REAL PROPERTY RESEARCH GROUP
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Market Feasibility Analysis

Bluffton Village

Bluffton, Beaufort County, South Carolina

Prepared for:

Bluffton Affordable Partners, L.P.

Site Inspection: February, 21 2013
Effective Date: February, 21 2013

Formerly known as
National Council of Affordable
Housing Market Analysts

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EXECUTIVE SUMMARY

2013 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:

Development Name:	Bluffton Village	Total # Units:	42
Location:	Gateway Village Road, Bluffton SC 29910	# LIHTC Units:	**42**
PMA Boundary:	North: Chechessee River/Broad River, East: Mackay Creek/Hilton Head, South: May River, West: Jasper County		
Development Type : Family		Farthest Boundary Distance to Subject:	5.8 miles

RENTAL HOUSING STOCK (found on page 6, 41, 47-51)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	10	1,655	48	97.1%
Market-Rate Housing	4	1,043	42	96.0%
Assisted/Subsidized Housing not to include LIHTC				
LIHTC (All that are stabilized)*	6	612	6	99.0%
Stabilized Comps**	10	1,655	48	97.1%
Non-stabilized Comps				

*Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).
** 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
4	2	2	1,100	**$400**	**$915**	**$0.83**	**56.27%**	**$1,048**	**$0.93**
2	2	2	1,100	**$400**	**$915**	**$0.83**	**56.27%**	**$1,048**	**$0.93**
4	3	2	1,250	**$445**	**$1,021**	**$0.82**	**56.39%**	**$1,243**	**$0.87**
20	3	2	1,250	**$445**	**$1,021**	**$0.82**	**56.39%**	**$1,243**	**$0.87**
4	4	2.5	1,400	**$525**	**$1,130**	**$0.81**	**53.55%**	**N/A**	**N/A**
8	4	2.5	1,400	**$525**	**$1,130**	**$0.81**	**53.55%**	**N/A**	**N/A**
Gross Potential Rent Monthly*				**$19,380**	**$43,554**		**55.50%**		

*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.

DEMOGRAPHIC DATA (found on page 34, 56)

	2000		2012		2015	
Renter Households	1,567	20.7%	4,773	22.2%	4,994	22.0%
Income-Qualified Renter HHs (LIHTC)	636	40.6%	1,937	40.6%	1,933	38.7%
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 58)

Type of Demand	50%	60%	Market-rate	Other:__	Other:__	Overall
Renter Household Growth	77	106				106
Existing Households (Overburd + Substand)	618	855				855
Homeowner conversion (Seniors)						
Other:						
Less Comparable/Competitive Supply	11	35				46
Net Income-qualified Renter HHs	684	927				**916**

CAPTURE RATES (found on page 58)

Targeted Population	50%	60%	Market-rate	Other:__	Other:__	Overall
Capture Rate	1.8	3.2				4.6

ABSORPTION RATE (found on page 62)

Absorption Period ____2.5_____months

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Potential Tenant Rent by Bedroom Type	Adjusted Market Rent	Gross Potential Market Rent by Bedroom Type	Tax Credit Gross Rent Advantage
4	2 BR	$400	$1,600	$915	$3,660	
2	2 BR	$400	$800	$915	$1,830	
4	3 BR	$445	$1,780	$1,021	$4,084	
20	3 BR	$445	$8,900	$1,021	$20,420	
4	4 BR	$525	$2,100	$1,130	$4,520	
8	4 BR	$525	$4,200	$1,130	$9,040	
Totals	**42**		**$19,380**		**$43,554**	**55.50%**

1. INTRODUCTION

A. Overview of Subject

The subject of this report is Bluffton Village, a proposed multi-family rental community in Bluffton, Beaufort County, South Carolina. Bluffton Village will be newly constructed and is expected to be financed in part by Low Income Housing Tax Credits (LIHTC) allocated by the South Carolina State Housing Finance Development Authority (SCSHFDA). Upon completion, Bluffton Village will contain 42 rental units reserved for households earning at or below 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size.

B. Purpose of Report

The purpose of this market study is to perform a market feasibility analysis through an examination of the economic context, a demographic analysis of the defined market area, a competitive housing analysis, a derivation of demand, and an affordability analysis. RPRG expects this study to be submitted along with an application for Low Income Housing Tax Credits to the South Carolina State Housing Finance Development Authority.

C. Format of Report

The report format is comprehensive and conforms to SCSHFDA's 2013 Market Study Requirements. The market study also considered the National Council of Housing Market Analysts' (NCHMA) recommended Model Content Standards and Market Study Index.

D. Client, Intended User, and Intended Use

The Client is Bluffton Affordable Partners, L.P. Along with the Client, the intended users are SCSHFDA and potential investors.

E. Applicable Requirements

This market study is intended to conform to the requirements of the following:

- SCSHFDA's 2013 Market Study Requirements
- The National Council of the Housing Market Analyst's (NCHMA) Model Content Standards and Market Study Index.

F. Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the market study, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below:

- Please refer to Appendix 4 for a detailed list of NCHMA requirements and the corresponding pages of requirements within the report.
- Tad Scepaniak (Principal), conducted visits to the subject site, neighborhood, and market area on February 21, 2013.
- Primary information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included rental community property managers and Eric Vinson with the Beaufort County Planning and Building/Inspection Departments.

- All pertinent information obtained was incorporated in the appropriate section(s) of this report.

G. Report Limitations

The conclusions reached in a market assessment are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur in the marketplace. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors, including the performance of management, the impact of changes in general and local economic conditions, and the absence of material changes in the regulatory or competitive environment. Reference is made to the statement of Underlying Assumptions and Limiting Conditions contained in Appendix I of this report.

H. Other Pertinent Remarks

None.

2. PROJECT DESCRIPTION

A. Project Overview

Bluffton Village will contain 42 units, all of which will benefit from Low Income Housing Tax Credits. The LIHTC units will be subject to maximum allowable rents and prospective renters will subject to maximum income limits.

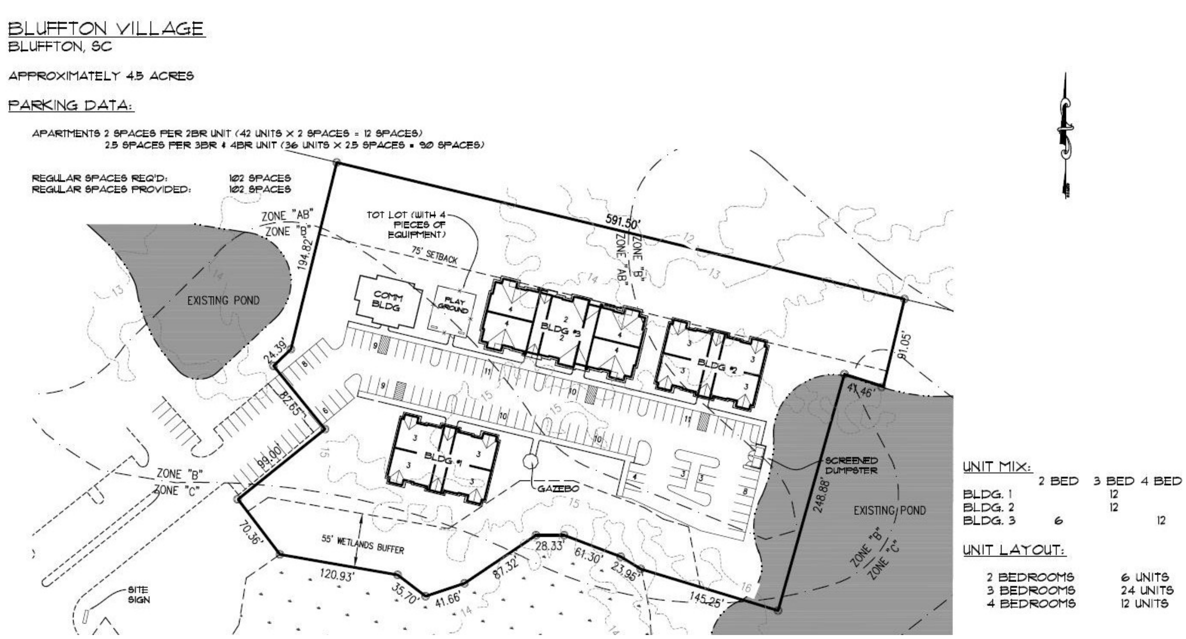
B. Project Type and Target Market

Bluffton Village will target low to moderate income renter households. Income targeting includes 12 units at 50 percent AMI and 30 units at 60 percent AMI. With a unit mix of two, three, and four bedroom units, the property will target a wide range of renter households. The three and four bedroom units will be especially appealing to households with children, but will also attract smaller renter households desiring additional space.

C. Building Types and Placement

Bluffton Village will consist of three three-story, garden style, residential buildings and a separate community building. Two of the residential buildings and the community building will be positioned on the north side of the park lot, while one residential building will be on the south site of the parking lot (Figure 1). The buildings will feature 70 percent brick/ stone exteriors with the balance being hardi-plank. Units will feature a patio or balcony.

Figure 1 Site Plan, Bluffton Village



D. Detailed Project Description

1. Project Description

- The 42 units at Bluffton Village include 6 two-bedroom units, 24 three-bedroom units, and 12 four-bedroom units (Table 1).
- The proposed unit sizes are 1,100 square feet for two bedroom units, 1,250 square feet for three bedroom units, and 1,400 square feet for four bedroom units. Two and three bedroom units will have two bathrooms and four bedroom units will have two and a half bathrooms.
- The proposed two bedroom rents are $400 for both 50 percent and 60 percent units.
- The proposed three bedroom rents are $445 for both 50 percent and 60 percent units.
- The proposed four bedroom rents are $525 for both 50 percent and 60 percent units.
- Proposed rents include the cost of trash removal. Tenants bear the cost of all remaining utilities.

The following **unit features** are planned:

- Kitchens with refrigerator with ice maker, range, dishwasher, microwave, disposal.
- Washer and dryer connections.
- Ceiling fans.
- Patio or balcony.
- Wall-to-wall carpeting in all living areas.
- Central air conditioning.

The following **community amenities** are planned:

- Management office.
- Playground.
- Central laundry area.
- Community room.
- Computer/business center.
- Security cameras.
- Fitness room.

Table 1 Bluffton Village Project Summary

Bluffton Village
Gateway Village Road
Bluffton, South Carolina 29910

Unit Mix/Rents							
Bed	Bath	Income Target	Size (sqft)	Quantity	Gross Rent	Utility	Net Rent
2	2	50%	1,100	4	$592	$192	$400
2	2	60%	1,100	2	$592	$192	$400
3	2	50%	1,250	4	$696	$251	$445
3	2	60%	1,250	20	$696	$251	$445
4	2.5	50%	1,400	4	$820	$295	$525
4	2.5	60%	1,400	8	$820	$295	$525
Total				**42**			

Project Information		Additional Information	
Number of Residential Buildings	3	**Construction Start Date**	2014 (Q1)
Building Type	Garden	**Date of First Move-In**	2014 (Q4)
Number of Stories	Three	**Construction Finish Date**	2015 (Q1)
Construction Type	New Const.	**Parking Type**	Surface
Design Characteristics (exterior)	Brick, Stone, Hardi	**Parking Cost**	None

		Kitchen Amenities	
Community Amenities	Management Office, Community Room, Playground, Computer/Business Center, Fitness Room, Central Laundry, Security Cameras	**Dishwasher**	Yes
		Disposal	Yes
		Microwave	Yes
		Range	Yes
		Refrigerator	Yes

		Utilities Included	
Unit Features	Range, Refrigerator with Ice Maker, Dishwasher, Microwave, Garbage Disposal, Ceiling Fans, Carpet, Central A/C, Washer/Dryer Connections, Window Blinds, Patio/Balcony	**Water/Sewer**	Tenant
		Trash	Owner
		Heat	Tenant
		Heat Source	Elec
		Hot/Water	Tenant
		Electricity	Tenant
		Other:	

2. Other Proposed Uses

None

3. Pertinent Information on Zoning and Government Review

The subject site is in an area zoned Urban District, which allows for the development of multi-family rental communities.

4. Proposed Timing of Construction

Bluffton Village is expected to begin construction in the first quarter of 2014 and the estimated construction completion is 2015.

3. SITE AND NEIGHBORHOOD ANALYSIS

A. Site Analysis

1. Site Location

The site for Bluffton Village is in southern Beaufort County along United Stated Highway 278 (Fording Island Road) just north of the Bluffton Town Limits and roughly three miles west of the bridge connecting Bluffton and Hilton Head. Downtown or Old Towne Bluffton is roughly two miles south of the subject site (Map 1, Figure 2).

2. Existing Uses

The subject site is wooded without any improvements. Two small ponds are located on/near the site. At the time of our site visit, we did not observe any environmental conditions that would restrict the property's use.

3. Size, Shape, and Topography

According to plans provided by the developer and field observations, the subject site encompasses approximately 4.5 acres and has an irregular shape. The site is considered flat.

4. General Description of Land Uses Surrounding the Subject Site

The site for Bluffton Village is located in a developed portion of southern Beaufort County. The immediate land uses are commercial/retail, but residential uses are common to the north and east of the site. The subject site is located between two shopping centers including Best Buy/PETCO/Dollar Tree to the west and Home Depot to the southeast. U.S. Highway 278 is the primary commercial thoroughfare in southern Beaufort County and a large number of shopping centers are within one to two miles of the subject site. Residential uses in the immediate area include single-family detached homes in a gated community just north of the site and a more modest single-family community to the east.

5. Specific Identification of Land Uses Surrounding the Subject Site

The land uses directly bordering the subject site include:

- **North:** Wooded land and single-family detached homes along Meridian Point Drive (gated community).
- **East:** Home Depot and Sawmill Forest (single-family neighborhood).
- **South**: Wooded land and Fording Island Road (U.S. Highway 278).
- **West:** Shopping center including Best Buy/PETCO, Dollar Tree, and smaller stores.

Map 1 Site Location.

