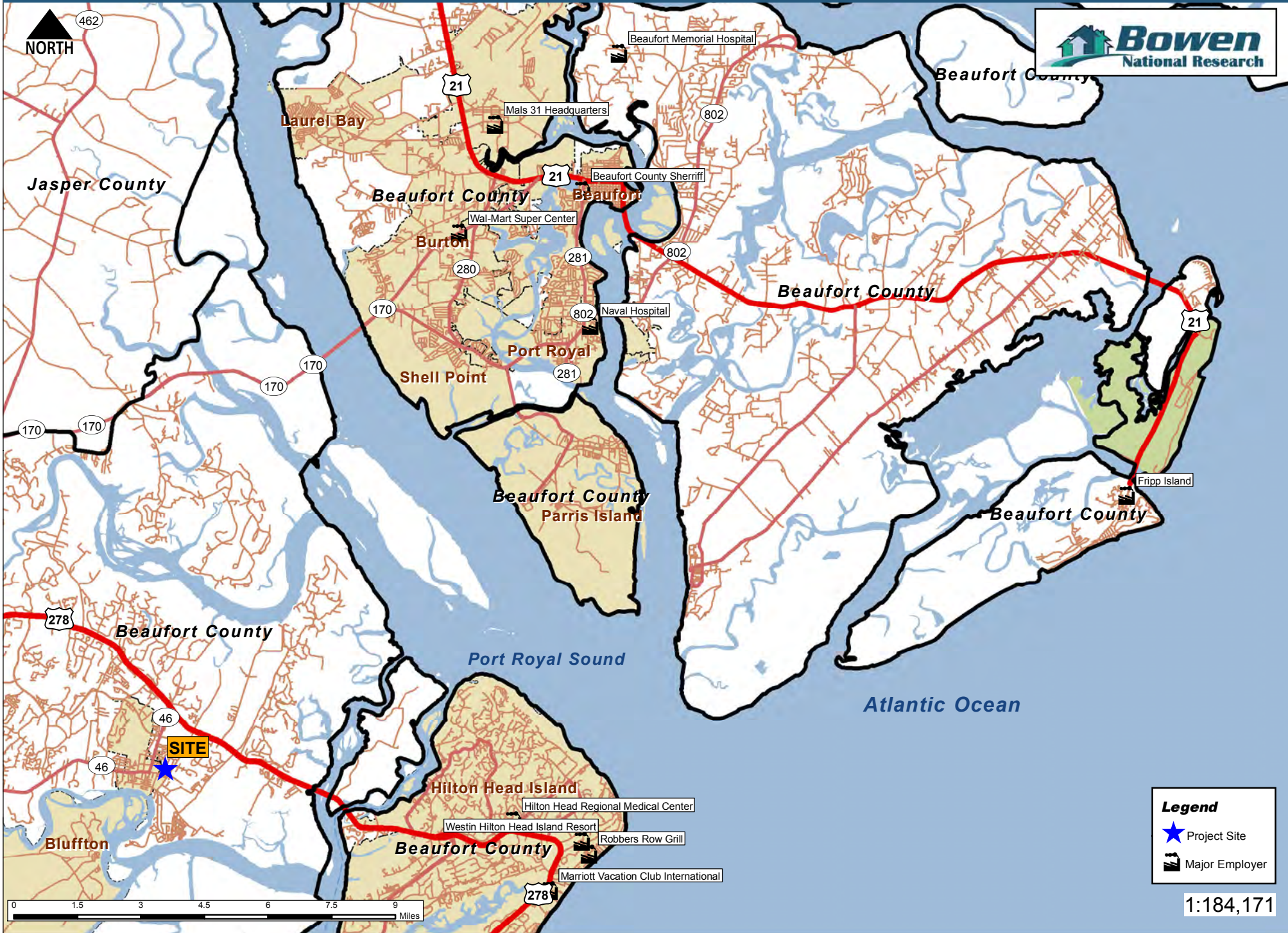
\*Through June

Data for 2011, the most recent year that year-end figures are available, indicates in-place employment in Beaufort County to be 97.2% of the total Beaufort County employment. This means that Beaufort County has slightly more employed persons leaving the county for daytime employment than those who work in the county. A high share of employed persons leaving the county for employment could have an adverse impact on residency with increasing energy costs.

## 5. EMPLOYMENT CENTERS MAP

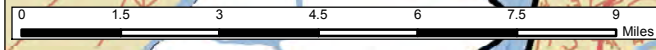
A map illustrating the location of the area's largest employers is included on the following page.

# Bluffton, SC: Major Employers



**Legend**

- ★ Project Site
- 🏢 Major Employer



1:184,171



## 6. COMMUTING PATTERNS

Based on the American Community Survey (2006-2010), the following is a distribution of commuting patterns for Site PMA workers age 16 and over:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	15,792	78.5%
Carpooled	2,484	12.3%
Public Transit	118	0.6%
Walked	364	1.8%
Other Means	349	1.7%
Worked at Home	1,015	5.0%
Total	20,122	100.0%

Source: American Community Survey (2006-2010); ESRI; Urban Decision Group; Bowen National Research

Nearly 78% of all workers drove alone, 12.3% carpooled and only 0.6% used public transportation.

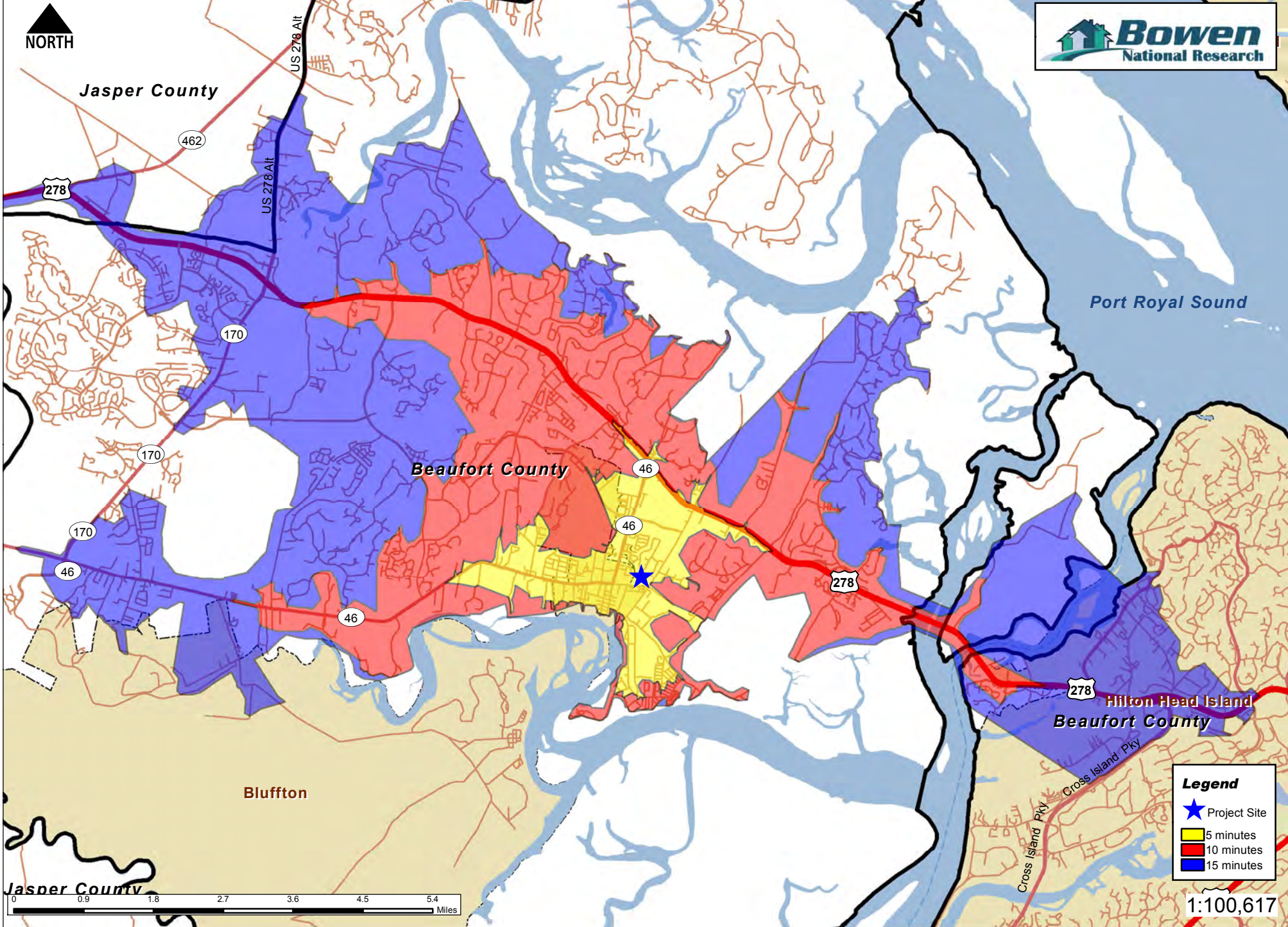
Typical travel times to work for the Site PMA residents are illustrated as follows:

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	4,925	24.5%
15 to 29 Minutes	7,614	37.8%
30 to 44 Minutes	4,911	24.4%
45 to 59 Minutes	1,068	5.3%
60 or More Minutes	589	2.9%
Worked at Home	1,015	5.0%
Total	20,122	100.0%

Source: American Community Survey (2006-2010); ESRI; Urban Decision Group; Bowen National Research

The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 20-minute drive to most of the area's largest employers, which should contribute to the project's marketability. A drive-time map for the subject site is on the following page.

# Bluffton, SC: Drive Time from Site



**Legend**

- ★ Project Site
- 5 minutes
- 10 minutes
- 15 minutes

1:100,617

**7. ELDERLY EMPLOYMENT OPPORTUNITIES**

The subject project will not be age-restricted; therefore, an analysis of employment opportunities for seniors is not required for this report.

**8. ECONOMIC FORECAST AND HOUSING IMPACT**

Based on ESRI data and employment data from the Bureau of Labor Statistics, the Beaufort County economy has been improving within the past three years. It should be noted, however, that the unemployment rate is still relatively high (7.6% through December 2012); however, it has been declining over the preceding three-year period. In addition, the employment base experienced a significant decrease between 2007 and 2009, declining by 4,083 employees, or 6.7%. Since 2009, however, the employment base has increased by 2,476 employees, or 4.3%. The preceding factors indicate that the local economy is well within the stages of recovery. Overall, we believe the area economy will continue to create a stable environment for affordable housing.

## F. COMMUNITY DEMOGRAPHIC DATA

The following demographic data relates to the Site PMA. It is important to note that not all 2015 projections quoted in this section agree because of the variety of sources and rounding methods used. In most cases, the differences in the 2015 projections do not vary more than 1.0%.

### 1. POPULATION TRENDS

#### a. Total Population

The Site PMA population bases for 2000, 2010, 2012 (estimated) and 2015 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2012 (Estimated)	2015 (Projected)
Population	19,141	53,067	54,389	57,602
Population Change	-	33,926	1,322	3,213
Percent Change	-	177.2%	2.5%	5.9%

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

The Bluffton Site PMA population base increased by 33,926 between 2000 and 2010. This represents a 177.2% increase over the 2000 population, or an annual rate of 10.7%. Between 2010 and 2012, the population increased by 1,322, or 2.5%. It is projected that the population will increase by 3,213, or 5.9%, between 2012 and 2015.

Based on the 2010 Census, the population residing in group-quarters is represented by 0.5% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	263	0.5%
Population not in Group Quarters	52,804	99.5%
Total Population	53,067	100.0%

Source: 2010 Census

**b. Population by Age Group**

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

Population by Age	2010 (Census)		2012 (Estimated)		2015 (Projected)		Change 2012-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	11,712	22.1%	11,712	21.5%	12,169	21.1%	457	3.9%
20 to 24	2,494	4.7%	2,517	4.6%	2,482	4.3%	-35	-1.4%
25 to 34	6,705	12.6%	6,915	12.7%	7,238	12.6%	323	4.7%
35 to 44	6,290	11.9%	6,227	11.4%	6,456	11.2%	229	3.7%
45 to 54	5,330	10.0%	5,233	9.6%	5,221	9.1%	-12	-0.2%
55 to 64	7,582	14.3%	8,045	14.8%	8,581	14.9%	536	6.7%
65 to 74	8,738	16.5%	9,452	17.4%	10,908	18.9%	1,456	15.4%
75 & Over	4,215	7.9%	4,288	7.9%	4,548	7.9%	260	6.1%
Total	53,067	100.0%	54,389	100.0%	57,602	100.0%	3,213	5.9%

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

As the preceding table illustrates, nearly 49% of the population is expected to be between 25 and 64 years old in 2012. This age group is the prime group of potential renters for the subject site and will likely represent a significant number of the tenants.

**c. Elderly and Non-Elderly Population**

The subject project is not age-restricted; therefore, all persons with appropriate incomes will be eligible to live at the subject development. As a result, we have not included an analysis of the PMA's senior and non-senior population.

**d. Special Needs Population**

The subject project will not offer special needs units. Therefore, we have not provided any population data regarding special needs populations.

**2. HOUSEHOLD TRENDS**

**a. Total Households**

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

	Year			
	2000 (Census)	2010 (Census)	2012 (Estimated)	2015 (Projected)
Households	7,938	21,628	21,990	23,432
Household Change	-	13,690	362	1,442
Percent Change	-	172.5%	1.7%	6.6%
Household Size	2.41	2.45	2.46	2.45

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



Within the Bluffton Site PMA, households increased by 13,690 (172.5%) between 2000 and 2010. Between 2010 and 2012, households increased by 362 or 1.7%. By 2015, there will be 23,432 households, an increase of 1,442 households, or 6.6% from 2012 levels. This is an increase of approximately 481 households annually over the next three years. This demonstrates a likely increase in the potential base of demographic support for the proposed family (general-occupancy) housing units.

**b. Household by Tenure**

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2012 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	16,807	77.7%	17,104	77.8%	18,320	78.2%
Renter-Occupied	4,821	22.3%	4,886	22.2%	5,112	21.8%
Total	21,628	100.0%	21,990	100.0%	23,432	100.0%

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

In 2012, homeowners occupied 77.8% of all occupied housing units, while the remaining 22.2% were occupied by renters. The 4,886 renter households in 2012 represent a good base of potential support in the market for the subject development.