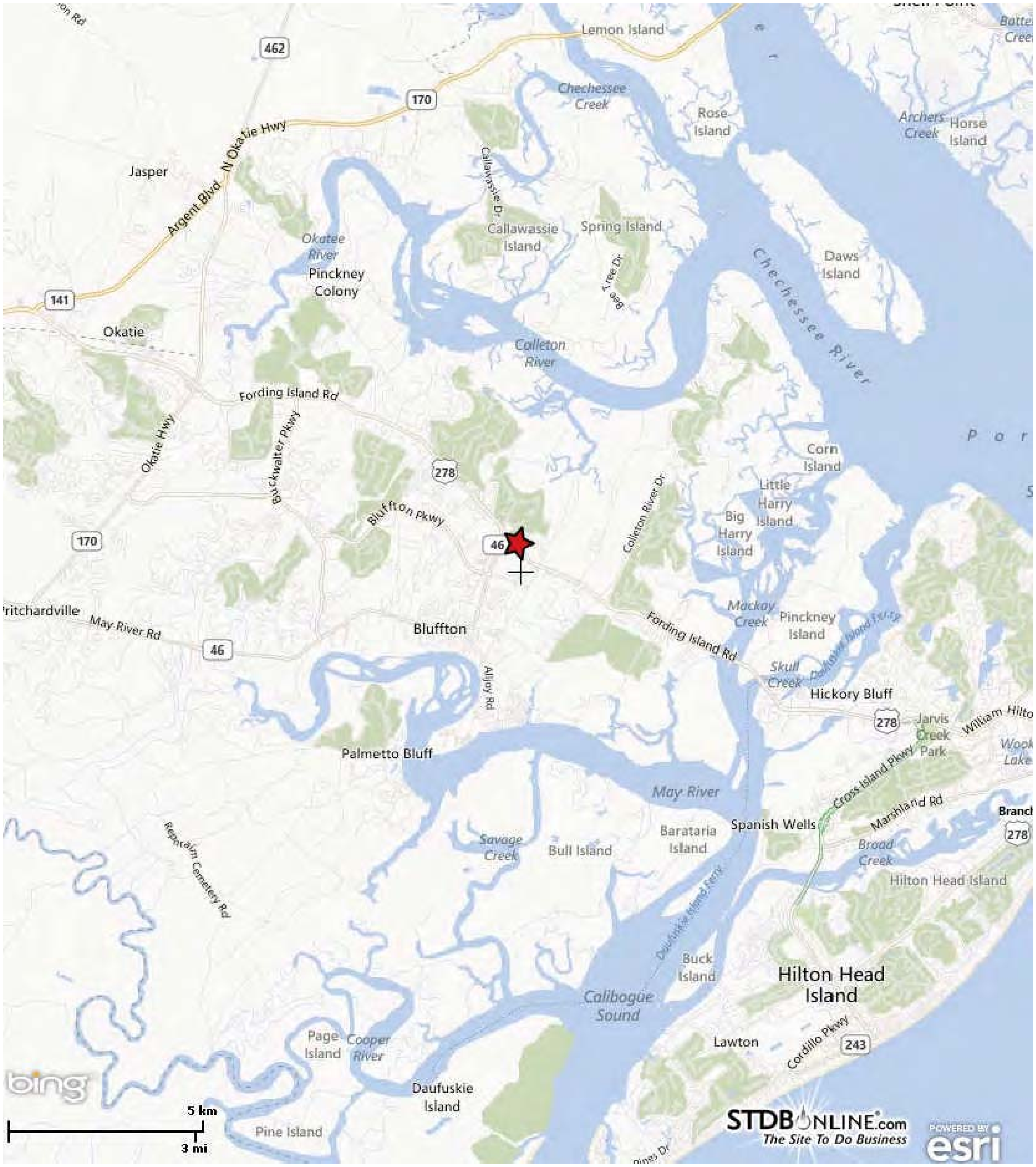


Figure 2 Satellite Image of Subject Site

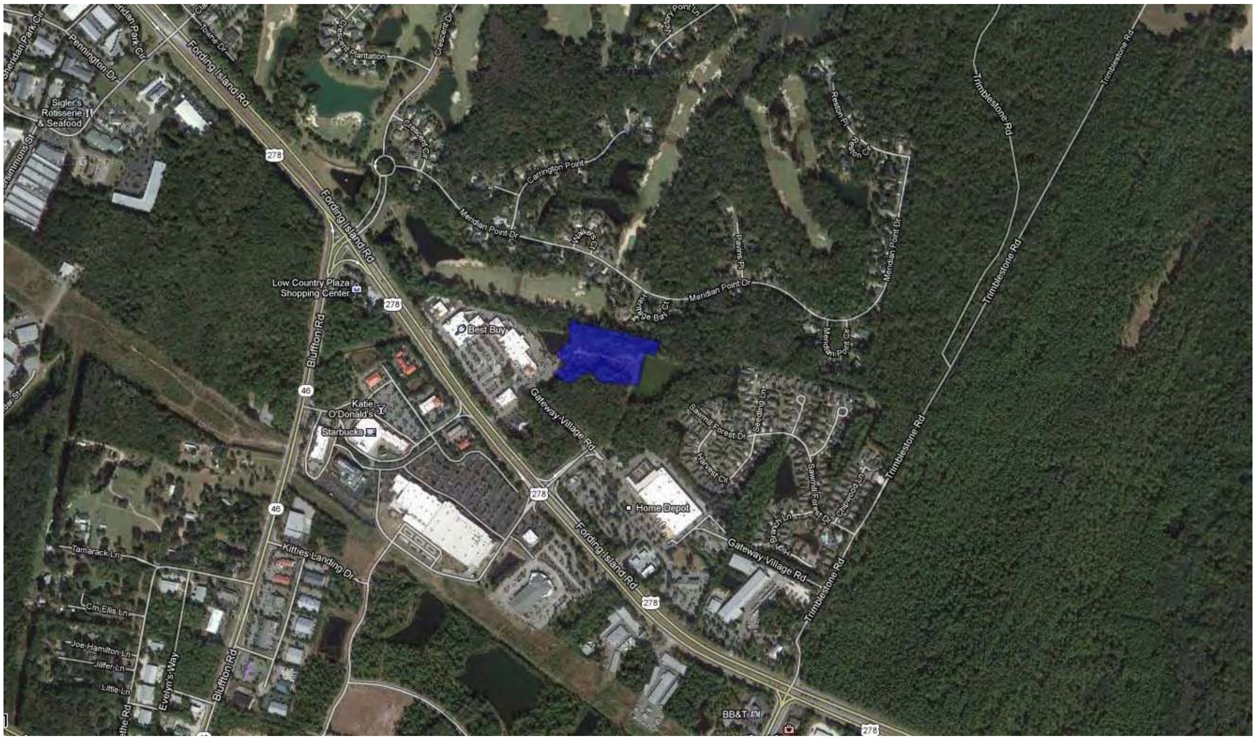


Figure 3 Views of Subject Site and Building Exteriors


View of site facing northeast


View of site facing east from shopping center parking lot


View of site facing northeast from parking lot

View of site facing north from Gateway Village


View of site facing northeast from Gateway Village

Figure 4 Views of Surrounding Land Uses

PETCO – west of site

Sake House – west of site


Single-family detached home east of site


Home Depot southeast of subject site

B. Neighborhood Analysis

1. General Description of Neighborhood

The site for Bluffton Village is located along U.S. Highway 278 in southern Beaufort County, just north of Bluffton and three miles west of Hilton Head. This portion of Beaufort County has experienced significant growth over the past decade with U.S. 278 being one of the prime development corridors. While development fronting 278 is largely commercial, a large number of residential uses are present in the area including single-family detached homes in "plantations" along the north side of U.S. 278. Several shopping centers are located along U.S. 278 including several within one mile of the site and several others within two to three miles of the site.

2. Neighborhood Investment and Planning Activities

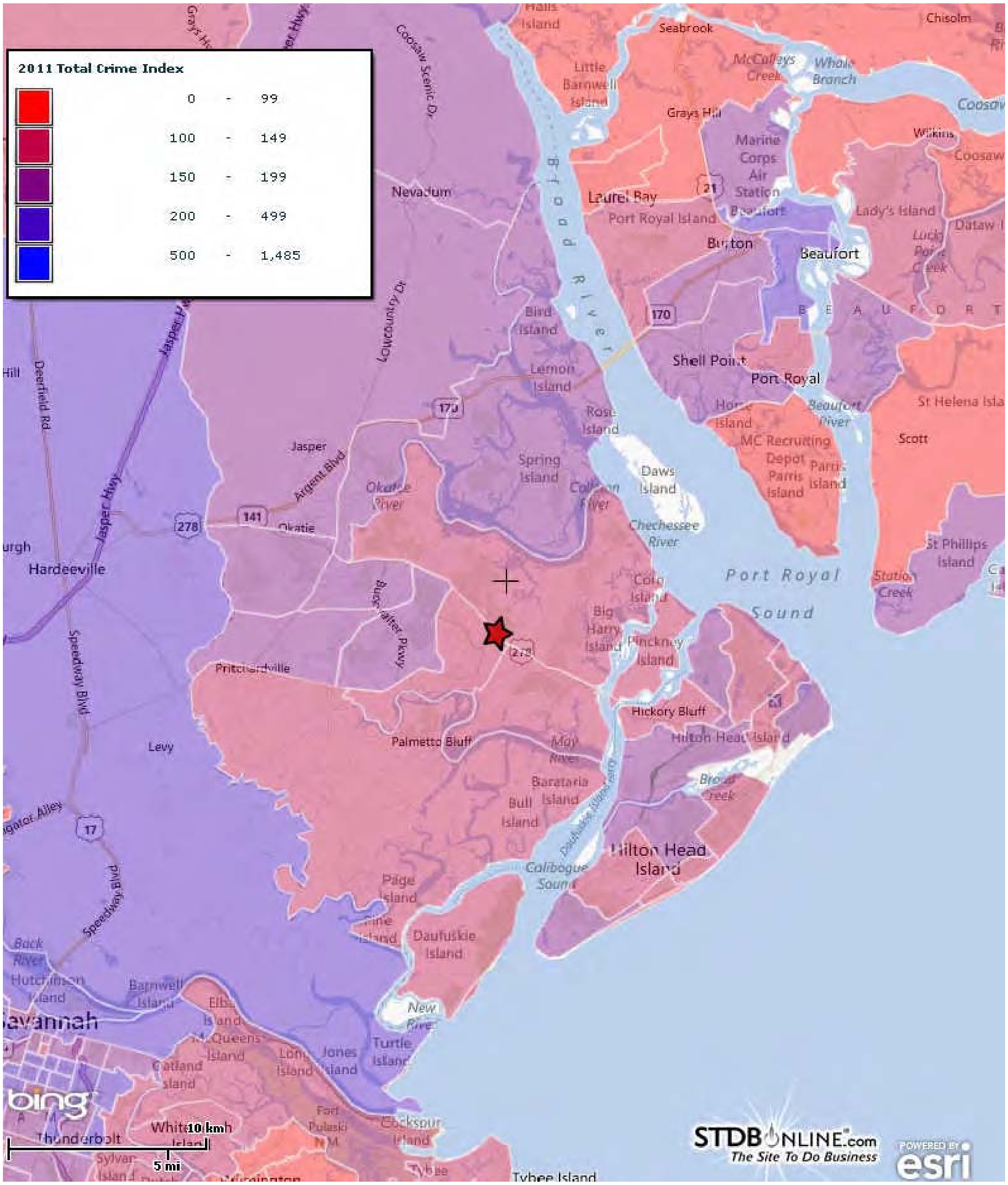
According to our research, including field observations at the time of the site visit, no current neighborhood investment / development activities were noted in the subject site's immediate area; however, several commercial developments have been completed in the past several years.

3. Crime Index

CrimeRisk is a block-group level index that measures the relative risk of crime compared to a national average. AGS analyzes known socio-economic indicators for local jurisdictions that report crime statistics to the FBI under the Uniform Crime Reports (UCR) program. Based on detailed modeling of these relationships, CrimeRisk provides a detailed view of the risk of total crime as well as specific crime types at the block group level. In accordance with the reporting procedures used in the UCR reports, aggregate indexes have been prepared for personal and property crimes separately as well as a total index. However it must be recognized that these are un-weighted indexes, in that a murder is weighted no more heavily than purse snatching in this computation. The analysis provides a useful measure of the relative overall crime risk in an area but should be used in conjunction with other measures.

Map 2 displays the 2011 CrimeRisk Index for the census tracts in the general vicinity of the subject site. The relative risk of crime is displayed in gradations from red (least risk) to blue (most risk). The tracts containing the subject site and immediately area have a below average crime risk.

Map 2 Crime Index Map



C. Site Visibility and Accessibility

1. Visibility

Bluffton Village will have excellent visibility from those frequenting the adjacent shopping centers. Like most residential developments along U.S. Highway 278, the subject site will not be visible from drive-by traffic on this thoroughfare. Signage along U.S. 278 would significantly enhance the site's visibility.

2. Vehicular Access

Bluffton Village will be accessible from an entrance the northern edge of the Best Buy/PETCO shopping center, which is just north of Gateway Village Drive. Gateway Village Drive will connect the subject property to U.S. 278 with traffic signals to facilitate access.

3. Availability of Public Transit

Palmetto Breeze provides public bus transportation throughout Beaufort and Jasper Counties. The closest stop is within one-quarter mile of the subject site.

4. Inter Regional Transit

Small airports are located on Hilton Head Island and near Lady's Island in Beaufort County, but service is limited. The Savannah-Hilton Head International Airport is located in Pooler, Georgia, approximately one hour from the subject site. Greyhound operates an inter-city terminal in Beaufort, connecting the county to the national bus network.

The primary highway in the southern portion of Beaufort County is U.S. Highway 278, which is in front of the site. South Carolina Highway 170 connects southern Beaufort County (Bluffton/Hilton Head Island) with northern Beaufort County (Beaufort/Port Royal) and is approximately four miles west of the subject site. Beaufort County is also served by U.S. Highways 17 and 21 plus South Carolina Highways 116, 170, 208, and 802.

5. Pedestrian Access

The site for Bluffton Village is located within a short walking distance (1/2 mile) of numerous community amenities, retail establishments, and neighborhoods. A traffic light southeast of the site will facilitate crossing U.S. Highway 278 to additional shopping centers.

6. Accessibility Improvements under Construction and Planned

Roadway Improvements under Construction and Planned

RPRG reviewed information from local stakeholders to assess whether any capital improvement projects affecting road, transit, or pedestrian access to the subject site are currently underway or likely to commence within the next few years. Observations made during the site visit contributed to this process. Through this research, no major roadway improvements were indentified that would have a direct impact on this market.

Transit and Other Improvements Under Construction and/or Planned

None identified.

D. Residential Support Network

1. Key Facilities and Services near the Subject Sites

The appeal of any given community is often based in part to its proximity to those facilities and services required on a daily basis. Key facilities and services and their driving distances from the subject site are listed in Table 2. The location of those facilities is plotted on Map 3.

Table 2 Key Facilities and Services

Establishment	Type	Address	City	Driving Distance
Food Lion	Grocery	1008 Fording Island Rd.	Bluffton	0.1 mile
CVS	Pharmacy	1008 Fording Island Rd.	Bluffton	0.1 mile
Target	General Retail	1050 Fording Island Rd.	Bluffton	0.1 mile
Palmetto Breeze Bus Stop	Public Transit	1050 Fording Island Rd.	Bluffton	0.1 mile
TD Bank	Bank	1021 Fording Island Rd.	Bluffton	0.1 mile
Enmark Stations	Convenience Store	1010 Fording Island Rd.	Bluffton	0.1 mile
Sake House	Restaurant	1017 Fording Island Rd.	Bluffton	0.2 mile
Doctor's Care	Doctor/Medical	64 Bluffton Rd.	Bluffton	0.9 mile
Palmetto Medical Group	Doctor/Medical	25 Sherington Dr.	Bluffton	1 mile
Post Office	Post Office	25 Thurmond Way	Bluffton	1.6 miles
Bluffton Community Center	Community Center	141 Goethe Rd.	Bluffton	1.7 miles
Bluffton Community Library	Library	120 Palmetto Way	Bluffton	1.8 miles
Bluffton Police Department	Police	101 Progressive St.	Bluffton	2 miles
Tanger Outlet Center	Mall	1414 Fording Island Rd.	Bluffton	2.4 miles
Michael C. Riley Elementary School	Public School	200 Burnt Church Rd.	Bluffton	2.9 miles
Bluffton Middle School	Public School	30 New Mustang Dr.	Bluffton	3.2 miles
Bluffton Fire Department	Fire	357 Fording Island Rd.	Bluffton	3.9 miles
Bluffton High School	Public School	12 He Mccraken Cir.	Bluffton	4.1 miles
H.E. McCracken Middle School	Public School	250 He Mccraken Cir.	Bluffton	4.6 miles
Hilton Head Medical Center	Hospital	25 Hospital Center Blvd.	Hilton Head Island	10.5 miles

2. Essential Services

Health Care

The closest major medical center to Bluffton Village is Hilton Head Medical Center, located 10.5 miles (driving distance) to the east. Hilton Head Medical Center provides a wide range of services including general medicine and 24-hour emergency care.

Outside of major healthcare providers, several smaller clinics and independent physicians are located within one to two miles of Bluffton Village. The closest of these is Palmetto Medical Group one mile from the subject site.

Education

The Beaufort County School District is comprised of 17 elementary schools, six middle schools, and three high schools. Student enrollment is more than 18,000 and the district employs more than 1,400 full time teachers. The closest schools to the subject site are Michael C. Riley Elementary School (2.9 miles), Bluffton Middle School (3.2 miles), and Bluffton High School (4.1 miles).

Institutions of higher education in the region are the Technical College of the Low Country and the University of South Carolina at Beaufort. Also, evening classes are offered at Park University and Webster University.

3. Commercial Goods and Services

Convenience Goods

The term “convenience goods” refers to inexpensive, nondurable items that households purchase on a frequent basis and for which they generally do not comparison shop. Examples of convenience goods are groceries, fast food, health and beauty aids, household cleaning products, newspapers, and gasoline.

Bluffton Village is located within one-quarter mile of a grocery store (Food Lion) and pharmacy (CVS), both of which are located in a shopping center on the opposite side of U.S. Highway 278. Several convenience stores and restaurants are also located U.S. Highway 278 within one mile of the subject site.