**c. Households by Income**

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

Household Income	2010 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	595	2.8%	602	2.7%	668	2.9%
\$10,000 to \$19,999	1,649	7.6%	1,726	7.8%	1,912	8.2%
\$20,000 to \$29,999	1,939	9.0%	2,096	9.5%	2,314	9.9%
\$30,000 to \$39,999	2,171	10.0%	2,469	11.2%	2,692	11.5%
\$40,000 to \$49,999	2,773	12.8%	2,882	13.1%	3,052	13.0%
\$50,000 to \$59,999	2,307	10.7%	2,167	9.9%	2,318	9.9%
\$60,000 to \$74,999	2,205	10.2%	2,581	11.7%	2,719	11.6%
\$75,000 to \$99,999	3,257	15.1%	3,300	15.0%	3,455	14.7%
\$100,000 to \$124,999	1,912	8.8%	1,706	7.8%	1,776	7.6%
\$125,000 to \$149,999	1,010	4.7%	860	3.9%	869	3.7%
\$150,000 to \$199,999	874	4.0%	740	3.4%	769	3.3%
\$200,000 & Over	936	4.3%	861	3.9%	887	3.8%
Total	21,628	100.0%	21,990	100.0%	23,432	100.0%
Median Income	\$57,317		\$55,626		\$54,647	

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

In 2010, the median household income was \$57,317. This declined by 3.0% to \$55,626 in 2012. By 2015, it is projected that the median household income will be \$54,647, a decline of 1.8% over 2012.



**d. Average Household Size**

Information regarding average household size is considered in 2. a. *Total Households* of this section.

**e. Households by Income by Tenure**

The following tables illustrate renter household income by household size for 2010, 2012 and 2015 for the Bluffton Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	27	84	9	7	5	132
\$10,000 to \$19,999	134	184	124	69	38	549
\$20,000 to \$29,999	89	223	101	53	123	590
\$30,000 to \$39,999	284	84	91	147	157	764
\$40,000 to \$49,999	293	270	74	66	134	836
\$50,000 to \$59,999	125	65	157	145	21	513
\$60,000 to \$74,999	80	72	50	62	74	338
\$75,000 to \$99,999	26	191	70	111	170	568
\$100,000 to \$124,999	18	37	27	60	30	172
\$125,000 to \$149,999	20	36	44	7	26	132
\$150,000 to \$199,999	24	18	75	1	23	141
\$200,000 & Over	26	44	7	7	3	86
Total	1,146	1,308	830	734	803	4,821

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2012 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	24	93	13	4	2	136
\$10,000 to \$19,999	169	142	141	73	38	565
\$20,000 to \$29,999	129	205	130	49	134	647
\$30,000 to \$39,999	262	101	139	142	195	838
\$40,000 to \$49,999	278	262	79	101	146	868
\$50,000 to \$59,999	135	67	128	127	40	497
\$60,000 to \$74,999	76	109	63	75	103	426
\$75,000 to \$99,999	41	203	74	118	145	582
\$100,000 to \$124,999	10	31	16	25	13	93
\$125,000 to \$149,999	8	30	31	8	21	97
\$150,000 to \$199,999	12	9	63	2	12	98
\$200,000 & Over	8	23	2	4	4	41
Total	1,153	1,274	879	727	853	4,886

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2015 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	28	96	15	5	3	147
\$10,000 to \$19,999	177	150	153	80	43	603
\$20,000 to \$29,999	136	218	143	51	151	699
\$30,000 to \$39,999	274	105	148	148	208	884
\$40,000 to \$49,999	280	263	80	105	156	884
\$50,000 to \$59,999	134	70	135	133	42	514
\$60,000 to \$74,999	77	110	65	81	111	444
\$75,000 to \$99,999	43	201	75	121	151	591
\$100,000 to \$124,999	12	31	16	27	14	101
\$125,000 to \$149,999	7	29	33	6	22	97
\$150,000 to \$199,999	13	12	69	2	12	108
\$200,000 & Over	7	22	5	4	3	40
Total	1,189	1,307	938	762	916	5,112

Source: Ribbon Demographics; ESRI; Urban Decision Group

Overall, population and households have experienced positive growth since 2000. In fact, between 2000 and 2010, households increased significantly by 13,690, or 172.5%. These trends are projected to remain positive through 2015, increasing by 3,213 (5.9%) and 1,442 (6.6%), respectively, from 2012. It should also be noted that over one-fifth of the market is occupied by renter households, and the 4,886 renter households represent a good base of potential support in the market for the subject development. In addition, as discussed in Section H of this report, all affordable housing communities are maintaining high occupancy rates, a majority of which have waiting lists. This indicates that there is strong demand for such housing and the continuing need for additional affordable housing options within the Site PMA, particularly when factoring in rent overburdened households or those living in substandard housing.



## G. PROJECT-SPECIFIC DEMAND ANALYSIS

### 1. INCOME RESTRICTIONS

The number of income-eligible households necessary to support the project from the Site PMA is an important consideration in evaluating the subject 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 Beaufort County, which has a four-person median household income of \$67,000 for 2013. 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 at various levels of AMHI:

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$23,450	\$28,140
Two-Person	\$26,800	\$32,160
Three-Person	\$30,150	\$36,180
Four-Person	\$33,500	\$40,200
Five-Person	\$36,200	\$43,440

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 \$43,440.

### 2. AFFORDABILITY

Leasing industry standards typically require households to have rent-to-income ratios of 25% to 30%. Pursuant to SCSHFDA market study guidelines, the maximum rent-to-income ratio permitted for a family project is 35% and for a senior project is 40%.

The proposed LIHTC units will have a lowest gross rent of \$618 (at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$7,416. 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 \$21,189.

Based on the preceding analyses, the income-appropriate ranges required for residency at the subject project with units built to serve households at 50% and 60% of AMHI are included in the following table:

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$21,189	\$36,200
Tax Credit (Limited To 60% Of AMHI)	\$23,383	\$43,440
Overall Project	\$21,189	\$43,440

### 3. DEMAND COMPONENTS

The following are the demand components as outlined by the South Carolina State Housing Finance and Development Authority:

- a. **Demand for New Households.** *New units required in the market area due to projected household growth should be determined using 2012 Census data estimates and projecting forward to the anticipated placed-in-service date of the project (2015) using a growth rate established from a reputable source such as ESRI. The population projected must be limited to the age and income cohort 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 rental units are comprised of three- and four-bedroom units, analysts must refine the analysis by factoring in the number of large households (generally four-person +). A demand analysis that does not consider this may overestimate demand.*

- b. **Demand from Existing Households:** *The second source of demand should be determined using 2010 Census data or the most current American Community Survey (ACS) data and projected from:*

- 1) **Rent overburdened households, if any, within the age group, income cohorts and tenure (renters) targeted for the subject development.** *In order to achieve consistency in methodology, all analysts should assume that the rent-overburdened analysis includes households paying greater than 35%, or in the case of elderly 40%, of their gross income toward gross rent rather than some greater percentage. If an analyst feels strongly that the rent-overburdened analysis should focus on a greater percentage, they must give an in-depth explanation why this assumption should be included. Any such additional indicators should be calculated separately and be easily added or subtracted from the required demand analysis.*

Based on the 2011 ACS 5-Year Estimates Table B25074 Gross Rent as a Percentage of Household Income, 62.9% of renter households earning between \$21,189 and \$36,200 within Beaufort County are rent overburdened; 50.8% of renter households earning between \$23,383 and \$43,440 are rent overburdened; and 52.3% of renter households earning between \$21,189 and \$43,440 are overburdened. These percentages have been included in our demand analysis.

- 2) **Households living in substandard housing (units that lack complete plumbing or those that are overcrowded).** *Households in substandard housing should be adjusted for age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would be a realistic source of demand. The market analyst is encouraged to be conservative in their estimate of demand from both households that are rent-overburdened and/or living in substandard housing.*

Based on the 2011 ACS 5-Year Estimates Table B25016, 6.1% of all households within the market were living in substandard housing (lacking complete indoor plumbing and overcrowded households/1+ persons per room).

- 3) **Elderly Homeowners likely to convert to rentership:** *The Authority recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. A narrative of the steps taken to arrive at this demand figure should be included.*
- 4) **Other:** *Please note, the Authority does not, in general, consider household turnover rates other than those of elderly to be an accurate determination of market demand. However, if an analyst firmly believes that demand exists which is not being captured by the above methods, she/he may be allowed to consider this information in their analysis. The analyst may also use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under-built or over-built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted from the demand analysis described above.*

#### 4. METHODOLOGY

Please note that the Authority's stabilized level of occupancy is 93.0%

- a. **Demand:** The two overall demand components (3a and 3b) added together represent total demand for the project.
- b. **Supply:** Comparable/competitive units funded, under construction, or placed in service in 2012 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2012 which have not reached stabilized occupancy must also be considered as part of the supply.
- c. **Capture Rates:** Capture rates must be calculated for each targeted income group and each bedroom size proposed as well as for the project overall.
- d. **Absorption Rates:** The absorption rate determination should consider such factors as the overall estimate of new renter household growth, the available supply of comparable/competitive units, observed trends in absorption of comparable/competitive units, and the availability of subsidies and rent specials.

#### 5. DEMAND/CAPTURE RATE CALCULATIONS

Within the Site PMA, there is one affordable housing project that was funded and/or built during the projection period (2012 to current). We did not identify any projects that were placed in service prior to 2012 that have not reached a stabilized occupancy. This one project is summarized in the following table:

Map I.D.	Project Name	Year Built	LIHTC Units	Units At Targeted AMHI	
				50% AMHI	60% AMHI
1	May River Village (Phase I)	2012	68	17	51

All 68 units at May River Village (Phase I) are included in our demand analysis on the following page, as they offer one-, two- and three-bedroom units at 50% and 60% of AMHI, similar to the proposed development.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% AMHI (\$21,189-\$36,200)	60% AMHI (\$23,383-\$43,440)	Overall (\$21,189-\$43,440)
Demand From New Renter Households (Age- And Income-Appropriate)	1,164 - 1,089 = 75	1,651 - 1,564 = 87	1,804 - 1,706 = 98
+			
Demand From Existing Households (Rent Overburdened)	1,089 X 62.9% = 685	1,564 X 50.8% = 795	1,706 X 52.3% = 892
+			
Demand From Existing Households (Renters In Substandard Housing)	1,089 X 6.1% = 66	1,564 X 6.1% = 95	1,706 X 6.1% = 104
+			
Demand From Existing Households (Senior Homeowner Conversion)	N/A	N/A	N/A
=			
Total Demand	826	977	1,094
-			
Supply (Directly Comparable Units Built And/ Or Funded Since 2012)	17	51	68
=			
Net Demand	809	926	1,026
Proposed Units	10	30	40
Proposed Units/ Net Demand	10/809	30/926	40/1,026
Capture Rate	= 1.2%	= 3.2%	= 3.9%

The capture rate for units targeting households at 50% and 60% of AMHI, ranging from 1.2% to 3.2% is very low and achievable. The overall capture rate for the subject project is also low and achievable at 3.9%. The capture rates demonstrate that there is a significant base of income-qualified renter households that will be able to support the subject project.

Based on the distribution of persons per household and the share of rental units in the market, we estimate the share of demand by bedroom type within the Site PMA as follows:

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	25%
Two-Bedroom	50%
Three-Bedroom	25%
Total	100.0%

Applying the preceding shares to the income-qualified households yields demand and capture rates of the proposed units by bedroom type as illustrated in the following tables:

Units Targeting 50% Of AMHI (826 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (25%)	207	6	201	3	1.5%
Two-Bedroom (50%)	413	7	406	4	1.0%
Three-Bedroom (25%)	206	4	202	3	1.5%

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

Units Targeting 60% Of AMHI (977 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (25%)	244	16	228	9	3.9%
Two-Bedroom (50%)	489	21	468	12	2.6%
Three-Bedroom (25%)	244	14	230	9	3.9%

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

The capture rates by bedroom type for the proposed 50% and 60% income level units range from 1.0% to 3.9%. These capture rates are also considered very low and achievable, indicating that there is a significant base of income-qualified renter households that will be able to support the subject project based on bedroom type.

## 6. ABSORPTION PROJECTIONS

For the purpose of this analysis, we assume the absorption period at the proposed subject site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow Agency guidelines that assume a 2015 opening date for the site, we also assume that the first completed units at the site will be available for rent sometime in 2015. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and will continue to monitor market conditions during the project's initial lease-up period. Our absorption projections also take into consideration the absorption experienced by May River Village Phase I (Map I.D. 1), which occupied all 68 units within eight months of opening. The projections also take into consideration the fact that the majority of the subject units will likely be filled by households currently on the waiting list at Phase I. The property currently maintains a wait list of 30 households for the next available units. Therefore, it is possible that a large number of the 40 units will be pre-leased prior to the completion of construction.

It is our opinion that the proposed 40 LIHTC units at the subject site will experience an average initial absorption rate of seven to eight units per month and reach a stabilized occupancy of 93.0% within approximately five months.

## H. RENTAL HOUSING ANALYSIS (SUPPLY)

### 1. COMPETITIVE DEVELOPMENTS

We identified eight Low-Income Housing Tax Credit (LIHTC) properties within the Bluffton Site PMA. These properties target households with income of up to 45%, 50% and/or 60% of Area Median Household Income (AMHI); therefore, they are considered competitive properties.