Shoppers Goods

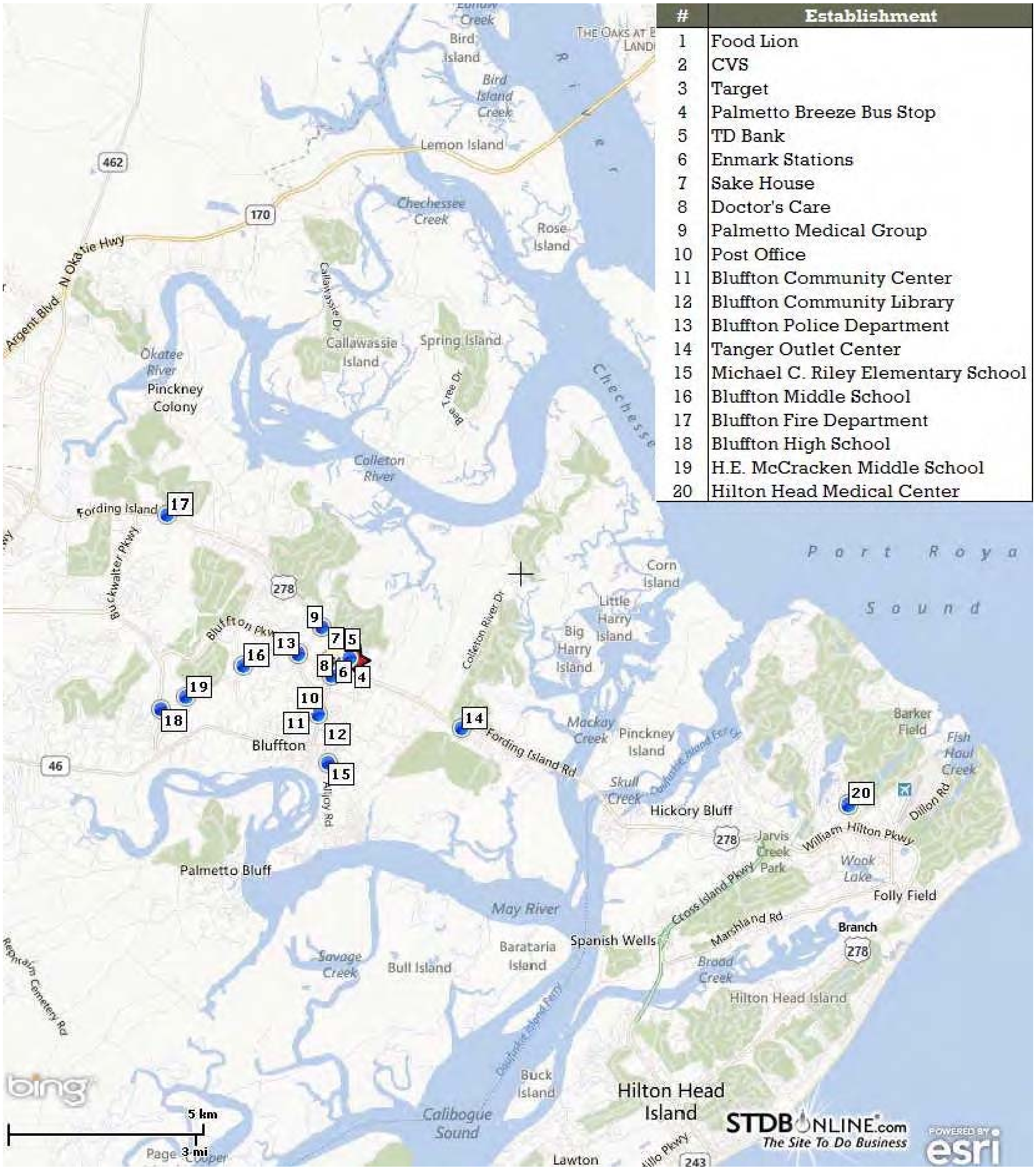
The term “shoppers goods” refers to larger ticket merchandise that households purchase on an infrequent basis and for which they usually comparison shop. The category is sometimes called “comparison goods.” Examples of shoppers’ goods are apparel and accessories, furniture and home furnishings, appliances, jewelry, and sporting goods.

Southern Beaufort County’s largest shopping opportunities are located along a series of strip shopping centers on U.S. Highway 278. Stores within one mile of the subject site include Best Buy, PETCO, Dollar Tree, Target, and Home Depot. The two phases of Tanger Outlets are within two miles of the subject site to the east along U.S. 278.

Recreation Amenities

Given the proximity to the Atlantic Ocean and nearby rivers, residents of southern Beaufort County have access to a variety of natural recreation opportunities including Pinckney Island Wildlife refuge (hiking/nature watching/fishing) and the beaches of Hilton Head (within 10 miles). Bluffton’s Michael C. Riley Sports Complex, Bluffton Community Center, and Bluffton Community Library are all within roughly two miles south of the site to the south.

Map 3 Location of Key Facilities and Services



#	Establishment
1	Food Lion
2	CVS
3	Target
4	Palmetto Breeze Bus Stop
5	TD Bank
6	Enmark Stations
7	Sake House
8	Doctor's Care
9	Palmetto Medical Group
10	Post Office
11	Bluffton Community Center
12	Bluffton Community Library
13	Bluffton Police Department
14	Tanger Outlet Center
15	Michael C. Riley Elementary School
16	Bluffton Middle School
17	Bluffton Fire Department
18	Bluffton High School
19	H.E. McCracken Middle School
20	Hilton Head Medical Center

4. ECONOMIC CONTEXT

A. Introduction

This section focuses on economic trends and conditions in Beaufort County, South Carolina, the county in which the subject site is located. For purposes of comparison, economic trends in the State of South Carolina and the nation are also discussed.

B. Labor Force, Resident Employment, and Unemployment

1. Trends in County Labor Force and Resident Employment

Beaufort County's labor force increased steadily between 1990 and 2008 with only one year of decrease (2001). The labor force decreased slightly in 2009, but has increased each of the past three years (Table 3). The labor force has increased by 13,031 people or 25 percent from 2000 to 2012. The employed portion of the labor force has increased each of the past three years with a net gain of nearly 2,500 people.

2. Trends in County Unemployment Rate

The unemployment rate in Beaufort County has been consistently lower than both state and national levels since 1990. While the county's unemployment rate has some similarities with state and national trends, the annual fluctuations have been much less pronounced. The county's unemployment rate was below 5.0 percent during eight of nine years from 2000 to 2007. The county's annual average unemployment rate increased significantly from 5.3 percent in 2008 to 9.1 percent in 2010. The unemployment rate has decreased significantly over the past two years to 7.6 percent in 2012. By comparison, the state's rate is 9.0 percent and the national rate is 8.1 percent.

C. Commutation Patterns

According to 2007-2011 American Community Survey (ACS) data, over half (53.5 percent) of the workers residing in the Bluffton Village Market Area spent 5-24 minutes commuting to/from work (Table 4). Twenty-three percent commuted 25-34 minutes and 15.1 percent commuted 35 minutes or longer.

The vast majority (86 percent) of Bluffton Village Market Area workers work in Beaufort County. Six percent of Bluffton Village Market Area workers work in another South Carolina County and 8.1 percent work outside the state.

Table 3 Labor Force and Unemployment Rates

Annual Unemployment Rates - Not Seasonally Adjusted

Annual Unemployment	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Labor Force	51,513	50,903	53,372	55,921	58,830	61,381	62,759	64,019	63,855	62,784	63,125	63,623	64,544
Employment	49,939	48,937	51,130	53,259	55,914	58,372	59,786	61,256	60,488	57,173	57,397	58,091	59,649
Unemployment	1,574	1,966	2,242	2,662	2,916	3,009	2,973	2,763	3,367	5,611	5,728	5,532	4,896
Unemployment Rate													
Beaufort County	3.1%	3.9%	4.2%	4.8%	5.0%	4.9%	4.7%	4.3%	5.3%	8.9%	9.1%	8.7%	7.6%
South Carolina	3.6%	5.2%	6.0%	6.7%	6.8%	6.8%	6.4%	5.6%	6.8%	11.5%	11.2%	10.3%	9.0%
United States	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.8%	8.1%

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

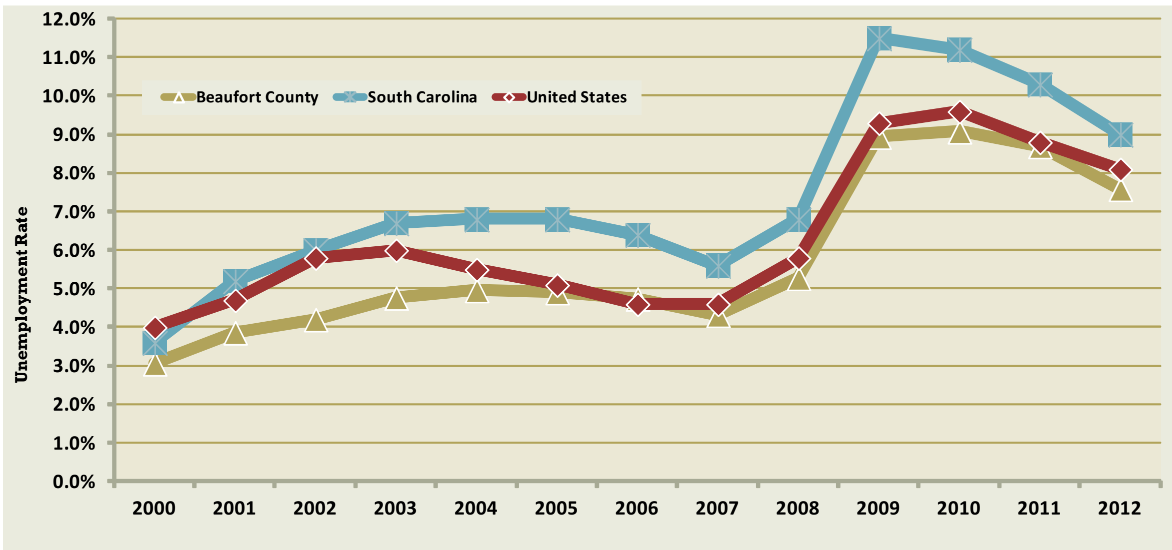


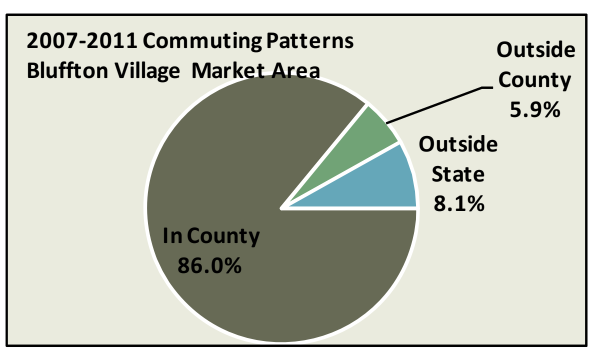
Table 4 Commutation Data

Travel Time to Work		
Workers 16 years+	**#**	**%**
Did not work at home	18,338	95.1%
Less than 5 minutes	605	3.1%
5 to 9 minutes	1,858	9.6%
10 to 14 minutes	2,299	11.9%
15 to 19 minutes	3,031	15.7%
20 to 24 minutes	3,129	16.2%
25 to 29 minutes	1,261	6.5%
30 to 34 minutes	3,248	16.8%
35 to 39 minutes	641	3.3%
40 to 44 minutes	802	4.2%
45 to 59 minutes	898	4.7%
60 to 89 minutes	355	1.8%
90 or more minutes	211	1.1%
Worked at home	955	4.9%
Total	**19,293**	

Source: American Community Survey 2007-2011

Place of Work		
Workers 16 years and over	**#**	**%**
Worked in state of residence:	17,726	91.9%
Worked in county of residence	16,584	86.0%
Worked outside county of residence	1,142	5.9%
Worked outside state of residence	1,567	8.1%
Total	**19,293**	**100%**

Source: American Community Survey 2007-2011

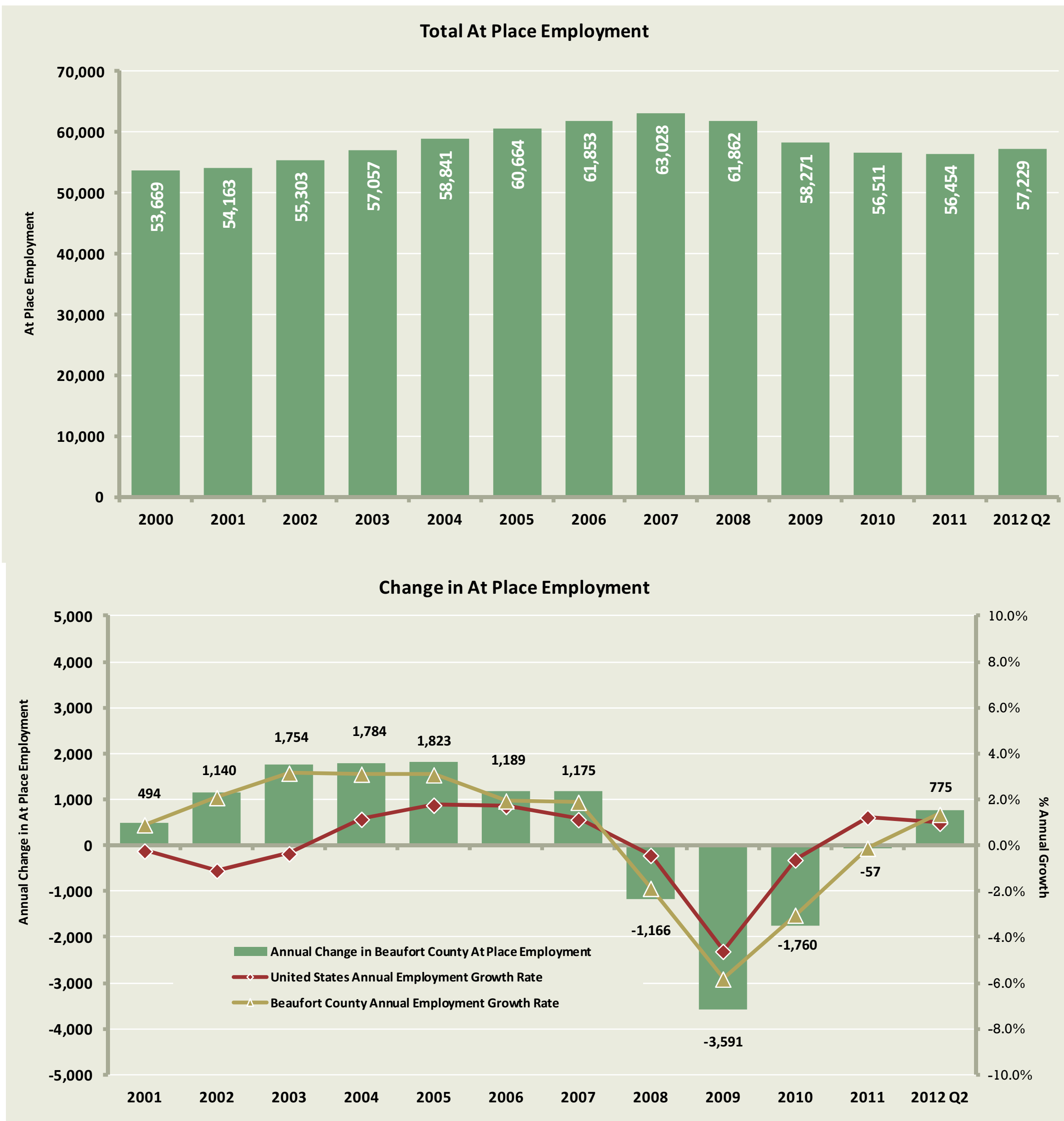


D. At-Place Employment

1. Trends in Total At-Place Employment

At-place employment in Beaufort County increased for seven consecutive years from 2000 to 2007, reaching a high of 63,028 jobs in 2007 (Figure 5). This high point represents an increase of 9,359 jobs or 17.4 percent from 2000's annual average at-place employment. After reaching this high point, Beaufort County lost 6,517 jobs between 2008-2010 concurrent with the national recession and prolonged economic slump. Showing signs of stabilization, at-place employment remained relatively unchanged in 2011 with a net decrease of 57 jobs. Through the first two quarters of 2012, the county has added 775 jobs.