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	<b>May River Village Phase II</b>	<b>2014</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 50% &amp; 60% AMHI</b>
1	May River Village (Phase I)	2012	68	100.0%	2.9 Miles	30 H.H.	Families; 50% & 60% AMHI
2	Bluffton House I	1997	120	100.0%	3.0 Miles	5 H.H.	Families; 60% AMHI
3	Bluffton House II	1998	90 + 6**	100.0%	0.2 Miles	None	Families; 60% AMHI
4	Bluffton House III	1999	51*	100.0%	2.9 Miles	None	Families; 60% AMHI
7	Simmons Cay Apts. & Townhomes	1998	80*	100.0%	2.9 Miles	16 H.H.	Families; 50% & 60% AMHI
10	Vista View Apts.	1998	71 + 1**	98.6%	2.0 Miles	45% AMHI; 2 H.H.	Families; 45% & 60% AMHI
13	Hallmark Malphrus	2008	32	100.0%	1.7 Miles	40 H.H.	Families; 50% & 60% AMHI
14	Hallmark White Oak	2007	72	100.0%	2.0 Miles	3 H.H.	Families; 50% & 60% AMHI

OCC. – Occupancy

H.H. – Households

\*Tax Credit units only

\*\*Units not being occupied due to renovations

The eight LIHTC projects have a combined occupancy rate of 99.8%, indicating very strong demand for affordable housing in the market. In fact, out of the 584 total occupiable units, there is only one vacancy. As such, this demonstrates that there is pent-up demand for additional affordable housing units within the market.

Management for May River Village (Phase I), Bluffton's newest LIHTC project, began pre-leasing in November 2011. The property opened in January 2012 and reached 100.0% occupancy in August 2012, resulting in an average monthly absorption of approximately seven units per month. This demonstrates that new affordable rental housing has been well received within the market.



The gross rents for the eight LIHTC projects and the proposed rents at the subject site are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Units)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
<b>Site</b>	<b>May River Village Phase II</b>	<b>\$618/50% (3)</b> <b>\$682/60% (9)</b>	<b>\$744/50% (4)</b> <b>\$804/60% (12)</b>	<b>\$861/50% (3)</b> <b>\$922/60% (9)</b>	-
1	May River Village (Phase I)	\$630/50% (6) \$742/60% (16)	\$759/50% (7) \$916/60% (21)	\$873/50% (4) \$993/60% (14)	None
2	Bluffton House I	-	\$811/60% (48)	\$907/60% (72)	None
3	Bluffton House II	-	\$761/60% (32)	\$907/60% (58+6*)	None
4	Bluffton House III	-	\$811/60% (24)	\$887/60% (27)	None
7	Simmons Cay Apts. & Townhomes	-	-	\$907/50% (49) \$963-\$1,048/60% (31)	None
10	Vista View Apts.	-	-	\$809/45% (15) \$1,082/60% (56+1*)	None
13	Hallmark Malphrus	-	\$788/50% (9) \$930/60% (7)	\$906/50% (8) \$981/60% (8)	None
14	Hallmark White Oak	-	\$788/50% (20) \$949/60% (32)	\$906/50% (20)	None

\*Units not being occupied due to renovations

The proposed subject gross rents, ranging from \$618 to \$922, will be among the lowest priced LIHTC units targeting similar income levels in the market. Considering that there is only one vacancy out of the eight competitive LIHTC projects and the fact that phase I of the subject site maintains a wait list of 30 households demonstrates that the proposed gross rents are appropriately positioned within the market. It should also be noted that the subject project will be one of two LIHTC projects within the market to offer one-bedroom units. As such, this will provide the subject site with a competitive edge. Due to the high occupancy rates, none of the comparable properties are offering rent concessions.

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

Map I.D.	Project Name	Number of Vouchers
1	May River Village (Phase I)	2
2	Bluffton House I	7
3	Bluffton House II	6
4	Bluffton House III	4
7	Simmons Cay Apts. & Townhomes	2
10	Vista View Apts.	8
13	Hallmark Malphrus	3
14	Hallmark White Oak	N/A

As the preceding table illustrates, there are a total of approximately 32 voucher holders residing at the comparable properties within the market. This comprises 5.5% of the 584 total LIHTC units. As such, it can be concluded that the gross rents at these properties are achievable as evidenced by the overall 99.8% occupancy.

According to a representative with the Beaufort Housing Authority, there are approximately 574 Housing Choice Voucher holders within the housing authority's jurisdiction. Approximately 800 households are currently on the waiting list for additional Vouchers. The waiting list is closed and it is undecided on when it may reopen. Monthly turnover of persons in the Voucher program is estimated at three to five households. This reflects the continuing need for Housing Choice Voucher assistance.

One-page summary sheets, including property photographs of each comparable Tax Credit property, are included on the following pages.

**4 Bluffton House III**

2.9 miles to site



<b>Address</b>	20 Simmonsville Rd. Bluffton, SC 29910		
<b>Phone</b>	(843) 815-5900	<b>Contact</b>	Jennifer
<b>Total Units</b>	64	<b>Vacancies</b>	2
		<b>Percent Occupied</b>	96.9%
<b>Project Type</b>	Market-Rate & Tax Credit		
<b>Year Open</b>	1999	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Market-rate (13 units); 60% AMHI (51 units); HCV (17 units between phase I, II & III)		

**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, Ceiling Fan, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Laundry Facility, Club House, Playground, Tennis Court(s), Sports Court

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	12	0	943	\$0.73	\$689	60%
2	2	G	12	0	943	\$0.73	\$689	60%
3	2	G	13	2	1104	\$0.71	\$789	
3	2	G	27	0	1104	\$0.67	\$739	60%

**7 Simmons Cay Apts. & Townhomes**

3.0 miles to site



<b>Address</b>	57 Simmonsville Rd. Bluffton, SC 29910	
<b>Phone</b>	(843) 815-3437	<b>Contact</b> Ericka
<b>Total Units</b>	88	<b>Vacancies</b> 0 <b>Percent Occupied</b> 100.0%
<b>Project Type</b>	Market-Rate & Tax Credit	
<b>Year Open</b>	1998	<b>Floors</b> 2
<b>Concessions</b>	No Rent Specials	
<b>Parking</b>	Surface Parking	
<b>Waiting List</b>	16 households	
<b>Quality Rating</b>	B+	<b>Neighborhood Rating</b> B
<b>Remarks</b>	Market-rate (8 units); 50% & 60% AMHI (80 units); HCV (2 units); HOME Funds (41 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
<b>Project Amenities</b>	Swimming Pool, On-site Management, Laundry Facility, Club House, Playground, Storage, Picnic Area

**Unit Configuration**

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
3	2	T	25	0	1223	\$0.67 - \$0.74	\$815 to \$900	60%
3	2	T	23	0	1223	\$0.62	\$759	50%
3	2	G	8	0	1223 to 1283	\$0.67 - \$0.70	\$815 to \$900	
3	2	G	6	0	1223	\$0.67	\$815	60%
3	2	G	26	0	1223	\$0.62	\$759	50%

**1 May River Village** 0.2 miles to site



<b>Address</b>	5736 Patriot Ln. Bluffton, SC 29910		
<b>Phone</b>	(843) 837-9400	<b>Contact</b>	Damris
<b>Total Units</b>	68	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2012	<b>Floors</b>	2,3
<b>Concessions</b>	No Rent Specials		
<b>Age Restrictions</b>	NONE		
<b>Waiting List</b>	30 households		
<b>Ratings:</b>	<b>Quality</b> A	<b>Neighborhood</b> B+	<b>Access/Visibility</b> A
<b>Remarks</b>	50% & 60% AMHI; HCV (2 units); Opened 1/2012, 100% occupied 8/2012; began preleasing 11/2011		

**FEATURES AND UTILITIES**

<b>Utilities</b>	Landlord pays Water, Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Wood Flooring, Washer/Dryer Hook Up, Ceiling Fan, Blinds, Screened Porch
<b>Project Amenities</b>	On-site Management, Laundry Facility, Club House, Playground, Computer Lab, Picnic Area
<b>Parking</b>	Surface Parking

**UNIT CONFIGURATION**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	16	0	714 to 726	\$0.88 - \$0.90	\$640	60%
1	1	G	6	0	714 to 726	\$0.73 - \$0.74	\$528	50%
2	2	G	21	0	983 to 1069	\$0.74 - \$0.81	\$794	60%
2	2	G	7	0	983 to 1069	\$0.60 - \$0.65	\$637	50%
3	2	G	14	0	1207 to 1284	\$0.66 - \$0.70	\$845	60%
3	2	G	4	0	1207 to 1284	\$0.56 - \$0.60	\$725	50%

2

**Bluffton House I**

2.9 miles to site



**Address** 20 Simmonsville Rd.  
Bluffton, SC 29910

**Phone** (843) 815-5900 **Contact** Maria

**Total Units** 120 **Vacancies** 0 **Percent Occupied** 100.0%

**Project Type** Tax Credit

**Year Open** 1997 **Floors** 2

**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** 5 households

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

**Remarks** 60% AMHI; HCV (17 units between phase I, II & III)

**Features and Utilities**

**Utilities** Landlord pays Water, Sewer, Trash

**Unit Amenities** Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds

**Project Amenities** Swimming Pool, On-site Management, Laundry Facility, Club House, Playground, Tennis Court(s), Sports Court, Lake

**Unit Configuration**

BRs	BA	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	24	0	943	\$0.73	\$689	60%
2	2	G	24	0	943	\$0.73	\$689	60%
3	2	G	72	0	1081	\$0.70	\$759	60%

**3****Bluffton House II**

2.9 miles to site



**Address** 20 Simmonsville Rd.  
Bluffton, SC 29910

**Phone** (843) 815-5900 **Contact** Maria

**Total Units** 90 **Vacancies** 0 **Percent Occupied** 100.0%

**Project Type** Tax Credit

**Year Open** 1998 **Floors** 2

**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** NONE

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

**Remarks** 60% AMHI; HCV (17 units between phase I, II & III); Six units under renovation

**Features and Utilities**

**Utilities** Landlord pays Water, Sewer, Trash

**Unit Amenities** Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds

**Project Amenities** Swimming Pool, On-site Management, Laundry Facility, Playground, Tennis Court(s), Sports Court

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	32	0	943	\$0.68	\$639	60%
3	2	G	58	0	1081	\$0.70	\$759	60%

**10 Vista View Apts.**

2.0 miles to site



**Address** 39 Haigler Blvd.  
Bluffton, SC 29910

**Phone** (843) 706-3560 **Contact** Christine

**Total Units** 71 **Vacancies** 1 **Percent Occupied** 98.6%

**Project Type** Tax Credit

**Year Open** 1998 **Floors** 2

**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** 45% AMHI; 2 HH

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

**Remarks** 45% & 60% AMHI; HCV (8 units)



**Features and Utilities**

**Utilities** Landlord pays Trash  
**Unit Amenities** Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds  
**Project Amenities** On-site Management, Laundry Facility, Playground, Storage, Computer Lab, Picnic Area, Media Center, Movie Library

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
3	2	G	56	1	1205	\$0.71	\$859	60%
3	2	G	15	0	1205	\$0.49	\$586	45%



**13 Hallmark Malphrus**

1.7 miles to site



<b>Address</b>	120 Malphrus Rd. Bluffton, SC 29910		
<b>Phone</b>	(843) 836-2505	<b>Contact</b>	Ann Marie
<b>Total Units</b>	32	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2008	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	40 households		
<b>Quality Rating</b>	B	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	50% & 60% AMHI; HCV (3 units); 100% occupied by 11/2011; Square footage estimated		

**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, Ceiling Fan, Blinds, Sunroom
<b>Project Amenities</b>	On-site Management, Laundry Facility, Meeting Room, Playground, Computer Lab, Picnic Area

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	7	0	1150	\$0.70	\$808	60%
2	2	G	9	0	1150	\$0.58	\$666	50%
3	2	G	8	0	1250	\$0.67	\$833	60%
3	2	G	8	0	1250	\$0.61	\$758	50%

**14 Hallmark White Oak**

2.0 miles to site



<b>Address</b>	102 Haigler Blvd. Bluffton, SC 29910		
<b>Phone</b>	(843) 757-6350	<b>Contact</b>	Ann Marie
<b>Total Units</b>	72	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2007	<b>Floors</b>	2
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	3 households		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	A
<b>Remarks</b>	50% & 60% AMHI; Accepts HCV; Unit mix & square footage estimated		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Water, Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Laundry Facility, Club House, Meeting Room, Playground, Computer Lab, Picnic Area, Business Center

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	32	0	900	\$0.92	\$827	60%
2	2	G	20	0	900	\$0.74	\$666	50%
3	2	G	20	0	1200	\$0.63	\$758	50%

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

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>May River Village Phase II</b>	<b>850</b>	<b>1,100</b>	<b>1,250</b>
1	May River Village (Phase I)	714 - 726	983 - 1,069	1,207 - 1,284
2	Bluffton House I	-	943	1,081
3	Bluffton House II	-	943	1,081
4	Bluffton House III	-	943	1,104
7	Simmons Cay Apts. & Townhomes	-	-	1,223
10	Vista View Apts.	-	-	1,205
13	Hallmark Malphrus	-	1,150	1,250
14	Hallmark White Oak	-	900	1,200

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>May River Village Phase II</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>
1	May River Village	1.0	2.0	2.0
2	Bluffton House I	-	2.0	2.0
3	Bluffton House II	-	2.0	2.0
4	Bluffton House III	-	2.0	2.0
7	Simmons Cay Apts. & Townhomes	-	-	2.0
10	Vista View Apts.	-	-	2.0
13	Hallmark Malphrus	-	2.0	2.0
14	Hallmark White Oak	-	2.0	2.0

The proposed development will offer some of the largest units sizes, in terms of square footage and number of bathrooms offered, in the market. This will provide the project with a competitive advantage.