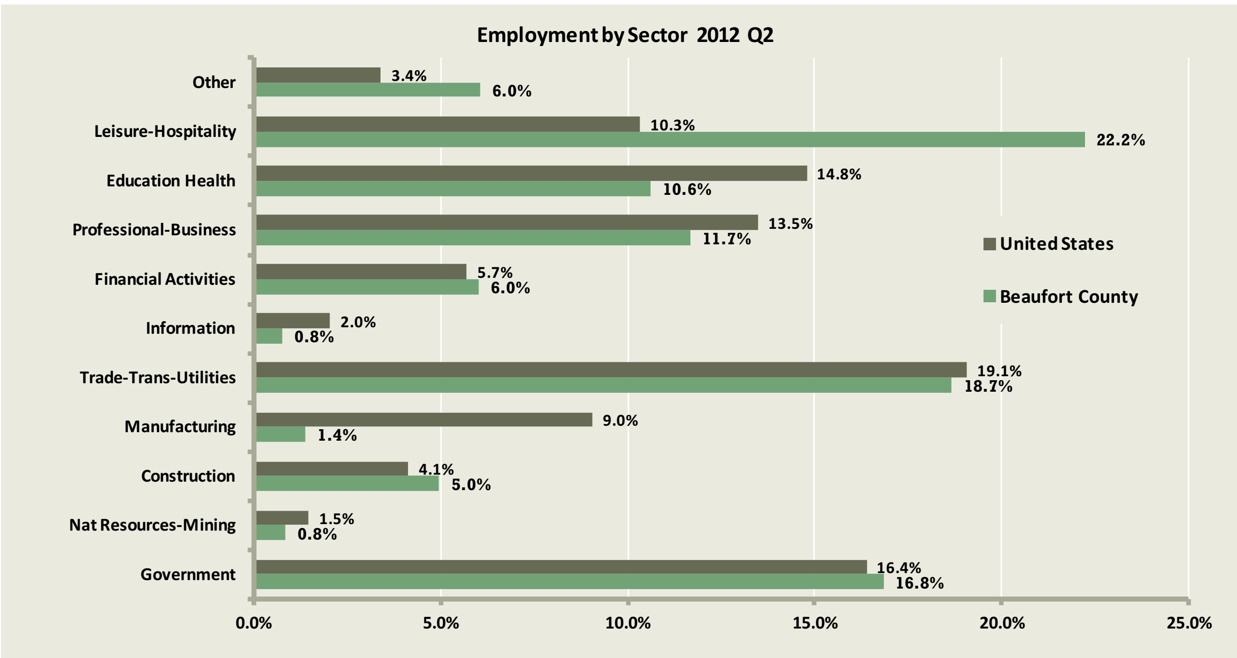
Figure 5 At-Place Employment



2. At-Place Employment by Industry Sector

Beaufort County's economy is heavily dependent on the leisure-hospitality sector, accounting for 22.2 percent of the economy, more than twice the national average of 10.3 percent (Figure 6). Compared to national figures, the county also has a larger percentage of jobs in the other, financial activities, construction, and government sectors, although these sectors are smaller in terms of percentage of jobs and the disparity versus the national figures is less pronounced. Following the leisure-hospitality sector, the county's largest economic sectors are trade-transportation-utilities and government with 18.7 percent and 16.8 percent of county jobs, respectively. Compared to national figures, the county has much smaller percentages of jobs in the education-healthcare, professional-business, and manufacturing sectors, which is common among vacation and retirement destinations.

Figure 6 Total Employment by Sector 2012 (Q2)



Between 2001 and 2012(Q2), eight of eleven economic sectors added jobs in Beaufort County (Figure 7). The largest percentage increases were 4.6 percent annual growth in education-health and 1.4 percent in leisure-hospitality. Four additional sectors recorded at least one percent annual growth over this period. The three sectors losing jobs are among the smallest in terms of total employment as these three sectors account for only 7.2 percent of the county's employment in 2012 (Q2).

In order to gain insight on how the recent economic downturn has impacted the local job base, we examined employment changes by sector from 2007 through 2012(Q2) (Figure 8). During this period, eight of 11 economic sectors in Beaufort County lost jobs. The three sectors adding jobs were education health (14.4 percent total growth), government (6.3 percent growth), and natural-resources mining at 4.1 percent.

Figure 7 Change in Employment by Sector 2001-2012 (Q2)

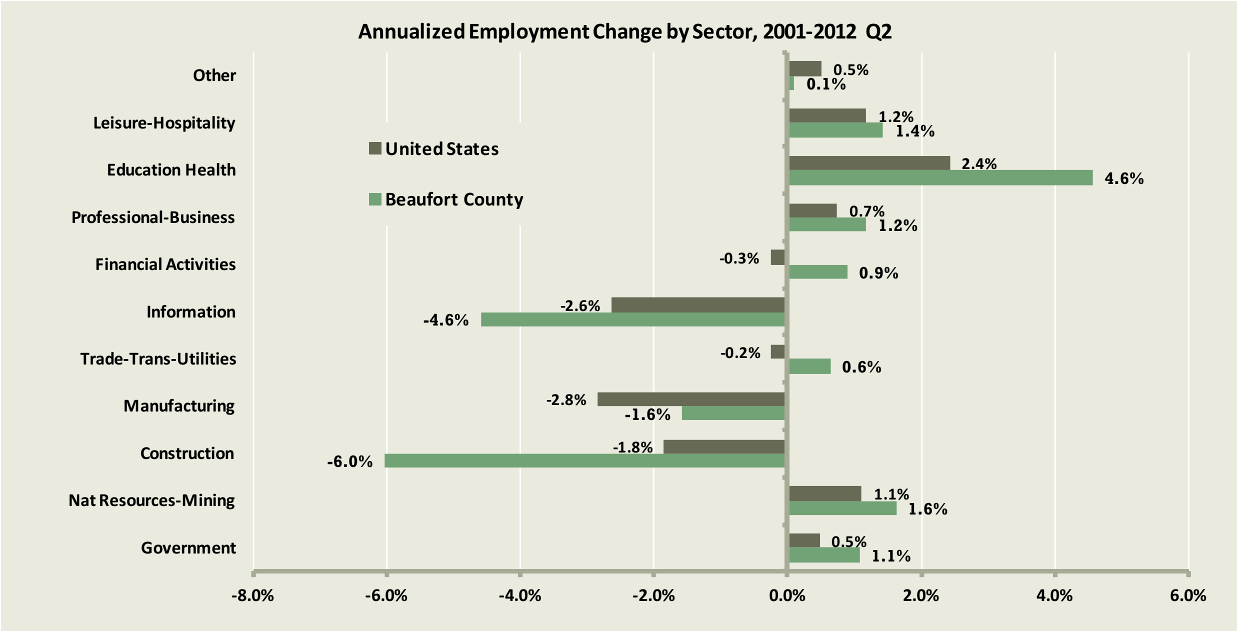
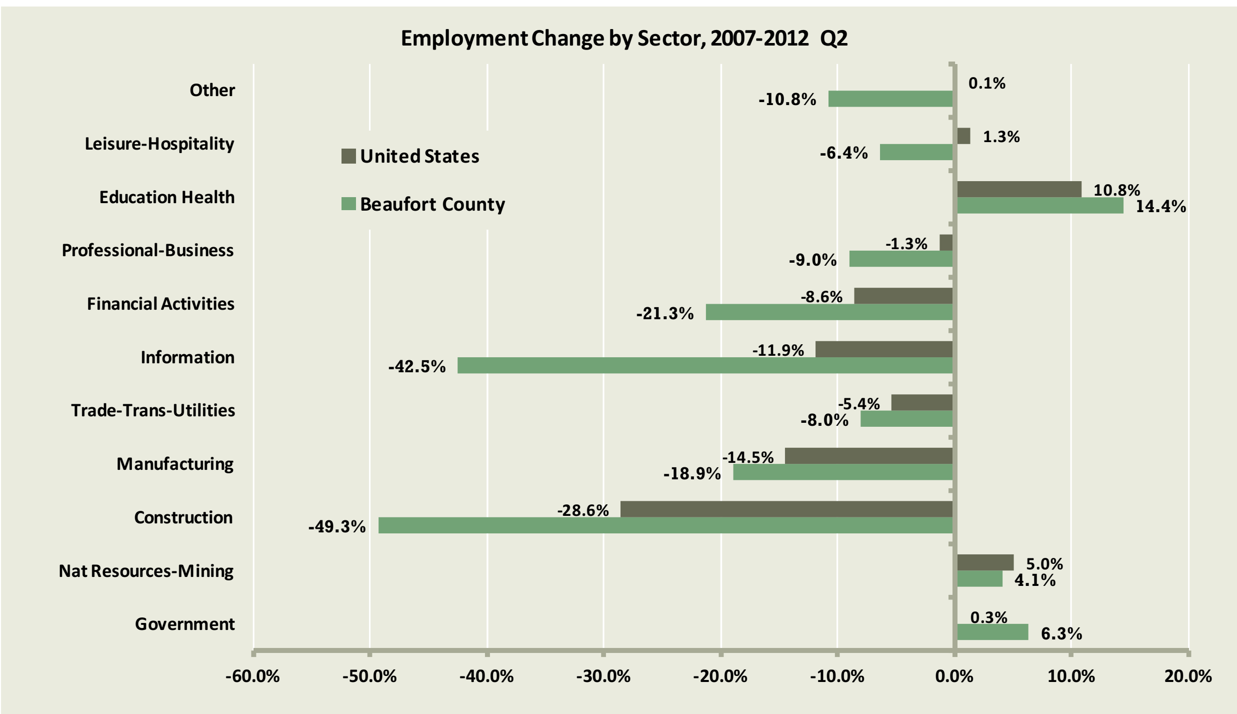


Figure 8 Change in Employment by Sector 2007-2012 (Q2)



3. Major Employers

Major employers include many tourism-based entities in the southern portion of the county near Bluffton and Hilton Head. Many government and military employers are located in the northern portion of the county near Beaufort and Port Royal (Table 5). In addition to these major employers, the subject site is located in close proximity to local public schools and retail shopping centers (Map 4).

Northern Beaufort County is home to Marine Corps Air Station Beaufort, (MCAS-Beaufort) Parris Island, and Naval Hospital Beaufort, which have a significant impact on the local economy (Table 6). The largest of these military bases, MCAS – Beaufort is expected to expand over the next two years. The current squadrons at MCAS – Beaufort will be replaced and expanded by the F-35B Joint Strike Force Fighters in 2014 or 2015. One-quarter of the Navy's new fleet (F-35B Joint Force Striker) will be station at MCAS-Beaufort. Although no projections were provided regarding new permanent jobs as a result of the expansion, the number of annual takeoffs and landings is projected to nearly double from 55,000 to 99,880. Temporary construction jobs were estimated at 4,000. Each new squadron has an expected economic impact of $30 million and five new squadrons will be located at MCAS Beaufort.

Table 5 Major Employers, Beaufort County

Name	Industry
AnnTaylor Retail Inc.	Retail
Beaufort County School District	Education
Beaufort Memorial Hospital	Healthcare
Carecore National LLC.	Healthcare
County of Beaufort	Government
Cypress Club Inc.	Tourism
Department of Defense	Government
Hargray Communications Group Inc.	Communications
Lowes Home Centers Inc.	Retail
Marine Corps Community Services	Family Services
Marriott Resorts Hosp Corp.	Tourism
National Health Corporation	Healthcare
OS Restaurant Services Inc.	Food Services
Publix Super Markets Inc.	Retail
Sea Pines Resort LLC.	Tourism
Southern Bread LLC.	Food Services
Technical College of the LowCountry	Education
Tenet Physicians SVCS of Hilton Head	Healthcare
The Greenery Inc.	Landscaping
Wal-Mart Associates	Retail

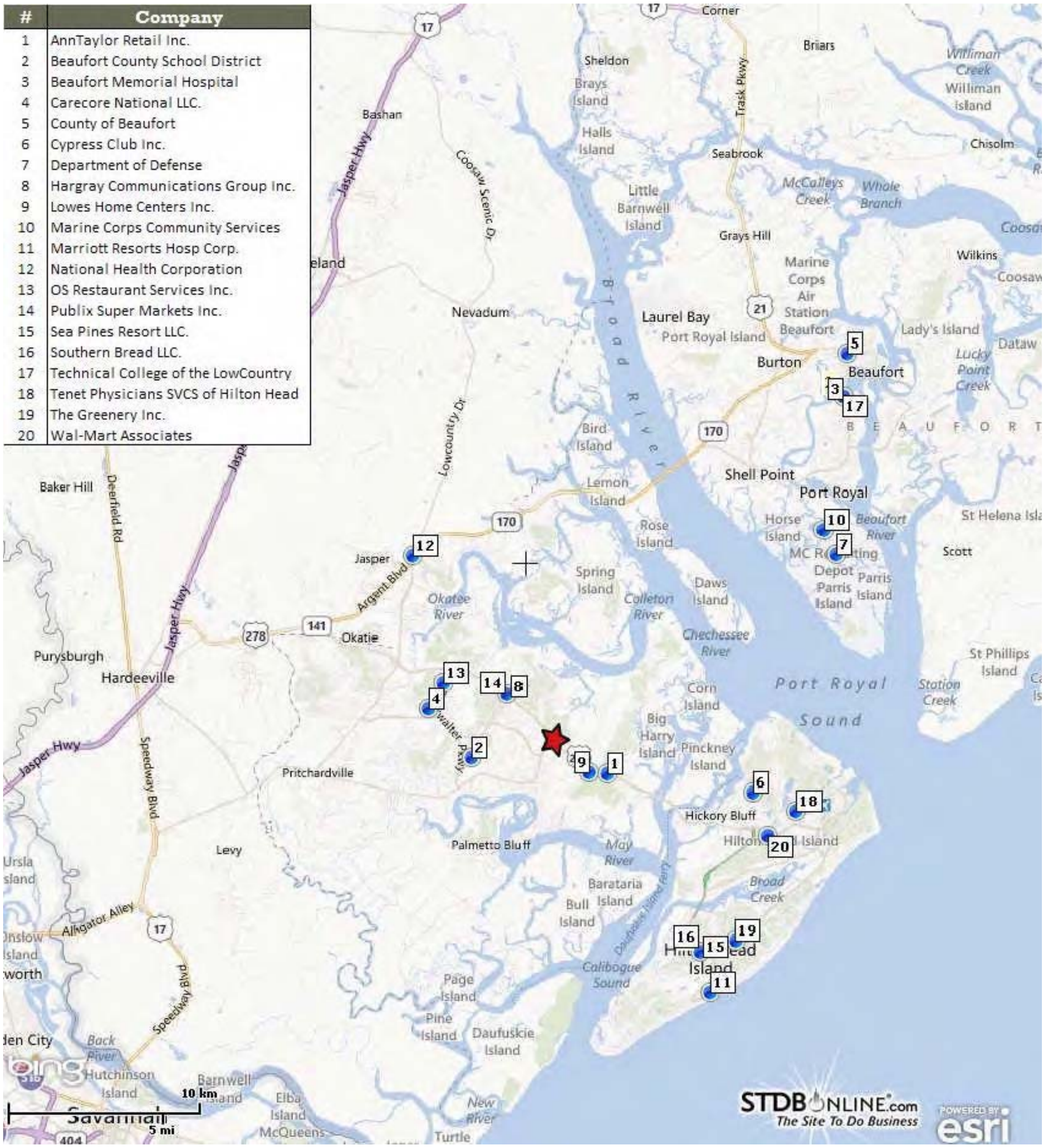
Source: S.C. Department of Employment & Workforce

Table 6 Military Economic Impact, Beaufort County Facilities

	Total Direct Economic Output (millions)	Direct Labor Income (millions)	Direct Employment (Military & Cilvilian)	Total Economic Impact (millions)
MCAS Beaufort	$348.0	$186.2	4,714	$615.2
MCRD Parris Island	$280.6	$216.7	3,281 (19,112 recruits)	$537.6
Naval Hospital Beaufort	$50.8	$14.9	225	$81.4

Source: The Economic Impacts of the Military in Beaufort County, South Carolina - May 2010

Map 4 Major Employers



4. Wages

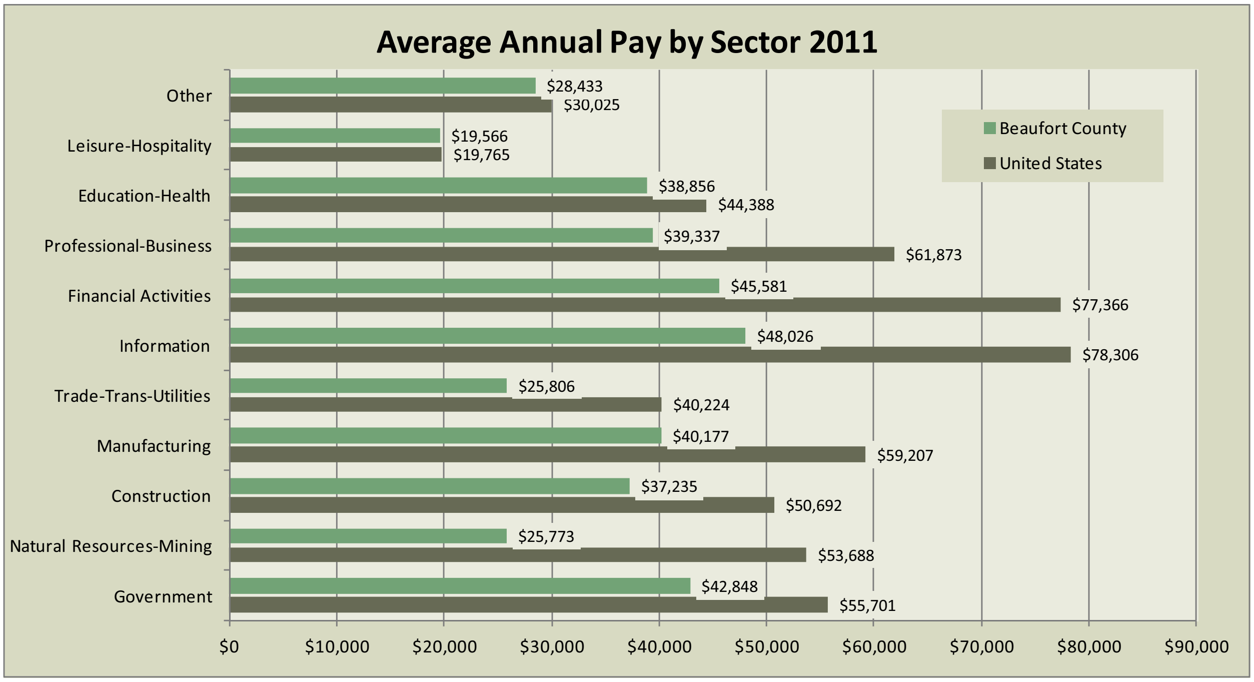
The average annual wage in 2011 for Beaufort County was $33,012, which is 16.4 percent lower than the $38,427 average in the State of South Carolina (Table 7). The state's average wage is $9,613 or twenty percent below the national average. Beaufort County's average annual wage in 2011 represents an increase of $6,246 or 23 percent since 2001.

The average wage in Beaufort County falls below the national average for every economic sector. The highest paying sectors in Beaufort County are information, government, and financial activities.

Table 7 Average Annual Pay and Annualized Wage Data by Sector, Beaufort County

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beaufort County	$26,766	$27,274	$28,145	$29,111	$30,476	$31,743	$32,372	$32,146	$32,081	$32,595	$33,012
South Carolina	$29,255	$30,003	$30,750	$31,839	$32,927	$34,281	$35,393	$36,252	$36,759	$37,553	$38,427
United States	$36,219	$36,764	$37,765	$39,354	$40,677	$42,535	$44,458	$45,563	$45,559	$46,751	$48,040

Source: Bureau of Labor Statistics, Covered Employment and Wages (NAICS)



5. HOUSING MARKET AREA

A. Introduction

The primary market area for the proposed Bluffton Village is defined as the geographic area from which future residents of the community would primarily be drawn and in which competitive rental housing alternatives are located. In defining the Bluffton Village Market Area, RPRG sought to accommodate the joint interests of conservatively estimating housing demand and reflecting the realities of the local rental housing marketplace.

B. Delineation of Market Area

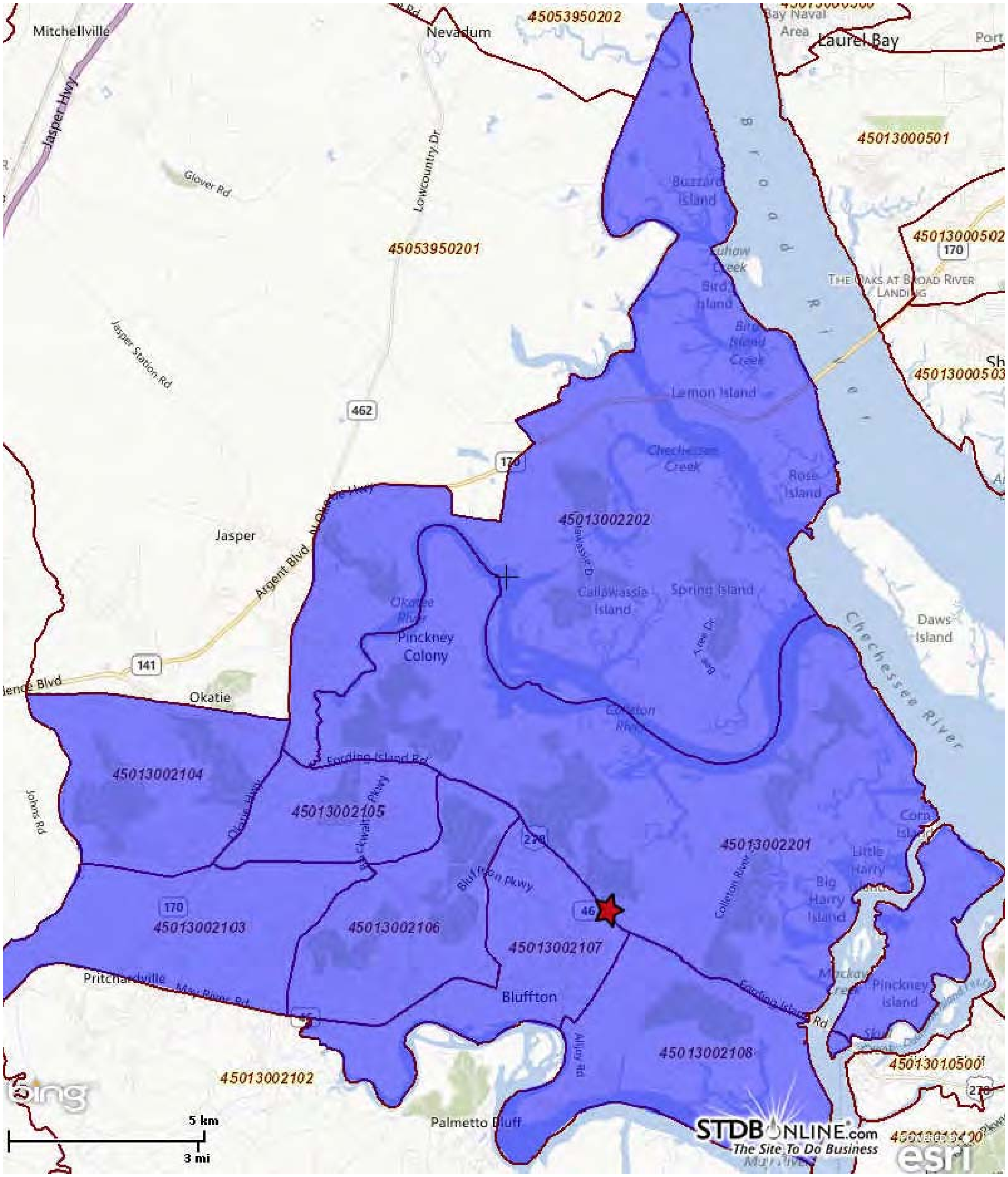
The Bluffton Village Market Area consists of the census tracts in southern Beaufort County, but not including those on Hilton Head Island. The boundaries of the Bluffton Village Market Area and their approximate distance from the subject site are:

- **North**: Chechessee River/Broad River .... (5.8 miles)
- **East**: Mackay Creek/Hiliton Head .... (4.3 miles)
- **South**: May RIver .... (2.8 miles)
- **West**: Jasper County .... (5.6 miles)

Based on field observations and our knowledge of the area, the Bluffton Village Market Area encompasses portions of Beaufort County that are most comparable to the area immediately surrounding the subject site. This market area essentially includes the U.S. Highway 278 Corridor and the town of Bluffton. Hilton Head to the east and Port Royal/Beaufort/Burton were not included in the market area as these are considered separate submarkets and separated by both distance and neighborhood boundaries. While some residents of these portions of Beaufort County would consider moving to the subject site, these households would be captured in the household growth estimates.

This market area is depicted in Map 5. As appropriate for this analysis, the Bluffton Village Market Area is compared to Beaufort County, which is considered the secondary market area. Demand estimates, however, are based solely on the Bluffton Village Market Area.

Map 5 Bluffton Village Market Area



6. DEMOGRAPHIC ANALYSIS

A. Introduction and Methodology

RPRG analyzed recent trends in population and households in the Bluffton Village Market Area and Beaufort County using U.S. Census data and data from Esri, a national data vendor that prepares small area estimates and projections of population and households. Building permit trends collected from the HUD State of the Cities Data Systems (SOCDS) database were also considered. Table 8 presents a series of panels that summarize these Census data, estimates, and projections.

B. Trends in Population and Households

1. Recent Past Trends

Between 2000 and 2010 Census counts, the population of the Bluffton Village Market Area increased by 180.5 percent, rising from 18,127 to 50,844 people. This equates to an annual growth rate of 10.9 percent or 3,272 people. During the same time period, the number of households in the Bluffton Village Market Area increased by 173.7 percent, from 7,577 to 20,736 households, an annual increase of 10.6 percent or 1,316 households.

Similar to the Bluffton Village Market Area, Beaufort County experienced strong population and household growth during the past decade. Overall, the population of Beaufort County expanded by 34.1 percent from 2000 to 2010 (3.0 percent annually), while the number of households in Beaufort County increased by 42.6 percent (3.6 percent annually).

2. Projected Trends

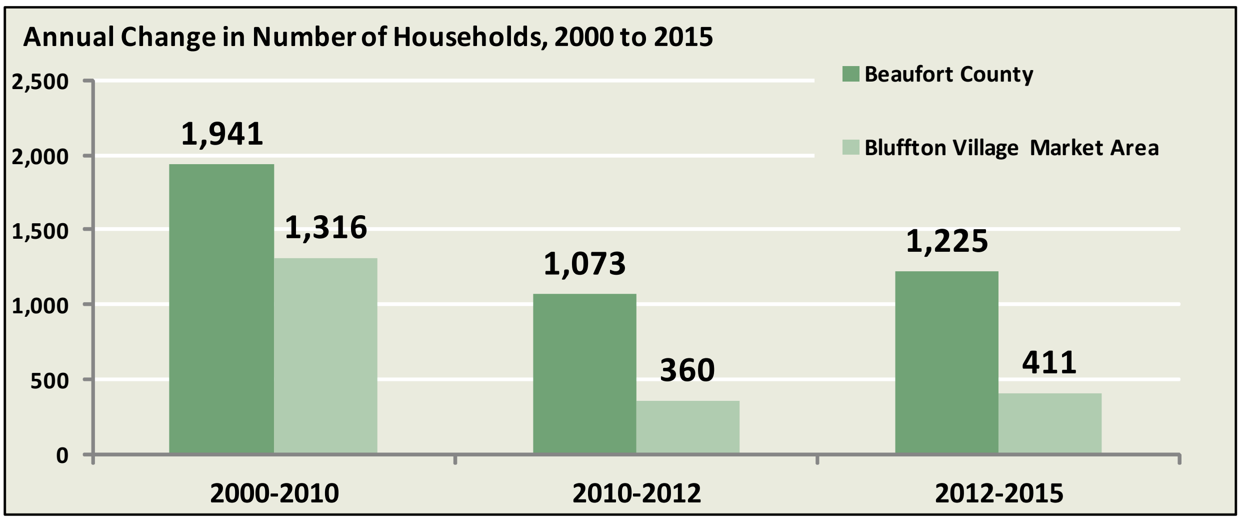
By applying Esri's projected growth rates to the 2010 census counts, the Bluffton Village Market Area increased by 1,900 people and 720 households between 2010 and 2012. RPRG further projects that the market area's population will increase by 2,927 people between 2012 and 2015, bringing the total population to 55,671 people in 2015. This represents an annual increase of 1.8 percent or 976 people. The number of households will increase at a slightly faster rate, gaining 1.9 percent or 411 new households per annum resulting in a total of 22,690 households in 2015.

Beaufort County's population is projected to increase by 1.7 percent per year between 2012 and 2015, while the number of households is projected to increase by 1.8 percent per year in the county.

Table 8 Population and Household Projections

	Beaufort County					Bluffton Village Market Area				
		Total Change		Annual Change			Total Change		Annual Change	
Population	Count	#	%	#	%	Count	#	%	#	%
2000	**120,937**					**18,127**				
2010	**162,233**	41,296	34.1%	4,130	3.0%	**50,844**	32,717	180.5%	3,272	10.9%
2012	**167,730**	5,497	3.4%	2,749	1.7%	**52,744**	1,900	3.7%	950	1.9%
2015	**176,232**	8,502	5.1%	2,834	1.7%	**55,671**	2,927	5.5%	976	1.8%
		Total Change		Annual Change			Total Change		Annual Change	
Households	Count	#	%	#	%	Count	#	%	#	%
2000	**45,532**					**7,577**				
2010	**64,945**	19,413	42.6%	1,941	3.6%	**20,736**	13,159	173.7%	1,316	10.6%
2012	**67,090**	2,145	3.3%	1,073	1.6%	**21,456**	720	3.5%	360	1.7%
2015	**70,765**	3,675	5.5%	1,225	1.8%	**22,690**	1,234	5.8%	411	1.9%

Source: 2000 Census; 2010 Census; Esri; and Real Property Research Group, Inc.



3. Building Permit Trends

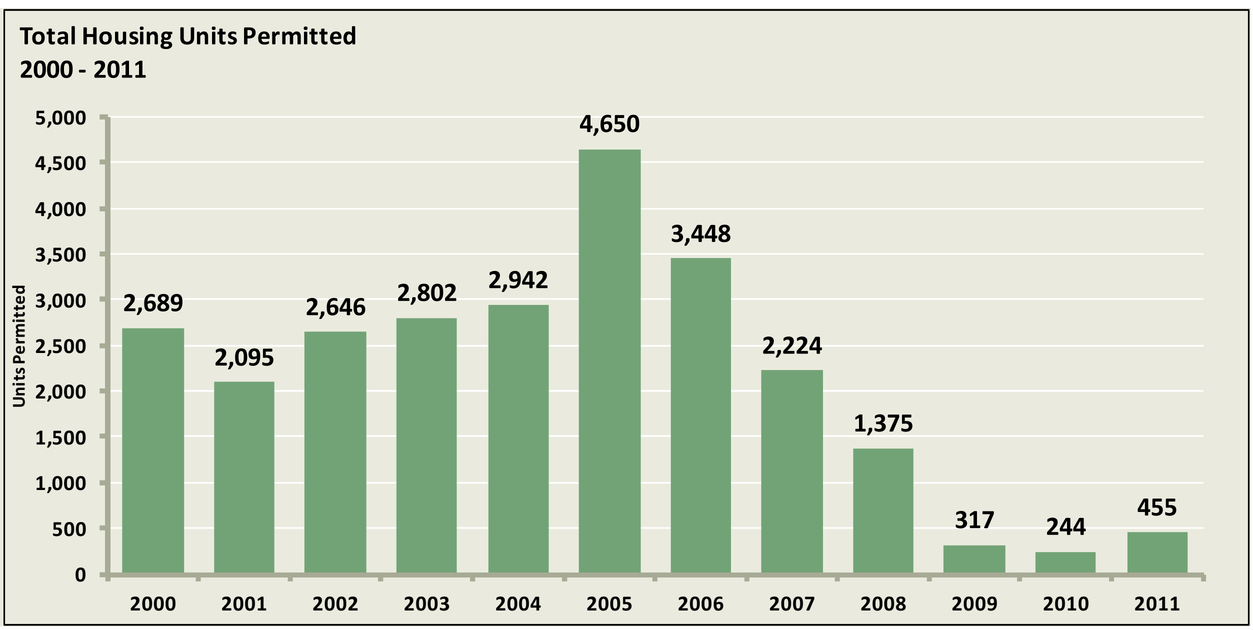
Since 2000, building permit activity in Beaufort County has generally ranged from 2,000 to 2,750 units permitted per year with an overall average of 2,157 units permitted. Permit activity spiked in 2005 and 2006 with more than 8,500 units permitted in these two years. Permit activity has decreased each year since 2005 from 4,650 units permitted to only 244 units permitted in 2010 (Table 9). Permit activity increased slightly in 2011 to 455 units.

From 2000 to 2011, 87 percent of all residential permits issued in Beaufort County have been for single-family detached homes and 12 percent were multi-family structures with five+ units. Although permit activity has recently fallen below projected annual household growth, permits have historically outpaced household growth. Given the resort nature of Beaufort County, building permit activity and household growth estimates are not directly related.

Table 9 Building Permits by Structure Type, Beaufort County

Beaufort County	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2000-2011	Annual Average
Single Family	1,986	1,808	2,374	2,730	2,678	3,996	3,269	1,903	1,058	299	244	299	22,644	1,887
Two Family	4	34	36	2	2	20	0	6	0	0	0	0	104	9
3 - 4 Family	12	0	0	12	0	32	12	3	4	0	0	0	75	6
5+ Family	687	253	236	58	262	602	167	312	313	18	0	156	3,064	255
Total	**2,689**	**2,095**	**2,646**	**2,802**	**2,942**	**4,650**	**3,448**	**2,224**	**1,375**	**317**	**244**	**455**	**25,887**	**2,157**

Source: U.S. Census Bureau, C-40 Building Permit Reports.