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

# COMPARABLE PROPERTIES AMENITIES - BLUFFTON, SOUTH CAROLINA

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	X		C		X	S	X				B		S	Sunroom (1st Floor Units)
<b>4</b>	X	X		X	X		X		C		X	X	S				B		S	
<b>7</b>	X	X		X	X		X		C		X	X					B		S	
<b>1</b>	X	X		X	X	X	X		W		X		X				B		S	Screened Porch
<b>2</b>	X	X		X	X		X		C		X	X	S				B		S	
<b>3</b>	X	X		X	X		X		C		X	X	S				B		S	
<b>10</b>	X	X	X	X	X		X		S		X	X	X				B		S	
<b>13</b>	X	X		X	X		X		C		X		X				B		S	Sunroom
<b>14</b>	X	X		X	X	X	X		C		X		X				B		S	

◆ 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	

# COMPARABLE PROPERTIES AMENITIES - BLUFFTON, SOUTH CAROLINA

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	X		X					X		X				
<b>4</b>	X	X	X	X			X	X	X										
<b>7</b>	X	X	X	X			X			X					X				
<b>1</b>		X	X	X			X						X		X				
<b>2</b>	X	X	X	X			X	X	X										
<b>3</b>	X	X	X				X	X	X										
<b>10</b>		X	X				X			X			X		X				Media Center Movie Library
<b>13</b>		X	X		A		X						X		X				
<b>14</b>	X	X	X	X	X		X						X		X		X		

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

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

Parking	
A - Attached	C - Carport
D - Detached	O - On Street
S - Surface	G - Parking Garage
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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	

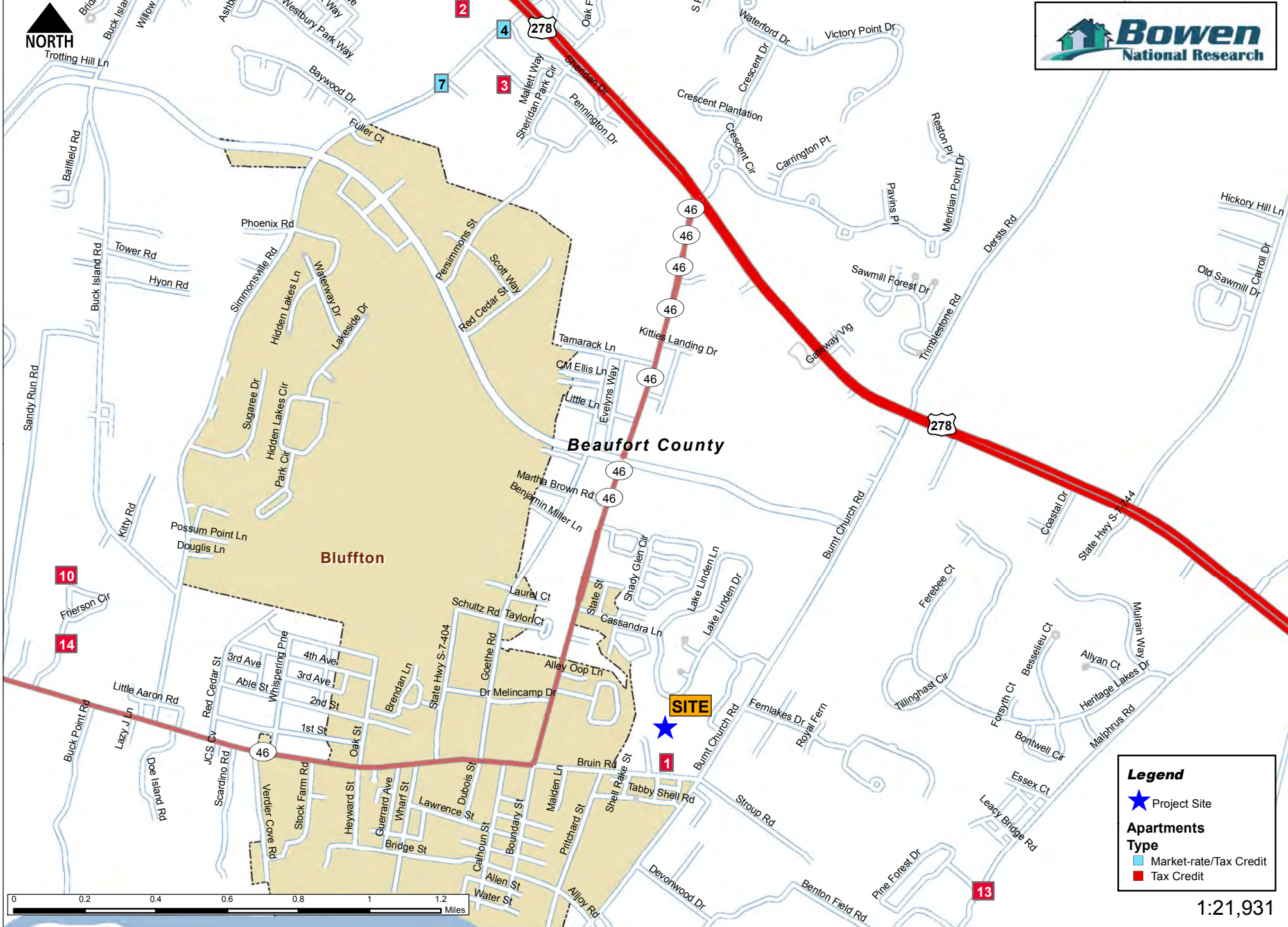
As the preceding table illustrates, the proposed unit amenities at the site are comprehensive and will be generally similar to those of the comparable Tax Credit rental alternatives within the area. It should be noted that the proposed development will be one of few properties to offer microwave ovens, which will provide the project with a slight competitive edge. The subject project will also offer a comprehensive property amenities package that is generally similar to those of the comparable LIHTC projects. The proposed project will be the only community to offer a fitness center, which will also provide the project with a competitive advantage. The subject project will not lack any key amenities when compared to the comparable Tax Credit properties.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the subject development will be very competitive. The subject project will have lower rents, similar amenities and generally larger unit sizes than May River Village (Phase I), which is 100.0% occupied. Given that many of the 40 proposed subject units will likely be filled from the 30 households on the wait list for Phase I, it is our opinion that a large share of the 40 subject units will likely be pre-leased prior to the completion of construction.

## **2. COMPARABLE TAX CREDIT PROPERTIES MAP**

A map illustrating the location of the comparable properties we surveyed is on the following page.

# Bluffton, SC: Comparable LIHTC Property Locations



**Legend**

- ★ Project Site
- Apartments Type**
- Market-rate/Tax Credit
- Tax Credit

### 3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Bluffton Site PMA in 2010 and 2012 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2012 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	21,628	82.7%	21,990	86.6%
Owner-Occupied	16,807	77.7%	17,104	77.8%
Renter-Occupied	4,821	22.3%	4,886	22.2%
Vacant	4,522	17.3%	3,413	13.4%
Total	26,150	100.0%	25,403	100.0%

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

Based on a 2012 update of the 2010 Census, of the 25,403 total housing units in the market, 13.4% were vacant. In 2012, it was estimated that homeowners occupied 77.8% of all occupied housing units, while the remaining 22.2% were occupied by renters. The 4,886 renter households in 2012 represent a significant base of support in the market for the subject development.

We identified and personally surveyed 14 conventional housing projects containing a total of 2,276 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 97.3%, a strong rate for rental housing. Among these projects, 14 are non-subsidized (market-rate and Tax Credit) projects containing 2,276 units. These non-subsidized units are 97.3% occupied. There are seven additional units under construction in the Site PMA.

The following table summarizes project types identified in the Site PMA:

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	6	1,671	58	96.5%
Market-rate/Tax Credit	2	152	2	98.7%
Tax Credit	6	453	1	99.8%
Total	14	2,276	61	97.3%

The rental housing market is performing extremely well, with a 97.3% overall occupancy rate. As such, there appears to be no deficiencies within the market. It should be noted that all rental housing segments are maintaining occupancies above 96.0%.



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

Market-rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	368	21.7%	12	3.3%	\$901
Two-Bedroom	1.0	32	1.9%	2	6.3%	\$967
Two-Bedroom	2.0	879	52.0%	29	3.3%	\$1,107
Two-Bedroom	2.5	122	7.2%	0	0.0%	\$1,032
Three-Bedroom	2.0	153	9.0%	3	2.0%	\$1,123
Three-Bedroom	2.5	78	4.6%	9	11.5%	\$1,247
Three-Bedroom	3.0	60	3.5%	5	8.3%	\$1,337
<b>Total Market-rate</b>		<b>1,692</b>	<b>100.0%</b>	<b>60</b>	<b>3.5%</b>	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	22	3.8%	0	0.0%	\$742
Two-Bedroom	2.0	200	34.2%	0	0.0%	\$811
Three-Bedroom	2.0	362	62.0%	1	0.3%	\$907
<b>Total Tax Credit</b>		<b>584</b>	<b>100.0%</b>	<b>1</b>	<b>0.2%</b>	-

As the preceding table illustrates, the distribution of one-, two- and three-bedroom units comprise all of the bedroom types offered among all the LIHTC communities in the market. As the combined occupancy of all LIHTC projects is 99.8% (resulting in only one vacancy), this provides evidence that they have been well received within the market and denotes pent-up demand for such units. Further, only 3.8% of all LIHTC units are one-bedroom apartments. It should also be noted that all of these units are 100.0% occupied. As such, this will likely provide the proposed development with a competitive edge as it will be one of two LIHTC projects to offer one-bedroom units.

The preceding table also demonstrates that the median gross rents of the market-rate units are significantly higher than the corresponding LIHTC units. As such, LIHTC communities likely represent a substantial value to residents within the Bluffton Site PMA.

The following is a distribution of units surveyed by year built for the Site PMA:

Year Built	Projects	Units	Vacancy Rate
Before 1970	0	0	0.0%
1970 to 1979	0	0	0.0%
1980 to 1989	0	0	0.0%
1990 to 1999	7	1,147	2.9%
2000 to 2005	2	574	4.7%
2006	0	0	0.0%
2007	1	72	0.0%
2008	1	32	0.0%
2009	1	184	0.5%
2010	1	199	0.0%
2011	0	0	0.0%
2012	1	68	0.0%
2013*	0	0	0.0%
<b>Total</b>	<b>14</b>	<b>2,276</b>	<b>2.7%</b>

\*As of January

As the preceding table illustrates, all non-subsidized projects surveyed in the market were built after 1990. This demonstrates that the Bluffton housing stock is well-balanced in regards to age. Note that all projects built since 2010 are 100.0% occupied, providing evidence that newer product has been well-received within the Bluffton area.

As noted previously in this section, May River Village (Map I.D. 1), became 100.0% occupied within eight months of opening. This further provides evidence that newer product has been well received within the market.

The Bluffton apartment market offers a wide range of rental product, in terms of price point and quality. The following table compares the gross rent (the collected rent at the site plus the estimated costs of tenant-paid utilities) of the subject project with the rent range of the existing conventional apartments surveyed in the market.

Bedroom Type	Gross Rent			Units (Share) with Rents Above Proposed Rents
	Proposed Subject	Existing Rentals		
		Median	Range	
One-Bedroom	\$618-50%	\$901	\$630 - \$1,009	390 (100.0%)
	\$682-60%			384 (98.5%)
Two-Bedroom	\$744-50%	\$1,032	\$759 - \$1,237	1,233 (100.0%)
	\$804-60%			1,165 (94.5%)
Three-Bedroom	\$861-50%	\$1,048	\$809 - \$1,473	638 (97.7%)
	\$922-60%			400 (61.3%)

Most of the rents of existing rentals in the market are above the proposed rents at the subject site. The appropriateness of the proposed rents is evaluated in detail in the Achievable Market Rent Analysis section of this report.

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

Market-rate			
Quality Rating	Projects	Total Units	Vacancy Rate
A	3	859	6.1%
B+	3	406	0.7%
B	2	427	1.2%
Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	2	140	0.0%
B+	1	80	0.0%
B	5	364	0.3%

Vacancies are the highest among the market-rate properties with ratings of an “A”. While these properties are 6.1% vacant, this vacancy rate is considered relatively low. It should be noted that the remaining properties broken out by quality are maintaining vacancies below 2.0%. As such, it can be concluded that quality has not had a significant impact on vacancy rates.

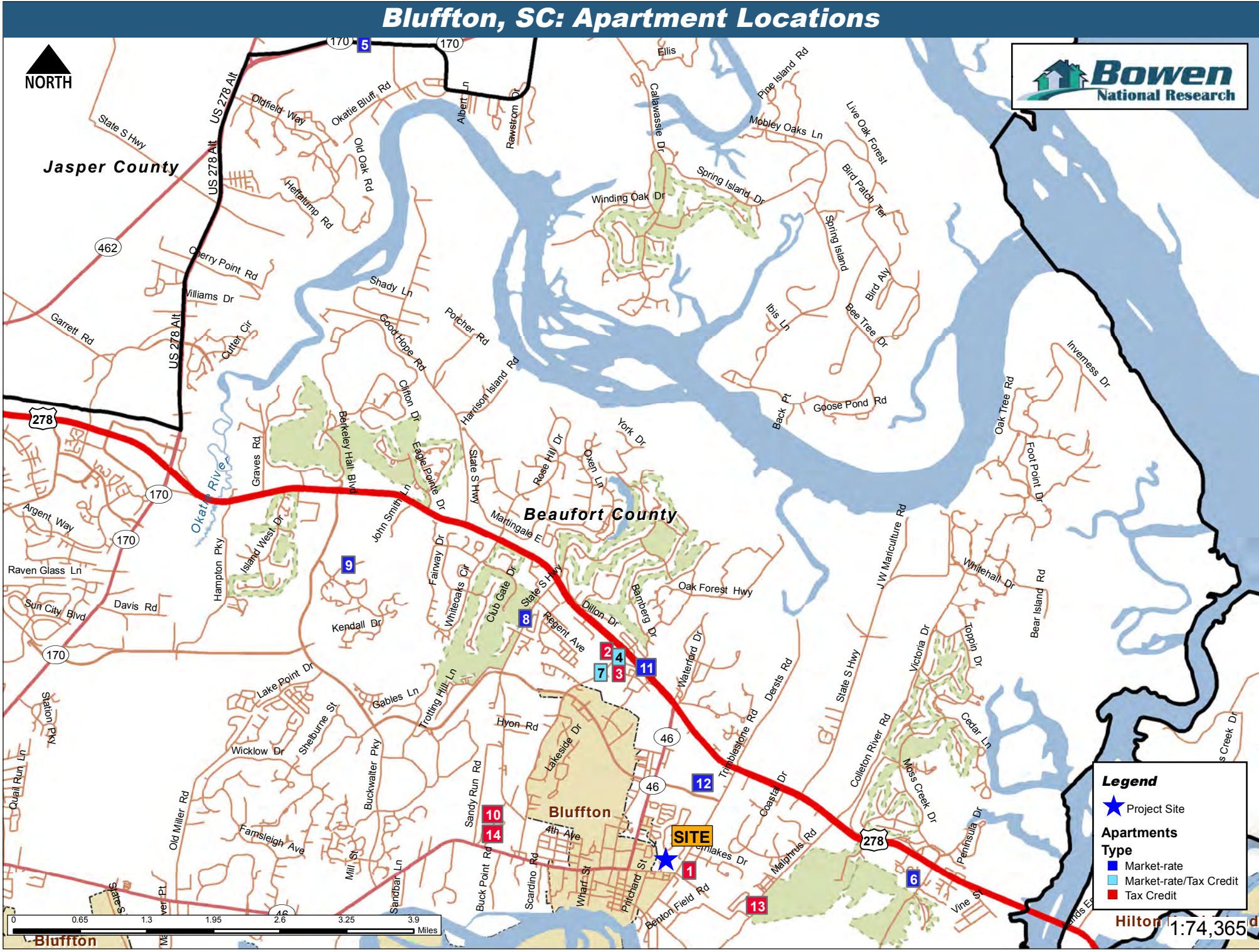
A complete list of all properties surveyed is included in Addendum A, Field Survey of Conventional Rentals.