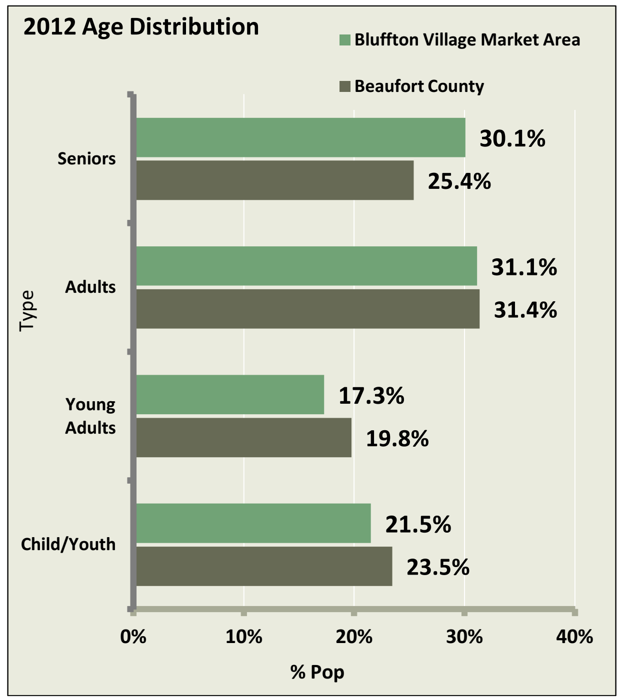
C. Demographic Characteristics

1. Age Distribution and Household Type

Based on Esri estimates, the populations in the Bluffton Village Market Area and Beaufort County are generally older with median population ages of 44 and 41 (Table 10), which is due in part to the retirement nature of southern Beaufort County. While the age 35-61 cohort is the largest in both areas at 31 percent of the population, seniors age 62+ comprise 30.1 percent of the population in the market area and 25.4 percent in the county. Children/youth under the age of 20 comprise 21.5 percent of the market area and 23.5 percent of the county.

Table 10 2012 Age Distribution

	Beaufort County		Bluffton Village Market Area	
	#	%	#	%
Children/Youth	**39,352**	**23.5%**	**11,351**	**21.5%**
Under 5 years	11,204	6.7%	3,355	6.4%
5-9 years	9,748	5.8%	3,080	5.8%
10-14 years	8,628	5.1%	2,570	4.9%
15-19 years	9,772	5.8%	2,346	4.4%
Young Adults	**33,146**	**19.8%**	**9,115**	**17.3%**
20-24 years	12,179	7.3%	2,437	4.6%
25-34 years	20,967	12.5%	6,678	12.7%
Adults	**52,639**	**31.4%**	**16,421**	**31.1%**
35-44 years	17,485	10.4%	6,026	11.4%
45-54 years	18,494	11.0%	4,977	9.4%
55-61 years	16,659	9.9%	5,418	10.3%
Seniors	**42,593**	**25.4%**	**15,857**	**30.1%**
62-64 years	7,140	4.3%	2,322	4.4%
65-74 years	22,070	13.2%	9,287	17.6%
75-84 years	9,931	5.9%	3,434	6.5%
85 and older	3,452	2.1%	815	1.5%
TOTAL	**167,730**	**100%**	**52,744**	**100%**
Median Age	**41**		**44**	



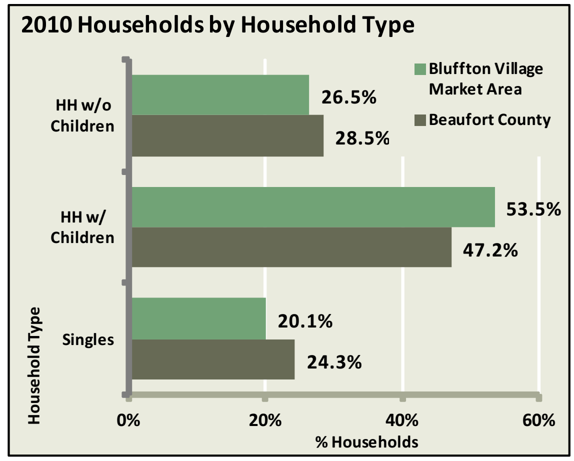
Source: Esri; RPRG, Inc.

Over half (53.5 percent) of the households in the market area have at least two adults, but no children. This includes 44.1 percent of households that are married without children, which includes both empty-nesters and young couples. Children are present in 26.5 percent of households in the market area and 28.5 percent of households in the county (Table 11). Single person households comprise 20.1 percent of the Bluffton Village Market Area’s households and 24.3 percent of Beaufort County’s households.

Table 11 2010 Households by Household Type

	Beaufort County		Bluffton Village Market Area	
Households by Household Type	#	%	#	%
Married w/Children	11,970	18.4%	3,897	18.8%
Other w/ Children	6,529	10.1%	1,591	7.7%
Households w/ Children	**18,499**	**28.5%**	**5,488**	**26.5%**
Married w/o Children	23,996	36.9%	9,150	44.1%
Other Family w/o Children	3,002	4.6%	686	3.3%
Non-Family w/o Children	3,639	5.6%	1,252	6.0%
Households w/o Children	**30,637**	**47.2%**	**11,088**	**53.5%**
Singles Living Alone	15,809	24.3%	4,160	20.1%
Singles	**15,809**	**24.3%**	**4,160**	**20.1%**
Total	**64,945**	**100%**	**20,736**	**100%**

Source: 2010 Census; RPRG, Inc.



2. Renter Household Characteristics

Less than one quarter (22.3 percent) of the householders in the Bluffton Village Market Area were renters in 2010 compared to 29.4 percent of the households in Beaufort County (Table 12). Renters accounted for 23.2 percent of household growth between 2000 and 2010 in the market area and 35.5 percent in the county. Renter percentages are projected to remain fairly constant in both areas and are projected at 22.0 percent in the market area and 29.4 percent in the county as of 2015.

Fifty-one percent of the renter households in the Bluffton Village Market Area have one or two persons compared to 55.2 percent in Beaufort County (Table 13). Three and four persons households comprise 32.3 percent of renter households in the market area and 16.7 percent of renter households have five or more members.

Young working age households form the core of the market area's renters, as 54.4 percent of the renter occupied households are between the ages of 25 and 44 (Table 14) and 14.3 percent are age 45-54 years. Young renters (under 25) in the market area comprise 10.5 percent of all renter householders and older adults age 55+ account for 20.8 percent of all renters.

Table 12 Households by Tenure

Beaufort County	2000		2010		Change 2000-2010		2012		2015	
Housing Units	#	%	#	%	#	%	#	%	#	%
Owner Occupied	33,338	73.2%	45,868	70.6%	12,530	64.5%	47,295	70.5%	49,929	70.6%
Renter Occupied	12,194	26.8%	19,077	29.4%	6,883	35.5%	19,795	29.5%	20,836	29.4%
Total Occupied	**45,532**	**100%**	**64,945**	**100%**	**19,413**	**100%**	**67,090**	**100%**	**70,765**	**100%**
Total Vacant	14,977		28,078				20,250		21,360	
TOTAL UNITS	**60,509**		**93,023**				**87,340**		**92,125**	

Bluffton Village Market Area	2000		2010		Change 2000-2010		2012		2015	
Housing Units	#	%	#	%	#	%	#	%	#	%
Owner Occupied	6,010	79.3%	16,119	77.7%	10,109	76.8%	16,683	77.8%	17,696	78.0%
Renter Occupied	1,567	20.7%	4,617	22.3%	3,050	23.2%	4,773	22.2%	4,994	22.0%
Total Occupied	**7,577**	**100%**	**20,736**	**100%**	**13,159**	**100%**	**21,456**	**100%**	**22,690**	**100%**
Total Vacant	1,008		4,154				3,581		3,787	
TOTAL UNITS	**8,585**		**24,890**				**25,037**		**26,477**	

Source: U.S. Census of Population and Housing, 2000, 2010; Esri, RPRG, Inc.

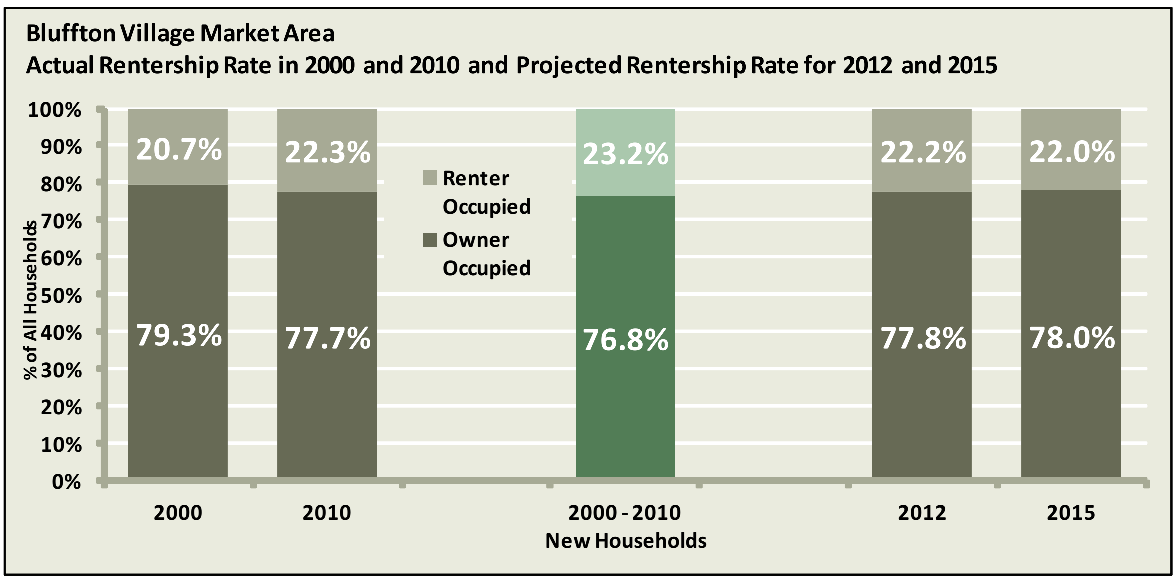


Table 13 2012 Renter Households by Household Size

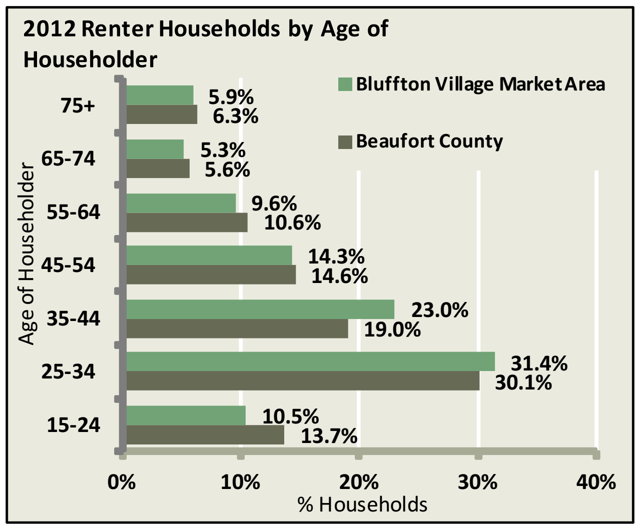
	Beaufort County		Bluffton Village Market Area	
Renter Occupied	#	%	#	%
1-person household	5,421	28.4%	1,101	23.8%
2-person household	5,108	26.8%	1,254	27.2%
3-person household	3,417	17.9%	792	17.2%
4-person household	2,656	13.9%	698	15.1%
5+-person household	2,475	13.0%	772	16.7%
TOTAL	**19,077**	**100%**	**4,617**	**100%**

Source: 2010 Census

Table 14 Renter Households by Age of Householder

Renter Households	Beaufort County		Bluffton Village Market Area	
Age of HHldr	#	%	#	%
15-24 years	2,714	13.7%	499	10.5%
25-34 years	5,956	30.1%	1,499	31.4%
35-44 years	3,768	19.0%	1,100	23.0%
45-54 years	2,888	14.6%	683	14.3%
55-64 years	2,101	10.6%	457	9.6%
65-74 years	1,116	5.6%	251	5.3%
75+ years	1,253	6.3%	284	5.9%
Total	**19,795**	**100%**	**4,773**	**100%**

Source: Esri, Real Property Research Group, Inc.



3. Income Characteristics

Based on Esri estimates, the Bluffton Village Market Area's 2012 median income of $58,439 is $5,719 or 10.8 percent higher than the $52,721 median in Beaufort County (Table 15). Only 15 percent of the households earn less than $15,000 in the Bluffton Village Market Area, compared to 20.9 percent of Beaufort County's households. Thirty-eight percent of the households in the Bluffton Village Market Area earn $35,000 to $75,000.

Based on the ACS data income projections, the breakdown of tenure, and household estimates, RPRG estimates that the median income of renters in the Bluffton Village Market Area as of 2012 is $41,945 (Table 16). This renter median income is 65.4 percent of the median among owner households of $64,123. Among renter households, 22.1 percent earn less than $25,000 and 39.2 percent earn less $25,000 to $49,999.

Table 15 2012 Household Income, Bluffton Village Market Area

		Beaufort County		Bluffton Village Market Area	
		#	%	#	%
less than	$15,000	7,136	10.6%	1,590	7.4%
$15,000	$24,999	6,883	10.3%	1,784	8.3%
$25,000	$34,999	8,141	12.1%	2,682	12.5%
$35,000	$49,999	9,921	14.8%	2,954	13.8%
$50,000	$74,999	13,446	20.0%	5,090	23.7%
$75,000	$99,999	7,835	11.7%	2,712	12.6%
$100,000	$149,999	7,838	11.7%	2,700	12.6%
$150,000	Over	5,890	8.8%	1,944	9.1%
Total		**67,090**	**100%**	**21,456**	**100%**
Median Income		**$52,721**		**$58,439**	

Source: Esri; Real Property Research Group, Inc.

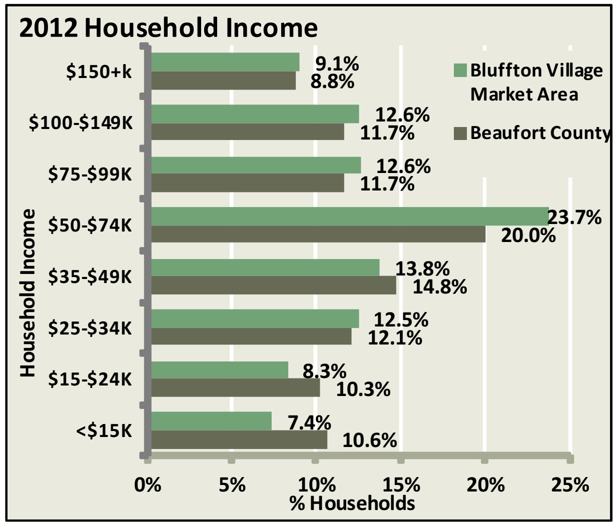
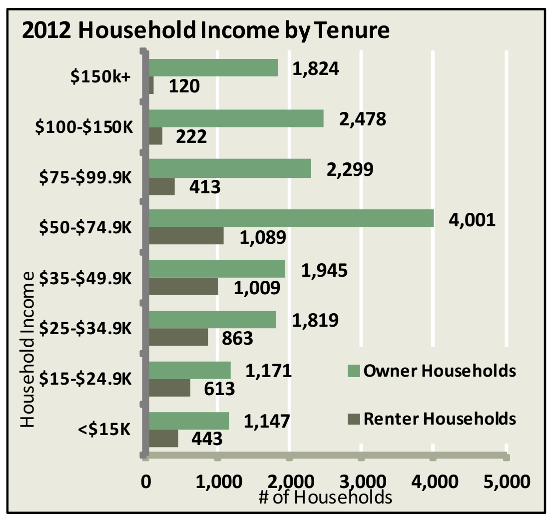


Table 16 2012 Income by Tenure

		Renter Households		Owner Households	
		#	%	#	%
less than	$15,000	443	9.3%	1,147	6.9%
$15,000	$24,999	613	12.8%	1,171	7.0%
$25,000	$34,999	863	18.1%	1,819	10.9%
$35,000	$49,999	1,009	21.1%	1,945	11.7%
$50,000	$74,999	1,089	22.8%	4,001	24.0%
$75,000	$99,999	413	8.7%	2,299	13.8%
$100,000	$149,999	222	4.7%	2,478	14.9%
$150,000	over	120	2.5%	1,824	10.9%
Total		**4,773**	**100%**	**16,683**	**100%**
Median Income		**$41,945**		**$64,123**	

Source: American Community Survey 2007-2011 Estimates, RPRG, Inc.