**4. RENTAL HOUSING INVENTORY MAP**

A map identifying the location of all properties surveyed within the Bluffton Site PMA is on the following page.



# Bluffton, SC: Apartment Locations

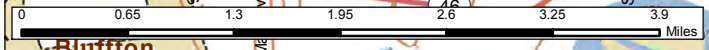


**Legend**

- ★ Project Site

**Apartments Type**

- Market-rate
- Market-rate/Tax Credit
- Tax Credit



Hilton 1:74,365

## 5. & 6. PLANNED AND PROPOSED DEVELOPMENTS

Based on our interviews with local building and planning representatives, it was determined that no official plans for additional multifamily units for the area exist.

## 7. ADDITIONAL SCSHFDA VACANY DATA

### Stabilized Comparables

A component of South Carolina Housing's Exhibit S-2 is the calculation of the occupancy rate among all stabilized comparables, including both Tax Credit and market-rate projects, within the Site PMA. Comparables are identified as those projects that are considered economically comparable in that they target a similar tenant profile with respect to age and income cohorts. Market-rate projects with gross rents that deviate by no more than 10% to the gross rents proposed at the site are considered economically comparable. Market-rate projects with gross rents that deviate by greater than 10% when compared to the gross rents proposed at the site are not considered economically comparable as these projects will generally target a different tenant profile. For this reason, there may be conceptually comparable market-rate projects that were utilized in determining Market Rent Advantages (see section eight *Market Rent Advantage* of this section) that are excluded as comparable projects as they may not be economically comparable. Conceptual comparability is also considered in this analysis. For example, if the subject development is of multi-story garden walk-up design, we may eliminate those market-rate projects that are of townhouse-style design even if they may be economically comparable. A project's age, overall quality and amenities offered are also considered when evaluating conceptual comparability. Note that the determination of both economic and conceptual comparability is the opinion of the market analyst.

As discussed earlier in this analysis, we identified a total of eight comparable projects within the Site PMA that have received Tax Credit funding, two of which offer market-rate units. In addition, we identified a total of six projects within the Site PMA that also offer market-rate units, of which none are considered both economically and conceptually comparable. The eight stabilized comparable Tax Credit and market-rate projects identified in the Site PMA are detailed on the following page.

Stabilized Comparable Tax Credit and Market-Rate Projects					
Map I.D.	Project Name	Year Built	Project Type	Total Units	Occupancy Rate
Site	<b>May River Village Phase II</b>	<b>2014</b>	<b>TC</b>	<b>40</b>	<b>-</b>
1	May River Village (Phase I)	2012	TC	68	100.0%
2	Bluffton House I	1997	TC	120	100.0%
3	Bluffton House II	1998	TC	90*	100.0%
4	Bluffton House III	1999	MRT	64	96.9%
7	Simmons Cay Apts. & Townhomes	1998	MRT	88	100.0%
10	Vista View Apts.	1998	TC	71*	98.6%
13	Hallmark Malphrus	2008	TC	32	100.0%
14	Hallmark White Oak	2007	TC	72	100.0%
Total				605	99.5%

\*Excludes units currently being renovated

TC – Tax Credit

MRT – Market-Rate/Tax Credit

The overall occupancy rate of the eight stabilized comparable Tax Credit and market-rate projects identified in the Site PMA is 99.5%.

## 8. MARKET RENT ADVANTAGE

We identified five market-rate properties within the Bluffton Site PMA that we consider most comparable to the subject development. These selected properties are used to derive market rent for a project with characteristics similar to the 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 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 subject project does not have a washer and dryer and a selected property does, we lower the collected rent of the selected property by the estimated value of a washer and dryer so that we may derive a *market rent advantage* for a project similar to the subject 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 the prior experience of Bowen National Research in markets nationwide.

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	May River Village Phase II	2014	40	-	12 (-)	16 (-)	12 (-)
5	Oldfield Mews	2009	184	99.5%	16 (100.0%)	134 (99.3%)	34 (100.0%)
8	Crowne at Old Carolina	2010	199	100.0%	56 (100.0%)	111 (100.0%)	32 (100.0%)
9	Reserve of Woodbridge	2000	214	99.1%	52 (100.0%)	116 (98.3%)	46 (100.0%)
11	Plantation Point	1997	414	99.3%	124 (100.0%)	248 (99.2%)	42 (97.6%)
12	Lakes at Myrtle Park I & II	2003	360	93.1%	36 (91.7%)	264 (93.6%)	60 (91.7%)

Occ. – Occupancy

The five selected market-rate projects have a combined total of 1,371 units with an overall occupancy rate of 97.7%. The high occupancy rates maintained at these projects indicate that they have been well received within the market and will serve as accurate benchmarks with which to compare the proposed subject development.

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

**Rent Comparability Grid**

Unit Type → **ONE BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>		<b>Comp #5</b>	
May River Village Phase II		Oldfield Mews		Crowne at Old Carolina		Reserve of Woodbridge		Plantation Point		Lakes at Myrtle Park I & II	
2736 Patriot Lane		116 Old Towne Rd.		66 Buck Island		50 Pebble Beach Cove		897 Fording Island Rd.		4921 Bluffton Pkwy.	
Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC	
<b>A. Rents Charged</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>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$754		\$835		\$745		\$775		\$835	
2	Date Surveyed	Feb-13		Feb-13		Dec-12		Feb-13		Feb-13	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		100%		100%		100%		92%	
5	Effective Rent & Rent/ sq. ft	\$754	0.94	\$835	1.00	\$745	1.02	\$775	0.91	\$835	1.07
<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>	<b>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	WU/3		WU/2		WU/2		WU/2		WU/3	
7	Yr. Built/Yr. Renovated	2014	\$5	2010	\$4	2000	\$14	1997	\$17	2003	\$11
8	Condition /Street Appeal	E	\$15	E		G	\$15	G	\$15	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
<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>	<b>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	850	\$13	838	\$3	732	\$29	850		779	\$18
14	Balcony/Sunroom	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y		Y/Y		N/Y	\$5	N/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU/L	\$15	W/D	(\$25)	W/D	(\$25)	W/D	(\$25)	W/D	(\$25)
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		Y		Y		Y		Y	
23	Ceiling Fans	Y		Y		Y		Y		Y	
<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>	<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		Y		Y	
26	Security Gate	N		N		N		Y	(\$5)	N	
27	Clubhouse/ Meeting Rooms	Y/Y	\$5	N/N	\$10	Y/N	\$5	Y/N	\$5	Y/Y	
28	Pool/ Recreation Areas	P/F	(\$3)	P/F		P/F/T	(\$3)	P/F		P/F/L/TB	(\$6)
29	Computer Center	Y		Y		Y		N	\$3	Y	
30	Picnic Area	Y	\$3	Y		Y		N	\$3	Y	
31	Playground	Y		N	\$3	N	\$3	Y		N	\$3
32	Social Services	N	(\$10)	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>	<b>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y	\$37	N/N	\$37	Y/Y		N/N	\$37	N/N	\$37
39	Trash /Recycling	Y/N		Y/N		Y/N		Y/N		N/N	\$14
<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>	<b>Pos</b>	<b>Neg</b>
40	# Adjustments B to D	6	2	5	1	6	2	6	2	4	2
41	Sum Adjustments B to D	\$56	(\$13)	\$25	(\$25)	\$71	(\$28)	\$48	(\$30)	\$37	(\$31)
42	Sum Utility Adjustments	\$37		\$37				\$37		\$51	
		<b>Net</b>	<b>Gross</b>	<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	\$80	\$106	\$37	\$87	\$43	\$99	\$55	\$115	\$57	\$119
<b>G. Adjusted &amp; Market Rents</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44	Adjusted Rent (5+ 43)	\$834		\$872		\$788		\$830		\$892	
45	Adj Rent/Last rent		111%		104%		106%		107%		107%
46	Estimated Market Rent	\$850	\$1.00	← 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>		<b>Comp #5</b>	
May River Village Phase II		Oldfield Mews		Crowne at Old Carolina		Reserve of Woodbridge		Plantation Point		Lakes at Myrtle Park I & II	
2736 Patriot Lane		116 Old Towne Rd.		66 Buck Island		50 Pebble Beach Cove		897 Fording Island Rd.		4921 Bluffton Pkwy.	
Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC	
<b>A. Rents Charged</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>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$872		\$1,035		\$845		\$850		\$965	
2	Date Surveyed	Feb-13		Feb-13		Dec-12		Feb-13		Feb-13	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	92%		100%		94%		99%		94%	
5	Effective Rent & Rent/ sq. ft	\$872	0.80	\$1,035	0.91	\$845	0.92	\$850	0.76	\$965	0.79
<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>	<b>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	WU/3		WU/2		WU/2		WU/2		WU/3	
7	Yr. Built/Yr. Renovated	2014	\$5	2010	\$4	2000	\$14	1997	\$17	2003	\$11
8	Condition /Street Appeal	E	\$15	E		G	\$15	G	\$15	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
<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>	<b>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	2		2		2		2		2	
12	# Baths	2		2		1	\$30	2		2	
13	Unit Interior Sq. Ft.	1100	\$3	1134	(\$7)	921	\$37	1125	(\$5)	1225	(\$26)
14	Balcony/Sunroom	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y		Y/Y		N/Y	\$5	N/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU/L	\$15	W/D	(\$25)	W/D	(\$25)	W/D	(\$25)	W/D	(\$25)
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		Y		Y		Y		Y	
23	Ceiling Fans	Y		Y		Y		Y		Y	
<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>	<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		Y		Y	
26	Security Gate	N		N		N		Y	(\$5)	N	
27	Clubhouse/ Meeting Rooms	Y/Y	\$5	N/N	\$10	Y/N	\$5	Y/N	\$5	Y/Y	
28	Pool/ Recreation Areas	P/F	(\$3)	P/F		P/F/T	(\$3)	P/F		P/F/L/TB	(\$6)
29	Computer Center	Y		Y		Y		N	\$3	Y	
30	Picnic Area	Y	\$3	Y		Y		N	\$3	Y	
31	Playground	Y		N	\$3	N	\$3	Y		N	\$3
32	Social Services	N	(\$10)	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>	<b>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y	\$50	N/N	\$50	Y/Y		N/N	\$50	N/N	\$50
39	Trash /Recycling	Y/N		Y/N		Y/N		Y/N		N/N	\$14
<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>	<b>Pos</b>	<b>Neg</b>
40	# Adjustments B to D	6	2	4	2	7	2	6	3	3	3
41	Sum Adjustments B to D	\$46	(\$13)	\$22	(\$32)	\$109	(\$28)	\$48	(\$35)	\$19	(\$57)
42	Sum Utility Adjustments	\$50		\$50				\$50		\$64	
		<b>Net</b>	<b>Gross</b>	<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	\$83	\$109	\$40	\$104	\$81	\$137	\$63	\$133	\$26	\$140
<b>G. Adjusted &amp; Market Rents</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44	Adjusted Rent (5+ 43)	\$955		\$1,075		\$926		\$913		\$991	
45	Adj Rent/Last rent		110%		104%		110%		107%		103%
46	Estimated Market Rent	\$960	\$0.87	← 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>		<b>Comp #4</b>		<b>Comp #5</b>	
May River Village Phase II		Oldfield Mews		Crowne at Old Carolina		Reserve of Woodbridge		Plantation Point		Lakes at Myrtle Park I & II	
2736 Patriot Lane		116 Old Towne Rd.		66 Buck Island		50 Pebble Beach Cove		897 Fording Island Rd.		4921 Bluffton Pkwy.	
Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC	
<b>A. Rents Charged</b>	<b>Data</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>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$960		\$1,230		\$945		\$1,000		\$1,100	
2	Date Surveyed	Feb-13		Feb-13		Dec-12		Feb-13		Feb-13	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		100%		100%		98%		92%	
5	Effective Rent & Rent/ sq. ft	\$960	0.72	\$1,230	0.87	\$945	0.72	\$1,000	0.78	\$1,100	0.70
<b>B. Design, Location, Condition</b>	<b>Data</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>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	WU/3		WU/2		WU/2		WU/2		WU/3	
7	Yr. Built/Yr. Renovated	2014	\$5	2010	\$4	2000	\$14	1997	\$17	2003	\$11
8	Condition /Street Appeal	E	\$15	E		G	\$15	G	\$15	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
<b>C. Unit Equipment/ Amenities</b>	<b>Data</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>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	3		3		3		3		3	
12	# Baths	2		2		2		2		3	(\$30)
13	Unit Interior Sq. Ft.	1250	(\$16)	1417	(\$32)	1319	(\$13)	1285	(\$7)	1562	(\$59)
14	Balcony/Sunroom	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y		Y/Y		N/Y	\$5	N/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU/L	\$15	W/D	(\$25)	W/D	(\$25)	W/D	(\$25)	W/D	(\$25)
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		Y		Y		Y		Y	
23	Ceiling Fans	Y		Y		Y		Y		Y	
<b>D. Site Equipment/ Amenities</b>	<b>Data</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>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		Y		Y	
26	Security Gate	N		N		N		Y	(\$5)	N	
27	Clubhouse/ Meeting Rooms	Y/Y	\$5	N/N	\$10	Y/N	\$5	Y/N	\$5	Y/Y	
28	Pool/ Recreation Areas	P/F	(\$3)	P/F		P/F/T	(\$3)	P/F		P/F/L/TB	(\$6)
29	Computer Center	Y		Y		Y		N	\$3	Y	
30	Picnic Area	Y	\$3	Y		Y		N	\$3	Y	
31	Playground	Y		N	\$3	N	\$3	Y		N	\$3
32	Social Services	N	(\$10)	N		N		N		N	
<b>E. Utilities</b>	<b>Data</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>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y	\$75	N/N	\$75	Y/Y		N/N	\$75	N/N	\$75
39	Trash /Recycling	Y/N		Y/N		Y/N		Y/N		N/N	\$14
<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>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>
40	# Adjustments B to D	5	3	4	2	5	3	6	3	3	4
41	Sum Adjustments B to D	\$43	(\$29)	\$22	(\$57)	\$42	(\$41)	\$48	(\$37)	\$19	(\$120)
42	Sum Utility Adjustments	\$75		\$75				\$75		\$89	
		<b>Net</b>	<b>Gross</b>	<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	\$89	\$147	\$40	\$154	\$1	\$83	\$86	\$160	(\$12)	\$228
<b>G. Adjusted &amp; Market Rents</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>
44	Adjusted Rent (5+ 43)	\$1,049		\$1,270		\$946		\$1,086		\$1,088	
45	Adj Rent/Last rent		109%		103%		100%		109%		99%
46	Estimated Market Rent	\$1,050	\$0.84	← Estimated Market Rent/ Sq. Ft							

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

Based on the preceding Rent Comparability Grids, it was determined that the current achievable market rent for units similar to the subject development are \$850 for a one-bedroom unit, \$960 for a two-bedroom unit and \$1,050 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 (AMHI)	Achievable Market Rent	Market Rent Advantage
One-Bedroom	\$501 (50%)	\$850	41.06%
	\$565 (60%)		33.53%
Two-Bedroom	\$605 (50%)	\$960	36.98%
	\$665 (60%)		30.73%
Three-Bedroom	\$689 (50%)	\$1,050	34.38%
	\$750 (60%)		28.57%
Weighted Average			32.38%

The proposed collected Tax Credit rents represent a market rent advantages between 28.57% and 41.06%. Typically, Tax Credit rents should represent market rent advantages of at least 10.0% in order to be considered a value in most markets. Therefore, it is likely that all of the proposed units at the subject project will be viewed as a significant value within the Site PMA, as all have market-rent advantages above 28.0%

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. This is the actual rent paid by tenants and does not consider tenant-paid utilities. The rent reported is typical and does not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1997 and 2010. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.
8. It is anticipated that the subject project will have an excellent appearance, once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
12. The number of bathrooms offered in the two- and three-bedroom units at each of the selected properties varies. We have made adjustments to reflect the difference in the number of bathrooms offered at the site and the number offered by the competitive 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 bases, we have used 25% of the average for this adjustment.
- 14.-23. The subject project will offer a unit amenity package generally similar to the selected properties. We have, however, made adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The subject project offers a comprehensive project amenities package generally superior to the selected properties. We have made monetary adjustments to reflect the difference between the subject project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences between the subject project's and the selected properties' utility responsibility. The utility adjustments were based on the local housing authority's utility cost estimates.

**9. AFFORDABLE HOUSING IMPACT**

The anticipated occupancy rates of the existing comparable Tax Credit developments located within the Site PMA following stabilization of the subject property are as follows:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2014
1	May River Village (Phase I)	100.0%	95.0%+
2	Bluffton House I	100.0%	95.0%+
3	Bluffton House II	100.0%	95.0%+
4	Bluffton House III	96.9%	95.0%+
7	Simmons Cay Apts. & Townhomes	100.0%	95.0%+
10	Vista View Apts.	98.6%	95.0%+
13	Hallmark Malphrus	100.0%	95.0%+
14	Hallmark White Oak	100.0%	95.0%+

The subject project is not expected to have a negative impact on the existing Tax Credit projects within the Site PMA, which have a combined occupancy of 99.5%. May River Village (Phase I) maintains a waiting list of 30 households. Given the high occupancies and waiting list, we expect all Tax Credit projects to operate at or above 95.0% once the proposed subject units are built. Overall, we believe there is sufficient demographic support for all existing and proposed Tax Credit units in the market and no long-term negative impact is expected on existing Tax Credit projects within the market if the proposed subject project is developed.

**10. OTHER HOUSING OPTIONS (BUY VERSUS RENT)**

According to ESRI, the median home value within the Site PMA was \$276,245. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a \$276,245 home is \$1,967, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$276,245
Mortgaged Value = 95% of Median Home Price	\$262,433
Interest Rate - Bankrate.com	6.0%
Term	30
Monthly Principal & Interest	\$1,573
Estimated Taxes and Insurance*	\$393
Estimated Monthly Mortgage Payment	\$1,967

\*Estimated at 25% of principal and interest

In comparison, the proposed collected LIHTC rents at the subject property range from \$501 to \$750 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is approximately \$1,217 to \$1,466 greater than the cost of renting at the subject site, depending on unit size and targeted income level. As such, it is not likely that any of the subject site's potential residents would be able to afford the monthly payments required to own a home, let alone the down payment on such a home. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

## 11. HOUSING VOIDS

As previously noted, there are eight competitive Tax Credit projects located within the Bluffton Site PMA. These projects have an overall occupancy rate of 99.5% (99.8% when not factoring in the market-rate units, which is the result of one vacant LIHTC unit), indicating a strong demand for affordable rental housing in the market. The proposed subject project will include a total of 40 general-occupancy units targeting households up to 50% and 60% of AMHI. Therefore, it is expected that the subject project will help fill part of the housing void that exists in the market.

Given that there is a lack of available affordable housing units in the market, it is our opinion that the development of the subject project will be able to accommodate a portion of the unmet demand in the market. In fact, the proposed development will be one of two LIHTC projects to offer one-bedroom units, in which all existing one-bedroom units are occupied. This indicates there is pent-up demand for such units. Further, as shown in the demographic section of this report, the Bluffton Site PMA is expected to have growth among its population and household bases. With this positive demographic growth in the market, the demand for housing will increase. Given that there are currently no definite plans for additional rental units to be added in the market, the proposed project will help fill a need in the market that is currently being unmet and that is expected to increase over the foreseeable future.

## I. INTERVIEWS

The following are summaries of interviews conducted with various stakeholders knowledgeable about the Bluffton area:

- Damaris Valentin, Property Manager at May River Village (Phase I of subject site), stated that there is a definite demand for additional affordable housing within Bluffton, especially for one-bedroom units. She stated that there is a lack of affordable one-bedroom units in the market (her property is the only property that offers such units) and all of her one-bedroom apartments are currently occupied. In fact, all of her units are occupied and she maintains a 30-household wait list, further providing evidence of the demand for additional affordable housing.
- According to Housing Choice Voucher information provided by Angela Childers with the Beaufort Housing Authority, there are approximately 800 households on the wait list for additional vouchers and the wait list for additional vouchers is closed and it is uncertain on when it may reopen. Monthly turnover of persons in the Voucher program is approximately three to five households. This reflects the continuing demand for additional affordable housing within the Bluffton area.

## J. RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market exists for the 40 units proposed at the subject site, assuming it is developed as detailed in this report. Changes in the project's site, rents, amenities or opening date may alter these findings.

The eight Tax Credit properties located within the Bluffton Site PMA have a combined occupancy of 99.5%. It should be noted that when only factoring in the LIHTC units at these eight properties, the combined occupancy rate is 99.8%, which is the result of one vacancy. May River Village Phase I (Map I.D. 1) maintains a waiting list of 30 households for the next available units. The high occupancies among Tax Credit product, along with the lengthy waiting list at May River Village Phase I, are indications that pent-up demand exists for additional rental housing targeting low- and moderate-income households within the Bluffton Site PMA. Further, the proposed project will be one of two projects to offer one-bedroom LIHTC units, which will provide the project with a competitive edge.

Management for May River Village Phase I began preleasing in November 2011. The property opened in January 2012 and reached 100.0% occupancy in August 2012, resulting in an average monthly absorption of six to seven units per month. This demonstrates that new affordable rental housing has been well received within the market, which will bode well for the proposed development.

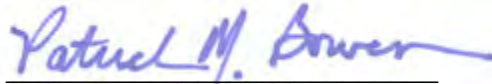
The subject project will offer rents that will be among the lowest charged at the existing LIHTC projects in the market, the largest unit sizes and will provide an amenities package that is generally similar to the existing LIHTC projects within the market. As such, the subject site will be perceived as a significant value in the marketplace. We have no recommendations for the proposed subject project at this time.



## K. SIGNED STATEMENT REQUIREMENT

I affirm that I have made a physical inspection of the market and surrounding area and the information obtained in the field has been used to determine the need and demand for new rental housing. I understand that any misrepresentation of this statement may result in the denial of further participation in the South Carolina State Housing Finance and Development Authority's programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written according to the SCSHFDA's market study requirements. The information included is accurate and can be relied upon by SCSHFDA to present a true assessment of the low-income housing rental market.

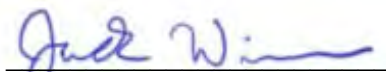
Certified:



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(614) 833-9300  
[patrickb@bowennational.com](mailto:patrickb@bowennational.com)  
Date: February 22, 2013



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Market Analyst  
[jeffg@bowennational.com](mailto:jeffg@bowennational.com)  
Date: February 22, 2013



Jack Wiseman  
Market Analyst  
[jackw@bowennational.com](mailto:jackw@bowennational.com)  
Date: February 22, 2013

## L. QUALIFICATIONS

### The Company

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

### The Staff

**Patrick Bowen** is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, for 15 years. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

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

**Becky Musso**, Market Analyst, is part of the research team at Bowen National Research. She has been involved in the research process for many jobs, but has specifically been skilled in the research of homeless, special needs and farmlabor data. Ms. Musso conducts a variety of interviews with local planning, economic development and stakeholder officials that are used in the analysis of each market.

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

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

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

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

**Benjamin Adams**, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Adams graduated from Otterbein College with a Bachelor of Arts in Economics.

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

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

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

**Jeff Gibson**, Market Analyst, has been a licensed home inspector (commercial and residential) since 1996. He has worked with city inspectors ensuring proper completion of work to obtain permits and pass inspections as required. 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.

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

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

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

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

## M. METHODOLOGIES, DISCLAIMERS & SOURCES

This market feasibility analysis complies with the requirements established by the South Carolina State Housing Finance and Development Authority (SCSHFDA) and conforms to the standards adopted by the National Council of Housing Market Analysts (NCHMA). These standards include the acceptable definitions of key terms used in market studies for affordable housing projects and model standards for the content of market studies for affordable housing projects. The 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.

### 1. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

- The Primary Market Area (PMA) generated for the proposed site is identified. The PMA is generally described as the smallest geographic area expected to generate most of the support for the proposed project. 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 proposed 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 proposed development. An in-depth evaluation of these two property types provides an indication of the potential of the proposed 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 proposed 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 proposed 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 proposed development.
- An analysis of the proposed project's market capture of income-appropriate renter households within the PMA is conducted. This analysis follows SCSHFDA'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 proposed development's capture rate is achievable.
- Achievable market rent for the proposed subject development is determined. Using a Rent Comparability Grid, the features of the proposed 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 proposed subject development. These adjustments are then included with the collected rent resulting in an achievable market rent for a unit comparable to the proposed unit. This analysis is done for each bedroom type proposed for the site.

Please note that non-numbered items in this report are not required by SCSHFDA; they have been included, however, based on Bowen National Research's opinion that it is necessary to consider these details to effectively address the development potential of proposed projects.

## **2. 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; Bowen National Research, however, makes a significant effort to ensure 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, conclusions in or the use of this study.

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

## **3. 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
- ESRI
- Urban Decision Group (UDG)
- Applied Geographic Solutions
- Area Chamber of Commerce
- 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
- South Carolina State Housing Finance and Development Authority
- HISTA Data (household income by household size, tenure and age of head of household) by Ribbon Demographics



## ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

### BLUFFTON, SOUTH CAROLINA

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.

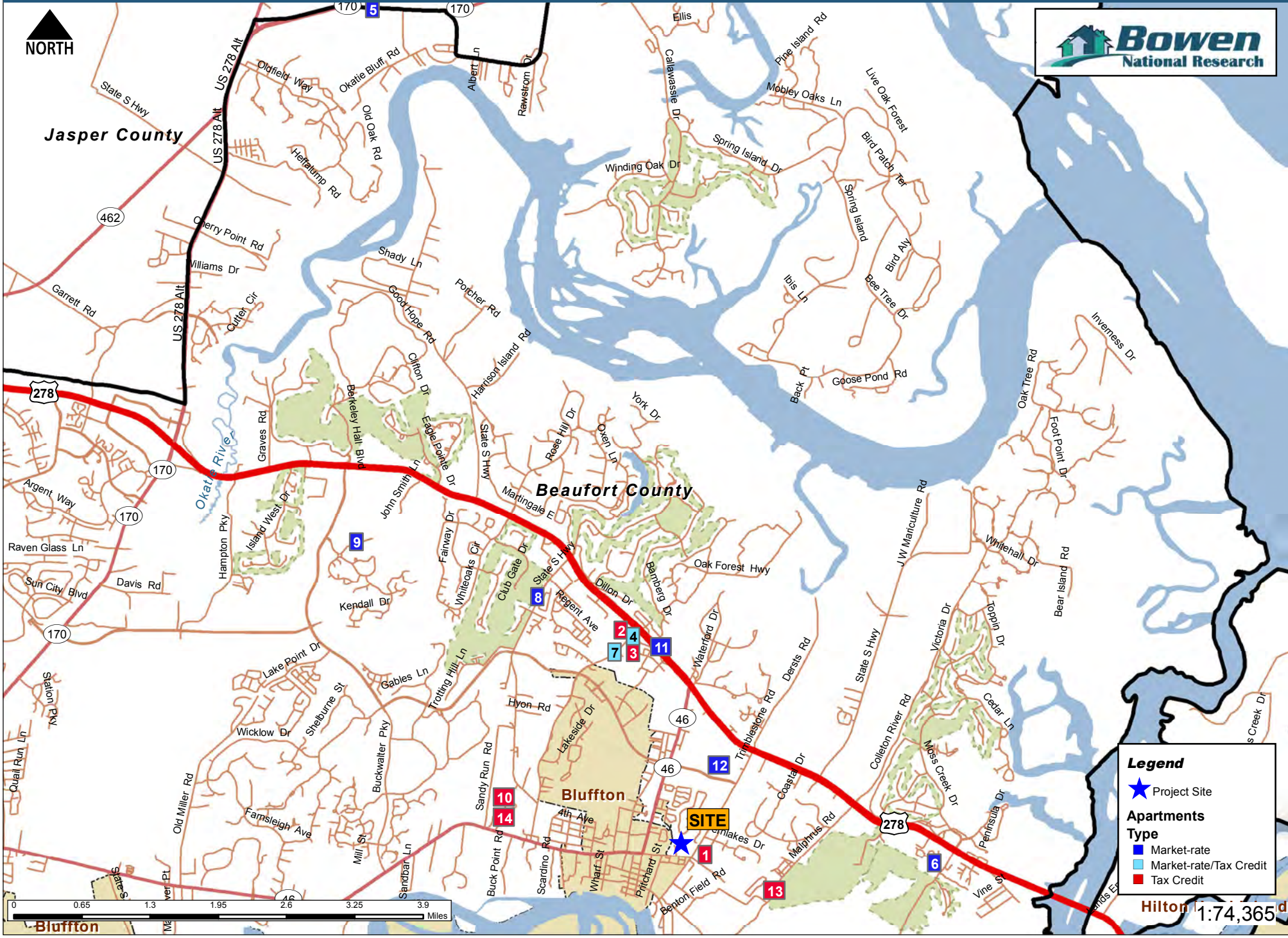
The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- 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.