7. COMPETITIVE HOUSING ANALYSIS

A. Introduction and Sources of Information

This section presents data and analyses pertaining to the supply of housing in the Bluffton Village Market Area. We pursued several avenues of research in an attempt to identify residential rental projects that are actively being planned or that are currently under construction within the Bluffton Village Market Area. Site visit observations and past RPRG work in the region also informed this process. The rental survey of competitive projects was conducted in February 2013.

B. Overview of Market Area Housing Stock

Based on the 2007-2011 ACS survey, single-family detached homes and mobile homes account for a large percentage of the rentals in both the market area (48.0 percent) and the county (53.2 percent). Multi-family structures with five or more units contain 33.7 percent of the units in the market area and 29.3 percent in the county (Table 17).

The housing stock in the Bluffton Village Market Area is much newer than in Beaufort County overall with a median year built of 2001 among both renter and owner occupied units. By comparison, the median year built of the county's housing stock is 1991 among renter occupied units and 1994 among owner occupied units (Table 18). Fifty-eight percent of the renter occupied units in the market area have been constructed since 2000 compared to 30.9 percent of the renter occupied units in Beaufort County.

According to ACS data, the median value among owner-occupied housing units in the Bluffton Village Market Area was $286,349, which is $7,838 or 2.7 percent lower than Beaufort County's median of $294,187 (Table 19). ACS estimates home values based upon homeowners' assessments of the values of their homes. This data is traditionally a less accurate and reliable indicator of home prices in an area than actual sales data, but offers insight of relative housing values among two or more areas.

Table 17 Renter Occupied Units by Structure

Renter Occupied	Beaufort County #	Beaufort County %	Bluffton Village Market Area #	Bluffton Village Market Area %
1, detached	6,835	36.8%	1,787	39.4%
1, attached	1,289	6.9%	493	10.9%
2	609	3.3%	99	2.2%
3-4	1,347	7.2%	238	5.2%
5-9	2,273	12.2%	851	18.8%
10-19	1,172	6.3%	254	5.6%
20+ units	2,008	10.8%	425	9.4%
Mobile home	3,058	16.4%	391	8.6%
Boat, RV, Van	0	0.0%	0	0.0%
TOTAL	**18,591**	**100%**	**4,538**	**100%**

Source: American Community Survey 2007-2011

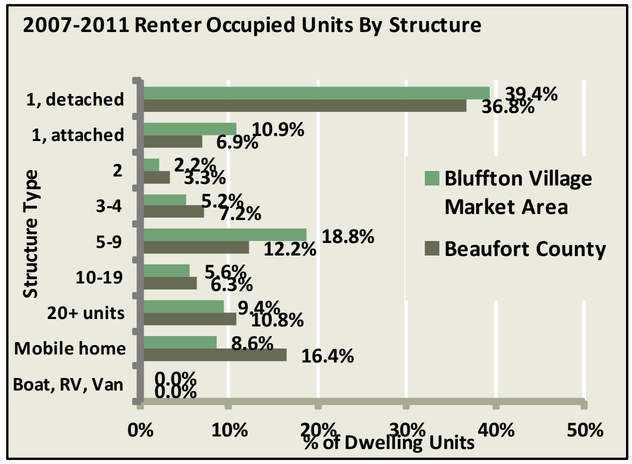


Table 18 Dwelling Units by Year Built and Tenure

Owner Occupied	Beaufort County #	Beaufort County %	Bluffton Village Market Area #	Bluffton Village Market Area %
2005 or later	5,647	12.6%	3,865	26.2%
2000 to 2004	9,854	22.0%	5,438	36.9%
1990 to 1999	12,492	27.8%	3,796	25.8%
1980 to 1989	7,885	17.6%	676	4.6%
1970 to 1979	4,682	10.4%	422	2.9%
1960 to 1969	1,709	3.8%	215	1.5%
1950 to 1959	1,512	3.4%	117	0.8%
1940 to 1949	343	0.8%	144	1.0%
1939 or earlier	744	1.7%	54	0.4%
TOTAL	**44,868**	**100%**	**14,727**	**100%**
MEDIAN YEAR BUILT	**1994**		**2001**	

Source: American Community Survey 2007-2011

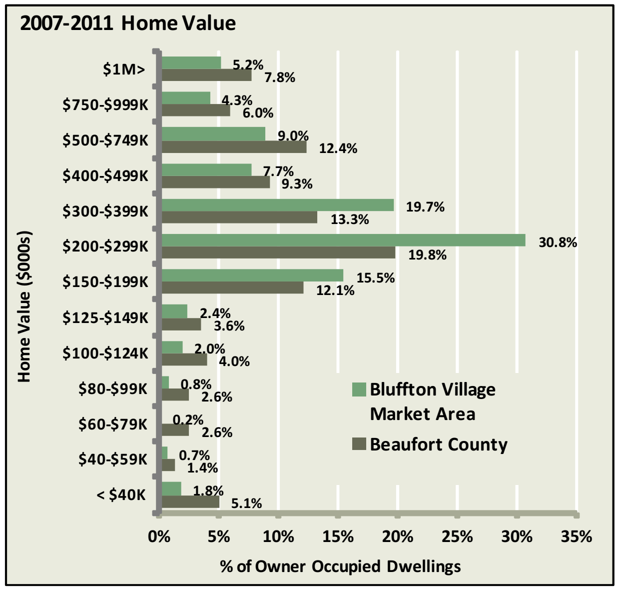
Renter Occupied	Beaufort County #	Beaufort County %	Bluffton Village Market Area #	Bluffton Village Market Area %
2005 or later	1,903	10.2%	822	18.1%
2000 to 2004	3,849	20.7%	1,830	40.3%
1990 to 1999	4,000	21.5%	1,249	27.5%
1980 to 1989	3,421	18.4%	396	8.7%
1970 to 1979	2,302	12.4%	93	2.0%
1960 to 1969	1,270	6.8%	0	0.0%
1950 to 1959	950	5.1%	57	1.3%
1940 to 1949	466	2.5%	15	0.3%
1939 or earlier	430	2.3%	76	1.7%
TOTAL	**18,591**	**100%**	**4,538**	**100%**
MEDIAN YEAR BUILT	**1991**		**2001**	

Source: American Community Survey 2007-2011

Table 19 Value of Owner Occupied Housing Stock

		Beaufort County		Bluffton Village Market Area	
		#	%	#	%
less than	$40,000	2,255	5.1%	270	1.8%
$40,000	$59,000	609	1.4%	101	0.7%
$60,000	$79,999	1,151	2.6%	23	0.2%
$80,000	$99,999	1,141	2.6%	121	0.8%
$100,000	$124,999	1,800	4.0%	290	2.0%
$125,000	$149,999	1,603	3.6%	357	2.4%
$150,000	$199,999	5,394	12.1%	2,269	15.5%
$200,000	$299,999	8,835	19.8%	4,509	30.8%
$300,000	$399,999	5,940	13.3%	2,879	19.7%
$400,000	$499,999	4,139	9.3%	1,132	7.7%
$500,000	$749,999	5,503	12.4%	1,315	9.0%
$750,000	$999,999	2,686	6.0%	624	4.3%
$1,000,000	over	3,493	7.8%	759	5.2%
Total		**44,549**	**100%**	**14,649**	**100%**
Median Value		**$294,187**		**$286,349**	

Source: American Community Survey 2007-2011



C. Survey of Competitive Rental Communities

1. Introduction to the Rental Housing Survey

For the purposes of this analysis, RPRG surveyed ten general occupancy rental communities in the Bluffton Village Market Area. The ten communities include four market rate communities and six communities developed through the Low Income Housing Tax Credit (LIHTC) program. The communities are considered to be the most comparable rental options in the market area. Profile sheets with detailed information on each surveyed community, including photographs, are attached as Appendix 5.

2. Location

Nine of the ten surveyed rental communities are located within three miles of the subject site on the south side of U.S. Highway 278 in the town of Bluffton (**Error! Reference source not found.**). One community is located in the northern portion of the market area along Okatie Highway (Highway 170). The subject site is considered comparable with existing communities in the market area and will not result in a significant competitive advantage or disadvantage.

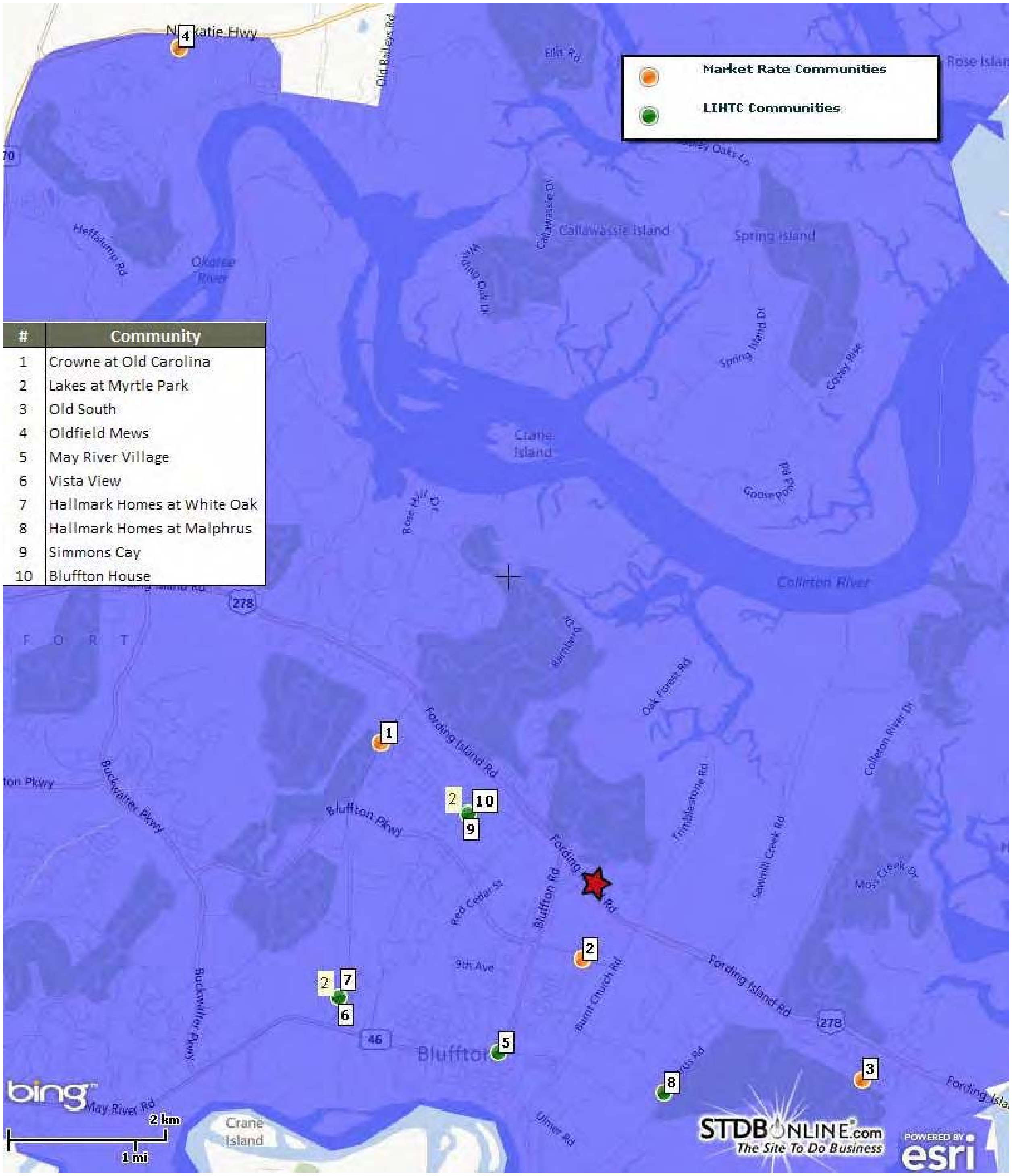
3. Age of Communities

The ten surveyed communities have an average year built of 2003 (Table 20). The LIHTC communities include three built in the late 1990's and three have been built since 2007. The newest communities are a LIHTC community built in 2012 and a market rate community built in 2009.

4. Structure Type

Nine of the 10 communities offer only garden style units. One community includes a combination of garden and townhouse structures. New communities, including LIHTC communities, feature exteriors with a combination of hardiplank and brick/stone.

Map 6 Surveyed Rental Communities



5. Size of Communities

The average size of the 10 surveyed communities is 166 units. LIHTC communities are generally much smaller than market rate communities with five of six LIHTC having 32-88 units. The only LIHTC community with more than 88 units is Bluffton House, a 280 unit community built in 1996.

6. Vacancy Rates

The 10 surveyed communities combine to offer 1,655 units, of which 48 or 2.9 percent were reported vacant . Among LIHTC communities, only six of 612 units were vacant at the time of our survey, a rate of 1.0 percent. Four of the six LIHTC communities were 100 percent occupied at the time of our survey. Five communities, including four of six LIHTC communities, reported waiting lists.

Table 20 Rental Summary, Surveyed Rental Communities

Map #	Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	Avg 1 BR Rent (1)	Avg 2 BR Rent (1)	Incentive	Waiting List
	Subject* 50% AMI		Gar	12				$400		
	Subject* 60% AMI		Gar	30				$400		
1	Crowne at Old Carolina	2009	Gar	199	0	0.0%	$853	$1,048	None	Yes
2	Lakes at Myrtle Park	2003	Gar	360	14	3.9%	$835	$965	$50 off per month	
3	Old South	1996	Gar	300	27	9.0%	$775	$938	None	
4	Oldfield Mews	2009	Gar/TH	184	1	0.5%	$742	$894	None	
5	May River Village*	2012	Gar	68	0	0.0%	$609	$755	None	18 people
6	Vista View*	1998	Gar	72	3	4.2%			None	2 people
7	Hallmark Homes at White	2007	Gar	72	3	4.2%		$747	None	
8	Hallmark Homes at Malphrus*	2008	Gar	32	0	0.0%		$734	None	
9	Simmons Cay*	1998	TH	88	0	0.0%			None	15 people
10	Bluffton House*	1996	Gar	280	0	0.0%		$689	None	8 people
	Total			**1,655**	**48**	**2.9%**				
	Average	**2003**		**166**			**$763**	**$846**		
	LIHTC Total			**612**	**6**	**1.0%**				
	LIHTC Average	**2003**		**102**			**$609**	**$731**		

Tax Credit Communities*

(1) Rent is contract rent, and not adjusted for utilities or incentives

Source: Field Survey, Real Property Research Group, Inc. February 2013.

By floor plan, the number of vacant units was generally consistent with the overall unit distributions of surveyed rental communities (Table 21). One bedroom units had a vacancy rate of 2.1 percent and accounted for 15.0 percent of all vacancies, comparable to the unit distribution of 15.9 percent. The vacancy rate among two bedroom units was 2.8 percent and two bedroom units accounted for 65 percent of vacancies and 52.4 percent of total units. Only one three bedroom unit was reported vacant for a rate of 0.4 percent. Three bedroom units account for 31.6 percent of all surveyed units, but only five percent of vacancies.

Based on historical occupancy rates provided by SCSHFDA, LIHTC Communities in the market area have had occupancy rates above 95 percent for the past year. The average occupancy between the second and fourth quarters was 96.65 percent (Table 22).

Table 21 Vacancy by Floor Plan

			Vacant Units by Floorplan								
	Total	Units	One Bedroom			Two Bedroom			Three Bedroom		
Property	Units	Vacant	Units	Vacant	Vac. Rate	Units	Vacant	Vac. Rate	Units	Vacant	Vac. Rate
Bluffton House*	280	0				N/A	0	N/A	N/A	0	N/A
Crowne at Old Carolina	199	0	56	0	0.0%	111	0	0.0%	32	0	0.0%
Hallmark Homes at Malphrus*	32	0				16	0	0.0%	16	0	0.0%
Hallmark Homes at White Oak*	72	3				52	3	5.8%	20	0	0.0%
Lakes at Myrtle Park	360	14	64	3	4.7%	260	10	3.8%	36	1	2.8%
May River Village*	68	0	22	0	0.0%	28	0	0.0%	18	0	0.0%
Old South	300	27	N/A	12	N/A	N/A	12	N/A	N/A	3	N/A
Oldfield Mews	184	1	N/A	0	N/A	N/A	1	N/A	N/A	0	N/A
Simmons Cay*	88	0							88	0	0.0%
Vista View*	72	3							72	0	0.0%
Total	**1,655**	**48**									
Total Reporting Breakdown	**891**	**20**	**142**	**3**	**2.1%**	**467**	**13**	**2.8%**	**282**	**1**	**0.4%**
Total Percentage		**85.0%**	**15.9%**	**15.0%**		**52.4%**	**65.0%**		**31.6%**	**5.0%**	

LIHTC Community*

Source: Field Survey, Real Property Research Group, Inc. February, 2013

Table 22 Historical LIHTC Occupancy

				6/30/2012		12/31/2012			
Community	City	County	Total Units	Occupied Units	Occupancy Rate	Occupied Units	Occupancy Rate	Avg. Occupancy	Type
Bluffton House	Bluffton	Beaufort	280	272	97.1%	273	97.5%	97.3%	Family
Hallmark Homes at Malphrus	Bluffton	Beaufort	32	32	100.0%	31	96.9%	98.4%	Family
Hallmark Homes at White Oak	Bluffton	Beaufort	72	67	93.1%	67	93.1%	93.1%	Family
May River Village	Bluffton	Beaufort	68	65	95.6%	68	100.0%	97.8%	Family
Simmons Cay	Bluffton	Beaufort	88	80	90.9%	88	100.0%	95.5%	Family
Vista View	Bluffton	Beaufort	72	70	97.2%	70	97.2%	97.2%	Family
Grand Total			**612**	**586**	**95.8%**	**597**	**97.5%**	**96.7%**	

Source: SC Public Analysis 2012

7. Rent Concessions

One of the market rate communities is offering a rental incentive of $50 off per month. None of the LIHTC communities are offering rental incentives.