# Bluffton, SC: Apartment Locations

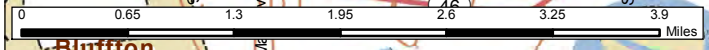


**Legend**

- ★ Project Site

**Apartments Type**

- Market-rate
- Market-rate/Tax Credit
- Tax Credit



Hilton 1:74,365

# MAP IDENTIFICATION LIST - BLUFFTON, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	May River Village	TAX	A	2012	68	0	100.0%	0.2
2	Bluffton House I	TAX	B	1997	120	0	100.0%	2.9
3	Bluffton House II	TAX	B	1998	90	0	100.0%	2.9
4	Bluffton House III	MRT	B	1999	64	2	96.9%	2.9
5	Oldfield Mews	MRR	B+	2009	184	1	99.5%	13.1
6	Villas at Old South	MRR	A	1996	300	27	91.0%	3.9
7	Simmons Cay Apts. & Townhomes	MRT	B+	1998	88	0	100.0%	3.0
8	Crowne at Old Carolina	MRR	A	2010	199	0	100.0%	3.9
9	Reserve of Woodbridge	MRR	B+	2000	214	2	99.1%	7.1
10	Vista View Apts.	TAX	B	1998	71	1	98.6%	2.0
11	Plantation Point	MRR	B	1997	414	3	99.3%	2.6
12	Lakes at Myrtle Park I & II	MRR	A	2003	360	25	93.1%	1.2
13	Hallmark Malphrus	TAX	B	2008	32	0	100.0%	1.7
14	Hallmark White Oak	TAX	A	2007	72	0	100.0%	2.0

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	6	1,671	58	96.5%	0
MRT	2	152	2	98.7%	0
TAX	6	453	1	99.8%	7

Total units does not include units under construction.

◆	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: January 2013

# DISTRIBUTION OF UNITS - BLUFFTON, SOUTH CAROLINA

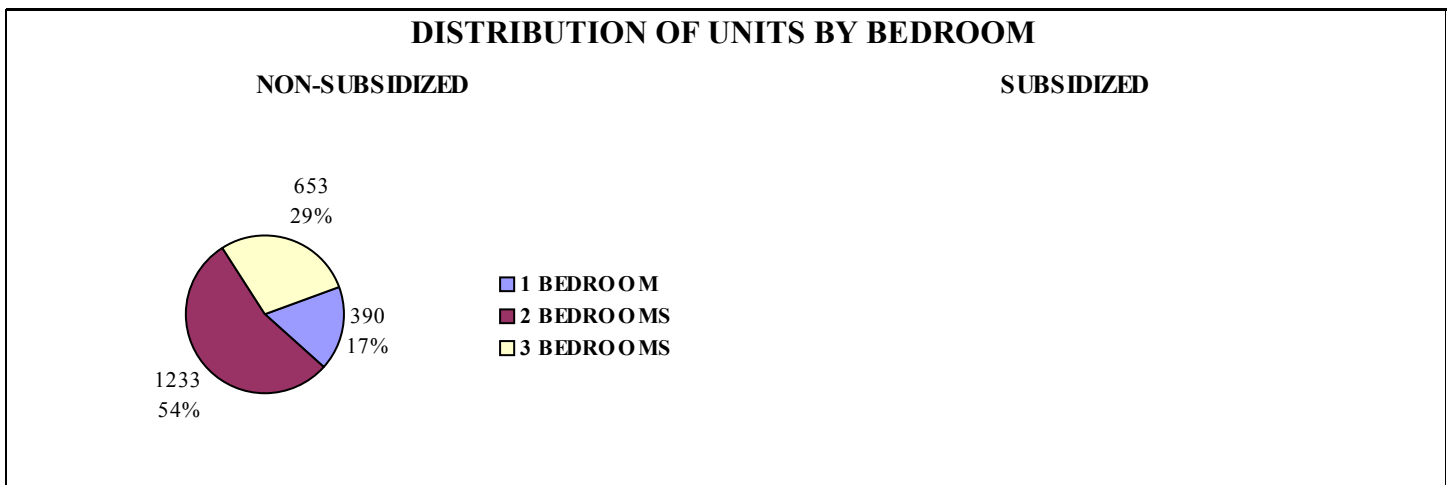
MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	368	21.7%	12	3.3%	\$901
2	1	32	1.9%	2	6.3%	\$967
2	2	879	52.0%	29	3.3%	\$1,107
2	2.5	122	7.2%	0	0.0%	\$1,032
3	2	153	9.0%	3	2.0%	\$1,123
3	2.5	78	4.6%	9	11.5%	\$1,247
3	3	60	3.5%	5	8.3%	\$1,337
<b>TOTAL</b>		<b>1,692</b>	<b>100.0%</b>	<b>60</b>	<b>3.5%</b>	

TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	22	3.8%	0	0.0%	\$742
2	2	200	34.2%	0	0.0%	\$811
3	2	362	62.0%	1	0.3%	\$907
<b>TOTAL</b>		<b>584</b>	<b>100.0%</b>	<b>1</b>	<b>0.2%</b>	

7 UNITS UNDER CONSTRUCTION

<b>GRAND TOTAL</b>		<b>2,276</b>	<b>-</b>	<b>61</b>	<b>2.7%</b>	
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# SURVEY OF PROPERTIES - BLUFFTON, SOUTH CAROLINA

1 May River Village			
	<b>Address</b> 5736 Patriot Ln. Bluffton, SC 29910	<b>Phone</b> (843) 837-9400 (Contact in person)	<b>Total Units</b> 68
	<b>Year Built</b> 2012 <b>Comments</b> 50% & 60% AMHI; HCV (2 units); Opened 1/2012, 100% occupied 8/2012; began preleasing 11/2011	<b>Contact</b> Damris	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2,3 <b>Quality Rating</b> A
			<b>Waiting List</b> 30 households
2 Bluffton House I			
	<b>Address</b> 20 Simmonsville Rd. Bluffton, SC 29910	<b>Phone</b> (843) 815-5900 (Contact in person)	<b>Total Units</b> 120
	<b>Year Built</b> 1997 <b>Comments</b> 60% AMHI; HCV (17 units between phase I, II & III)	<b>Contact</b> Maria	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2 <b>Quality Rating</b> B
			<b>Waiting List</b> 5 households
3 Bluffton House II			
	<b>Address</b> 20 Simmonsville Rd. Bluffton, SC 29910	<b>Phone</b> (843) 815-5900 (Contact in person)	<b>Total Units</b> 90
	<b>Year Built</b> 1998 <b>Comments</b> 60% AMHI; HCV (17 units between phase I, II & III); Six units under renovation	<b>Contact</b> Maria	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2 <b>Quality Rating</b> B
			<b>Waiting List</b> None
4 Bluffton House III			
	<b>Address</b> 20 Simmonsville Rd. Bluffton, SC 29910	<b>Phone</b> (843) 815-5900 (Contact in person)	<b>Total Units</b> 64
	<b>Year Built</b> 1999 <b>Comments</b> Market-rate (13 units); 60% AMHI (51 units); HCV (17 units between phase I, II & III)	<b>Contact</b> Jennifer	<b>Vacancies</b> 2 <b>Occupied</b> 96.9% <b>Floors</b> 2 <b>Quality Rating</b> B
			<b>Waiting List</b> None
5 Oldfield Mews			
	<b>Address</b> 116 Old Towne Rd. Bluffton, SC 29910	<b>Phone</b> (843) 645-3700 (Contact in person)	<b>Total Units</b> 184
	<b>Year Built</b> 2009 <b>Comments</b> Select 2 & 3-br have attached garages	<b>Contact</b> Tammy	<b>Vacancies</b> 1 <b>Occupied</b> 99.5% <b>Floors</b> 2 <b>Quality Rating</b> B+
			<b>Waiting List</b> None

### Project Type

<span style="color: blue;">■</span>	Market-rate
<span style="color: cyan;">■</span>	Market-rate/Tax Credit
<span style="color: pink;">■</span>	Market-rate/Government-subsidized
<span style="color: purple;">■</span>	Market-rate/Tax Credit/Government-subsidized
<span style="color: red;">■</span>	Tax Credit
<span style="color: orange;">■</span>	Tax Credit/Government-subsidized
<span style="color: yellow;">■</span>	Government-subsidized

Survey Date: January 2013

# SURVEY OF PROPERTIES - BLUFFTON, SOUTH CAROLINA





6 Villas at Old South			
	<b>Address</b> 29 Edgewater Cir. Bluffton, SC 29910	<b>Phone</b> (843) 837-7700 (Contact in person)	<b>Total Units</b> 300
	<b>Year Built</b> 1996	<b>Contact</b> Sheila	<b>Vacancies</b> 27
	<b>Comments</b> Does not accept HCV; 2-br rent range due to floor level; 3rd floor units have ceiling fans		<b>Occupied</b> 91.0%
			<b>Floors</b> 2, 3
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
7 Simmons Cay Apts. & Townhomes			
	<b>Address</b> 57 Simmonsville Rd. Bluffton, SC 29910	<b>Phone</b> (843) 815-3437 (Contact in person)	<b>Total Units</b> 88
	<b>Year Built</b> 1998	<b>Contact</b> Ericka	<b>Vacancies</b> 0
	<b>Comments</b> Market-rate (8 units); 50% & 60% AMHI (80 units); HCV (2 units); HOME Funds (41 units)		<b>Occupied</b> 100.0%
			<b>Floors</b> 2
			<b>Quality Rating</b> B+
			<b>Waiting List</b> 16 households
8 Crowne at Old Carolina			
	<b>Address</b> 66 Buck Island Bluffton, SC 29910	<b>Phone</b> (843) 706-2169 (Contact in person)	<b>Total Units</b> 199
	<b>Year Built</b> 2010	<b>Contact</b> Beverly	<b>Vacancies</b> 0
	<b>Comments</b> 2-br have attached garage; Rent range based on floor plan & unit amenities		<b>Occupied</b> 100.0%
			<b>Floors</b> 2
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
9 Reserve of Woodbridge			
	<b>Address</b> 50 Pebble Beach Cove Bluffton, SC 29910	<b>Phone</b> (843) 757-0073 (Contact in person)	<b>Total Units</b> 214
	<b>Year Built</b> 2000	<b>Contact</b> Cia	<b>Vacancies</b> 2
	<b>Comments</b>		<b>Occupied</b> 99.1%
			<b>Floors</b> 2
			<b>Quality Rating</b> B+
			<b>Waiting List</b> None
10 Vista View Apts.			
	<b>Address</b> 39 Haigler Blvd. Bluffton, SC 29910	<b>Phone</b> (843) 706-3560 (Contact in person)	<b>Total Units</b> 71
	<b>Year Built</b> 1998	<b>Contact</b> Christine	<b>Vacancies</b> 1
	<b>Comments</b> 45% & 60% AMHI; HCV (8 units)		<b>Occupied</b> 98.6%
			<b>Floors</b> 2
			<b>Quality Rating</b> B
			<b>Waiting List</b> 45% AMHI; 2 HH

### 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: January 2013

# SURVEY OF PROPERTIES - BLUFFTON, SOUTH CAROLINA

11 Plantation Point			
	<b>Address</b> 897 Fording Island Rd. Bluffton, SC 29910	<b>Phone</b> (843) 816-2400 (Contact in person)	<b>Total Units</b> 414
	<b>Year Built</b> 1997	<b>Contact</b> Theresa	<b>Vacancies</b> 3
	<b>Comments</b> Condominium community; Does not accept HCV; Rent range due to all units have different owners & upgrades; Flooring is carpeting or hardwood; Square footage estimated		<b>Occupied</b> 99.3%
			<b>Floors</b> 2
			<b>Quality Rating</b> B
			<b>Waiting List</b> None
12 Lakes at Myrtle Park I & II			
	<b>Address</b> 4921 Bluffton Pkwy. Bluffton, SC 29910	<b>Phone</b> (843) 757-1700 (Contact in person)	<b>Total Units</b> 360
	<b>Year Built</b> 2003	<b>Contact</b> Vanessa	<b>Vacancies</b> 25
	<b>Comments</b>		<b>Occupied</b> 93.1%
			<b>Floors</b> 3
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
13 Hallmark Malphrus			
	<b>Address</b> 120 Malphrus Rd. Bluffton, SC 29910	<b>Phone</b> (843) 836-2505 (Contact in person)	<b>Total Units</b> 32
	<b>Year Built</b> 2008	<b>Contact</b> Ann Marie	<b>Vacancies</b> 0
	<b>Comments</b> 50% & 60% AMHI; HCV (3 units); 100% occupied by 11/2011; Square footage estimated		<b>Occupied</b> 100.0%
			<b>Floors</b> 2
			<b>Quality Rating</b> B
			<b>Waiting List</b> 40 households
14 Hallmark White Oak			
	<b>Address</b> 102 Haigler Blvd. Bluffton, SC 29910	<b>Phone</b> (843) 757-6350 (Contact in person)	<b>Total Units</b> 72
	<b>Year Built</b> 2007	<b>Contact</b> Ann Marie	<b>Vacancies</b> 0
	<b>Comments</b> 50% & 60% AMHI; Accepts HCV; Unit mix & square footage estimated		<b>Occupied</b> 100.0%
			<b>Floors</b> 2
			<b>Quality Rating</b> A
			<b>Waiting List</b> 3 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: January 2013



# COLLECTED RENTS - BLUFFTON, SOUTH CAROLINA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1		\$528 to \$640	\$637 to \$794	\$725 to \$845					
2			\$689	\$759					
3			\$639	\$759					
4			\$689	\$739 to \$789					
5		\$730 to \$754	\$860 to \$950	\$960 to \$1150					
6		\$799	\$925 to \$985					\$1099	
7				\$759 to \$900				\$759 to \$900	
8		\$835 to \$870	\$1035 to \$1065	\$1230 to \$1250					
9		\$745	\$845	\$945					
10				\$586 to \$859					
11		\$675 to \$775	\$778 to \$850	\$900 to \$1000					
12		\$835	\$965	\$1100					
13			\$666 to \$808	\$758 to \$833					
14			\$666 to \$827	\$758					

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

Survey Date: January 2013

# PRICE PER SQUARE FOOT - BLUFFTON, SOUTH CAROLINA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Oldfield Mews	1	790 to 799	\$869 to \$893	\$1.10 to \$1.12
6	Villas at Old South	1	750	\$901	\$1.20
8	Crowne at Old Carolina	1	838 to 928	\$974 to \$1009	\$1.09 to \$1.16
9	Reserve of Woodbridge	1	667 to 732	\$847	\$1.16 to \$1.27
11	Plantation Point	1	780 to 850	\$814 to \$914	\$1.04 to \$1.08
12	Lakes at Myrtle Park I & II	1	779	\$988	\$1.27
1	May River Village	1	714 to 726	\$630 to \$742	\$0.88 to \$1.02
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Oldfield Mews	2	1084	\$1032 to \$1056	\$0.95 to \$0.97
		2.5	1087 to 1424	\$1032 to \$1122	\$0.79 to \$0.95
6	Villas at Old South	2	1000	\$1047 to \$1107	\$1.05 to \$1.11
8	Crowne at Old Carolina	2	1134 to 1233	\$1207 to \$1237	\$1.00 to \$1.06
9	Reserve of Woodbridge	1	921	\$967	\$1.05
		2	1054	\$967	\$0.92
11	Plantation Point	2	1060 to 1125	\$950 to \$1022	\$0.90 to \$0.91
12	Lakes at Myrtle Park I & II	2	1225	\$1151	\$0.94
4	Bluffton House III	2	943	\$811	\$0.86
1	May River Village	2	983 to 1069	\$759 to \$916	\$0.77 to \$0.86
2	Bluffton House I	2	943	\$811	\$0.86
3	Bluffton House II	2	943	\$761	\$0.81
13	Hallmark Malphrus	2	1150	\$788 to \$930	\$0.69 to \$0.81
14	Hallmark White Oak	2	900	\$788 to \$949	\$0.88 to \$1.05
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Oldfield Mews	2	1334	\$1183 to \$1233	\$0.89 to \$0.92
		2.5	1491 to 1668	\$1272 to \$1373	\$0.82 to \$0.85
6	Villas at Old South	2.5	1428	\$1247	\$0.87
8	Crowne at Old Carolina	2	1417 to 1441	\$1453 to \$1473	\$1.02 to \$1.03
9	Reserve of Woodbridge	2	1319	\$1093	\$0.83
11	Plantation Point	2	1255 to 1285	\$1123 to \$1223	\$0.89 to \$0.95
12	Lakes at Myrtle Park I & II	3	1562	\$1337	\$0.86
4	Bluffton House III	2	1104	\$887 to \$937	\$0.80 to \$0.85
7	Simmons Cay Apts. & Townhomes	2	1223 to 1283	\$907 to \$1048	\$0.74 to \$0.82
1	May River Village	2	1207 to 1284	\$873 to \$993	\$0.72 to \$0.77

◆	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

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## PRICE PER SQUARE FOOT - BLUFFTON, SOUTH CAROLINA

THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
2	Bluffton House I	2	1081	\$907	\$0.84
3	Bluffton House II	2	1081	\$907	\$0.84
10	Vista View Apts.	2	1205	\$809 to \$1082	\$0.67 to \$0.90
13	Hallmark Malphrus	2	1250	\$906 to \$981	\$0.72 to \$0.78
14	Hallmark White Oak	2	1200	\$906	\$0.76

◆	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

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# AVERAGE GROSS RENT PER SQUARE FOOT - BLUFFTON, SOUTH CAROLINA

<b>MARKET-RATE</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.14	\$0.96	\$0.88
TOWNHOUSE	\$0.00	\$0.00	\$0.87

<b>TAX CREDIT (NON-SUBSIDIZED)</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$0.99	\$0.87	\$0.82
TOWNHOUSE	\$0.00	\$0.00	\$0.78

<b>COMBINED</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.13	\$0.94	\$0.85
TOWNHOUSE	\$0.00	\$0.00	\$0.83

# TAX CREDIT UNITS - BLUFFTON, SOUTH CAROLINA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
1	May River Village	6	714 - 726	1	50%	\$528
1	May River Village	16	714 - 726	1	60%	\$640
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
1	May River Village	7	983 - 1069	2	50%	\$637
3	Bluffton House II	32	943	2	60%	\$639
14	Hallmark White Oak	20	900	2	50%	\$666
13	Hallmark Malphrus	9	1150	2	50%	\$666
2	Bluffton House I	24	943	2	60%	\$689
2	Bluffton House I	24	943	2	60%	\$689
4	Bluffton House III	12	943	2	60%	\$689
4	Bluffton House III	12	943	2	60%	\$689
1	May River Village	21	983 - 1069	2	60%	\$794
13	Hallmark Malphrus	7	1150	2	60%	\$808
14	Hallmark White Oak	32	900	2	60%	\$827
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
10	Vista View Apts.	15	1205	2	45%	\$586
1	May River Village	4	1207 - 1284	2	50%	\$725
4	Bluffton House III	27	1104	2	60%	\$739
13	Hallmark Malphrus	8	1250	2	50%	\$758
14	Hallmark White Oak	20	1200	2	50%	\$758
3	Bluffton House II	58	1081	2	60%	\$759
7	Simmons Cay Apts. & Townhomes	26	1223	2	50%	\$759
2	Bluffton House I	72	1081	2	60%	\$759
7	Simmons Cay Apts. & Townhomes	23	1223	2	50%	\$759
7	Simmons Cay Apts. & Townhomes	25	1223	2	60%	\$815 - \$900
7	Simmons Cay Apts. & Townhomes	6	1223	2	60%	\$815
13	Hallmark Malphrus	8	1250	2	60%	\$833
1	May River Village	14	1207 - 1284	2	60%	\$845
10	Vista View Apts.	56	1205	2	60%	\$859

# QUALITY RATING - BLUFFTON, SOUTH CAROLINA

## MARKET-RATE PROJECTS AND UNITS

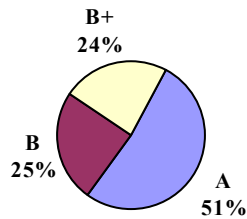
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	3	859	6.1%		\$974	\$1,151	\$1,337	
B+	3	406	0.7%		\$847	\$1,032	\$1,093	
B	2	427	1.2%		\$814	\$950	\$1,123	

## TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

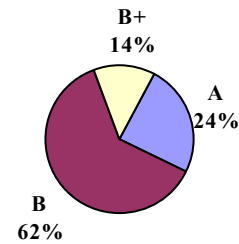
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	2	140	0.0%		\$742	\$916	\$906	
B+	1	80	0.0%				\$907	
B	5	364	0.3%			\$811	\$907	

## DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



## YEAR BUILT - BLUFFTON, SOUTH CAROLINA \*

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	7	1147	33	2.9%	1147	50.4%
2000 to 2005	2	574	27	4.7%	1721	25.2%
2006	0	0	0	0.0%	1721	0.0%
2007	1	72	0	0.0%	1793	3.2%
2008	1	32	0	0.0%	1825	1.4%
2009	1	184	1	0.5%	2009	8.1%
2010	1	199	0	0.0%	2208	8.7%
2011	0	0	0	0.0%	2208	0.0%
2012	1	68	0	0.0%	2276	3.0%
2013**	0	0	0	0.0%	2276	0.0%
<b>TOTAL</b>	<b>14</b>	<b>2276</b>	<b>61</b>	<b>2.7%</b>	<b>2276</b>	<b>100.0 %</b>

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

\*\* As of January 2013

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## APPLIANCES AND UNIT AMENITIES - BLUFFTON, SOUTH CAROLINA

<b>APPLIANCES</b>			
<b>APPLIANCE</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS*</b>
RANGE	14	100.0%	2,276
REFRIGERATOR	14	100.0%	2,276
ICEMAKER	6	42.9%	1,543
DISHWASHER	14	100.0%	2,276
DISPOSAL	14	100.0%	2,276
MICROWAVE	4	28.6%	523
<b>UNIT AMENITIES</b>			
<b>AMENITY</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS*</b>
AC - CENTRAL	14	100.0%	2,276
AC - WINDOW	0	0.0%	
FLOOR COVERING	13	92.9%	1,862
WASHER/DRYER	5	35.7%	1,487
WASHER/DRYER HOOK-UP	13	92.9%	2,092
PATIO/DECK/BALCONY	11	78.6%	2,104
CEILING FAN	13	92.9%	2,188
FIREPLACE	1	7.1%	199
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	14	100.0%	2,276
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	0	0.0%	

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



## PROJECT AMENITIES - BLUFFTON, SOUTH CAROLINA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	11	78.6%	2,105
ON-SITE MANAGEMENT	13	92.9%	2,077
LAUNDRY	8	57.1%	605
CLUB HOUSE	10	71.4%	1,884
MEETING ROOM	3	21.4%	464
FITNESS CENTER	6	42.9%	1,671
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	11	78.6%	1,503
COMPUTER LAB	8	57.1%	1,200
SPORTS COURT	3	21.4%	488
STORAGE	3	21.4%	358
LAKE	3	21.4%	664
ELEVATOR	0	0.0%	
SECURITY GATE	1	7.1%	414
BUSINESS CENTER	3	21.4%	455
CAR WASH AREA	2	14.3%	514
PICNIC AREA	8	57.1%	1,104
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	1	7.1%	184

## DISTRIBUTION OF UTILITIES - BLUFFTON, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
<b>HEAT</b>			
TENANT			
ELECTRIC	14	2,276	100.0%
			100.0%
<b>COOKING FUEL</b>			
TENANT			
ELECTRIC	14	2,276	100.0%
			100.0%
<b>HOT WATER</b>			
TENANT			
ELECTRIC	14	2,276	100.0%
			100.0%
<b>ELECTRIC</b>			
TENANT			
	14	2,276	100.0%
			100.0%
<b>WATER</b>			
LANDLORD	9	1,048	46.0%
TENANT	5	1,228	54.0%
			100.0%
<b>SEWER</b>			
LANDLORD			
	9	1,048	46.0%
TENANT			
	5	1,228	54.0%
<b>TRASH PICK-UP</b>			
LANDLORD			
	13	1,916	84.2%
TENANT			
	1	360	15.8%
			100.0%

## UTILITY ALLOWANCE - BLUFFTON, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$22	\$13		\$48	\$13	\$17	\$3	\$5	\$52	\$11	\$14	\$14	\$20
1	GARDEN	\$24	\$17		\$57	\$16	\$23	\$4	\$6	\$56	\$15	\$22	\$14	\$20
1	TOWNHOUSE	\$24	\$17		\$57	\$16	\$23	\$4	\$6	\$56	\$15	\$22	\$14	\$20
2	GARDEN	\$27	\$21		\$68	\$19	\$30	\$5	\$8	\$63	\$20	\$30	\$14	\$20
2	TOWNHOUSE	\$27	\$21		\$68	\$19	\$30	\$5	\$8	\$63	\$20	\$30	\$14	\$20
3	GARDEN	\$30	\$25		\$79	\$26	\$44	\$6	\$9	\$70	\$30	\$45	\$14	\$20
3	TOWNHOUSE	\$30	\$25		\$79	\$26	\$44	\$6	\$9	\$70	\$30	\$45	\$14	\$20
4	GARDEN	\$33	\$31		\$93	\$34	\$60	\$6	\$10	\$77	\$39	\$45	\$14	\$20
4	TOWNHOUSE	\$33	\$31		\$93	\$34	\$60	\$6	\$10	\$77	\$39	\$45	\$14	\$20

SC-Beaufort (5/2011)

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## ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

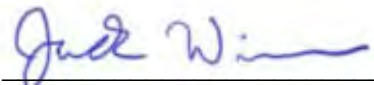
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard 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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Date: February 22, 2013



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Date: February 22, 2013

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	E
19.	Historical unemployment rate	E
20.	Area major employers	E
21.	Five-year employment growth	E
22.	Typical wages by occupation	E
23.	Discussion of commuting patterns of area workers	E
<b>DEMOGRAPHIC CHARACTERISTICS</b>		
24.	Population and household estimates and projections	F
25.	Area building permits	H
26.	Distribution of income	F
27.	Households by tenure	F
<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
46.	Derivation of Achievable Restricted Rent	N/A
47.	Precise statement of key conclusions	J
48.	Market strengths and weaknesses impacting project	J
49.	Recommendations and/or modification to project discussion	J
50.	Discussion of subject property's impact on existing housing	H
51.	Absorption projection with issues impacting performance	G & J
52.	Discussion of risks or other mitigating circumstances impacting project projection	J
53.	Interviews with area housing stakeholders	I

**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	K
57.	Statement of qualifications	L
58.	Sources of data not otherwise identified	D
59.	Utility allowance schedule	Addendum A