8. Absorption History

The newest community in the market area is May River Village, a 68 unit LIHTC community located near downtown Bluffton. This community opened in January 2012 and was fully leased by July 2012. With 68 units and a six month absorption period, the average monthly absorption was 11 units. May River Village currently has a waiting list of 18 people.

D. Analysis of Rental Pricing and Product

1. Payment of Utility Costs

Five of the ten surveyed communities include the cost of water/sewer and trash removal in the price of rent, while five include the cost of only trash removal. Tenants of all communities are responsible for all other utility costs associated with heat, hot water, cooking, and general electricity (Table 23).

2. Unit Features

All comparable surveyed rental communities include dishwashers, garbage disposals, and washer/dryer connections. Five communities offer microwaves and four communities offer full-sized washer/dryer units in each apartment (Table 23). Most units also feature ceiling fans, walk-in closets, and patio/balcony. Bluffton Village will be competitive with surveyed rental communities as features will include dishwashers, microwaves, washer/dryer connections, ceiling fans, walk-in closets, and patios/balconies.

3. Parking

LIHTC communities offer surface parking with no covered parking options. All four market rate communities offer option garages for an additional monthly fee. Bluffton Village will not offer covered parking.

4. Community Amenities

The most common recreational amenities in the market area are playgrounds (eight communities), community rooms (seven communities), swimming pools (seven communities), and fitness rooms (six communities. Seven of the ten communities offer at least three recreation amenities. Two of the smaller LIHTC communities include only a playground (Table 24). Bluffton Village will include a community room, playground, fitness center, and computer center which will be comparable with surveyed rental communities. While Bluffton Village will not offer a swimming pool, the proposed amenities are appropriate given the smaller size and lower price point proposed.

Table 23 Utilities and Unit Features– Surveyed Rental Communities

		Utilities Included in Rent										
Community	Heat Type	Heat	Hot Water	Cooking	Electric	Water	Trash	Dish-washer	Micro-wave	Parking	In-Unit Laundry	Storage
Subject	**Elec**	☐	☐	☐	☐	☐	☒	**Std.**	**Std.**	**Surface**	**Hook Ups**	
Bluffton House	Elec	☐	☐	☐	☐	☒	☒	Std.		Surface	Hook Ups	
Crowne at Old Carolina	Elec	☐	☐	☐	☐	☐	☒	Std.	Std.	Surface	Full	In Unit
Hallmark Homes at Malphrus	Elec	☐	☐	☐	☐	☒	☒	Std.	Std.	Surface	Hook Ups	
Hallmark Homes at White Oak	Elec	☐	☐	☐	☐	☒	☒	Std.	Std.	Surface	Hook Ups	
Lakes at Myrtle Park	Elec	☐	☐	☐	☐	☐	☒	Std.		Surface	Full	In Building/Fee
May River Village	Elec	☐	☐	☐	☐	☒	☒	Std.	Std.	Surface	Hook Ups	In Unit
Old South	Elec	☐	☐	☐	☐	☐	☒	Std.		Surface	Full	In Building
Oldfield Mews	Elec	☐	☐	☐	☐	☐	☒	Std.	Std.	Surface	Full	
Simmons Cay	Elec	☐	☐	☐	☐	☒	☒	Std.		Surface	Hook Ups	
Vista View	Elec	☐	☐	☐	☐	☐	☒	Std.		Surface	Hook Ups	

Source: Field Survey, Real Property Research Group, Inc. February 2013.

Table 24 Community Amenities – Surveyed Rental Communities

Community	Clubhouse	Fitness Room	Pool	Hot Tub	Playground	Tennis Court	Business Center	Gated Entry
Subject	☒	☒	☐	☐	☒	☐	☒	☐
Bluffton House	☒	☒	☒	☐	☒	☒	☐	☐
Crowne at Old Carolina	☒	☒	☒	☐	☐	☐	☒	☐
Hallmark Homes at Malphrus	☐	☐	☐	☐	☒	☐	☐	☐
Hallmark Homes at White Oak	☐	☐	☒	☐	☒	☐	☐	☐
Lakes at Myrtle Park	☒	☒	☒	☐	☐	☐	☒	☐
May River Village	☒	☐	☐	☐	☒	☐	☒	☐
Old South	☒	☒	☒	☒	☒	☐	☒	☐
Oldfield Mews	☒	☒	☒	☐	☒	☐	☒	☐
Simmons Cay	☒	☒	☒	☐	☒	☐	☐	☐
Vista View	☐	☐	☐	☐	☒	☐	☐	☐

Source: Field Survey, Real Property Research Group, Inc. February 2013.

5. Distribution of Units by Bedroom Type

RPRG was able to obtain full unit distributions for seven of ten surveyed communities, constituting 53.8 percent of the surveyed rental stock (Table 25). The overall unit distribution of these communities includes 15.9 percent one-bedrooms, 52.4 percent two-bedrooms, and 31.6 percent three bedroom units. Nine of ten properties offer two bedroom units, while five offer one bedroom units and all offer three bedroom units. None of the surveyed communities had four bedroom units.

6. Effective Rents

Unit rents presented in Table 25 are net or effective rents, as opposed to street or advertised rents. To arrive at effective rents, we apply downward adjustments to street rents at some communities in order to control for current rental incentives. The net rents further reflect adjustments to street rents to equalize the impact of utility expenses across complexes. Specifically, the net rents represent the hypothetical situation where only trash removal is included in monthly rents at all communities, with tenants responsible for other utility costs (water/sewer, electricity, heat, hot water, and cooking fuel).

Among the ten surveyed communities, net rents, unit sizes, and rents per square foot are as follows:

- **One bedroom** units averaged a net rent of $730 with a range from $528 to $868 per month. The average unit size is 774 square feet, which results in an average net rent per square foot of $0.94.

- **Two bedroom** units averaged a net rent of $814 with a range from $637 to $1,068 per month. The average unit size is 1,068 square feet, which results in an average net rent per square foot of $0.76.

- **Three bedroom** units averaged a net rent of $862 with a range from $611 to $1,268 per month. The average unit size is 1,263 square feet, which results in an average net rent per square foot of $0.68.

The proposed rents at Bluffton Village will be below all existing rents in the market area. The proposed two and three bedroom rents at Bluffton Village are less than half of the overall averages in the market area well below all existing rents. While none of the surveyed communities offer four bedroom units, the proposed four bedroom rents are $337 below the average three bedroom rent in the market area. In fact, the proposed four bedroom rent of $525 is lower than the most affordable one bedroom rent of $528.

Table 25 Salient Characteristics, Surveyed Rental Communities

		Total	One Bedroom Units				Two Bedroom Units				Three Bedroom Units				Four Bedroom Units			
Community	Type	Units	Units	Rent(1)	SF	$/SF	Units	Rent(1)	SF	$/SF	Units	Rent(1)	SF	$/SF	Units	Rent(1)	SF	$/SF
Subject* 50% AMI	Gar	12					4	$400	1,100	$0.36	4	$445	1,250	$0.36	4	$525	1,400	$0.38
Subject* 60% AMI	Gar	30					2	$400	1,100	$0.36	20	$445	1,250	$0.36	8	$525	1,400	$0.38
Crowne at Old Carolina	Gar	199	56	$868	883	$0.98	111	$1,068	1,203	$0.89	32	$1,268	1,429	$0.89				
Old South	Gar	300		$790	750	$1.05		$958	1,073	$0.89		$1,124	1,428	$0.79				
Lakes at Myrtle Park	Gar	360	64	$800	779	$1.03	260	$935	1,225	$0.76	36	$1,075	1,562	$0.69				
Oldfield Mews	Gar/TH	184		$757	790	$0.96		$914	1,226	$0.75		$1,086	1,498	$0.73				
Vista View* 60% AMI	Gar	57									57	$884	1,250	$0.71				
Hallmark Homes at White Oak* 60% AMI	Gar	26					26	$827	1,008	$0.82								
Hallmark Homes at Malphrus* 60% AMI	Gar	16					8	$808	1,008	$0.80	8	$833	1,204	$0.69				
May River Village* 60% AMI	Gar	51	16	$640	720	$0.89	21	$794	1,026	$0.77	14	$845	1,246	$0.68				
Simmons Cay* 50% AMI	TH	44									44	$815	1,223	$0.67				
Simmons Cay* 50% AMI	TH	44									44	$759	1,223	$0.62				
Bluffton House	Gar	280										$759	1,081	$0.70				
Bluffton House* 60% AMI	Gar	-						$689	943	$0.73		$759	1,081	$0.70				
Hallmark Homes at White Oak* 50% AMI	Gar	46					26	$666	1,008	$0.66	20	$758	1,204	$0.63				
Hallmark Homes at Malphrus* 50% AMI	Gar	16					8	$660	1,008	$0.65	8	$758	1,204	$0.63				
Bluffton House* 50% AMI	Gar	-										$729	1,081	$0.67				
May River Village* 50% AMI	Gar	17	6	$528	720	$0.73	7	$637	1,026	$0.62	4	$725	1,246	$0.58				
Vista View* 45% AMI	Gar	15									15	$611	1,250	$0.49				
Total/Average		**1,655**		**$730**	**774**	**$0.94**		**$814**	**1,068**	**$0.76**		**$862**	**1,263**	**$0.68**				
Unit Distribution		**891**	**142**				**467**				**282**							
% of Total		**53.8%**	**15.9%**				**52.4%**				**31.6%**							

Tax Credit Communities*

(1) Rent is adjusted to include only Water/Sewer and Trash and incentives

Source: Field Survey, Real Property Research Group, Inc. February 2013.

E. Scattered Site Rentals

Given the lack of four bedroom units among comparable communities, we searched for scattered site rentals in the market area. These communities would be alternatives for renters desiring larger units. Among these scattered site communities, the average rents were $1,111 for three bedroom units and $1,463 for four bedroom units (Table 26). Given the significantly higher rents, these communities will not compete with the units at Bluffton Village.

Table 26 Scattered Site Rentals

Scattered Site Rentals					
Type	**Bed**	**Bath**	**Sq. Feet**	**Rent**	**Location**
Single Family	3	2	1,200	$1,300	Bluffton
Condominium	3	2		$1,025	Bluffton
Condominium	3	2	1,250	$950	Bluffton
Condominium	3	2	1,050	$925	Bluffton
Townhouse	3	2.5	1,600	$1,125	Bluffton
Single Family	3	2.5	1,180	$1,150	Bluffton
Single Family	3	2.5		$1,300	Bluffton
Three Bedroom Average			**1,256**	**$1,111**	**$0.88**
Townhouse	4	2.5	1,342	$1,000	Bluffton
Single Family	4	2.5	3,012	$1,797	Bluffton
Single Family	4	2	1,831	$1,295	Bluffton
Single Family	4	2.5	2,400	$1,950	Bluffton
Single Family	4	3	2,600	$1,450	Bluffton
Single Family	4	2	1,600	$1,400	Bluffton
Single Family	4	3.5	1,706	$1,350	Bluffton
Four Bedroom Average			**2,070**	**$1,463**	**$0.71**

Source: Craigs List

F. Housing Authority Data / Subsidized Housing List

The Beaufort County Housing Authority operates 311 public housing units and administers 572 Housing Choice Voucher. Waiting lists were 780 people for Section 8 and up to 24 months for public housing. The only subsidized communities in the market area are those with tax credits, which are all addressed in the preceding sections of this report.

G. Potential Competition from For-Sale Housing

Given the low proposed rents and income ranges targeted, we do not believe for-sale housing will compete with Bluffton Village. Although the community will include a large percentage of three and four bedroom units, the proposed rents are lower than average one bedroom units in the market. Thus, homeownership will not be a comparably priced alternative.

H. Proposed and Under Construction Rental Communities

According to planning officials with Bluffton and Beaufort County, no new apartment communities are planned within the market area. Although a few market rate communities are being considered in Beaufort County, none are considered definite and would not compete with the affordable units proposed at Bluffton Village.

I. Estimate of Market Rent

To better understand how the proposed rents compare with the rental market, rents of the most comparable communities are adjusted for a variety of factors including curb appeal, square footage, utilities, and amenities. Four market rate communities were used in this analysis. The adjustments made in this analysis are broken down into four classifications. These classifications and an explanation of the adjustments made follows:

- Rents Charged – current rents charged, adjusted for utilities and incentives, if applicable.

- Design, Location, Condition – adjustments made in this section include:

    - Building Design - An adjustment was made, if necessary, to reflect the attractiveness of the proposed product relative to the comparable communities above and beyond what is applied for year built and/or condition (Table 31).

    - Year Built/Rehabbed - We applied a value of $0.75 for each year newer a property is relative to a comparable.

    - Condition and Neighborhood – We rated these features on a scale of 1 to 5 with 5 being the most desirable. A conservative adjustment of $10 per variance was applied for condition as this factor is also accounted for in "year built." The Neighborhood or location adjustment was also $10 per numerical variance.

    - Square Footage - Differences between comparables and the subject property are accounted for by an adjustment of $0.25 per foot.

- Unit Equipment/Amenities – Adjustments were made for amenities included or excluded at the subject property. The exact value of each specific value is somewhat subjective as particular amenities are more attractive to certain renters and less important to others. Adjustment values were between $5 and $30 for each amenity.

- Site Equipment – Adjustments were made in the same manner as with the unit amenities. Adjustment values were between $5 and $10 for each amenity.

According to our adjustment calculations, the estimated market rents for the units at Bluffton Village are $915 for two bedroom units (Table 27), $1,021 for three bedroom units (Table 28), and $1,130 for four bedroom units (Table 29). As none of the competitive properties offer four bedroom units, the estimated market rent for four bedroom units is based on competitive three bedroom units with an adjustment for unit size and number of bedrooms. The proposed rents are well below the estimated market rents and result in rent advantages of 56percent for two bedroom units, 56 percent for three bedroom units, and 53 percent for four bedroom units. The overall/weighted average market advantage is 55 percent (Table 30). The maximum achievable/restricted rent for LIHTC units would be LIHTC maximums.

Table 27 Estimate of Market Rent, Two Bedroom Units

Two Bedroom Units									
Subject Property		**Comparable Property #1**		**Comparable Property #2**		**Comparable Property #3**		**Comparable Property #4**	
Bluffton Apartments		Crowne at Old Carolina		Lakes at Myrtle Park		Old South		Oldfield Mews	
Gateway Village Road		66 Buck Island Road		4921 Bluffton Parkway		4 Old South Court		116 Old Towne Road	
Bluffton, South Carolina 29910		Bluffton	Beaufort	Bluffton	Beaufort	Bluffton	Beaufort	Bluffton	Beaufort
A. Rents Charged	**Subject**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Street Rent	$400	$1,048	$0	$965	$0	$950	$0	$872	$0
Utilities Included	T	T	$0	T	$0	T	$0	T	$0
Rent Concessions		None	$0	Reduced	($50)	None	$0	None	$0
Effective Rent	**$400**	**$1,048**		**$915**		**$950**		**$872**	
In parts B thru D, adjustments were made only for differences									
B. Design, Location, Condition		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Structure / Stories	Garden / 3	Garden / 3	$0	Garden / 3	$0	Garden	$0	Garden	$0
Year Built / Condition	2015	2009	$5	2007	$6	1996	$14	2010	$4
Quality/Street Appeal	Above Average	Average	$10	Average	$10	Average	$10	Average	$10
Location	Average	Average	$0	Average	$0	Average	$0	Average	$0
C. Unit Equipment / Amenities		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Number of Bedrooms	2	2	$0	2	$0	2	$0	2	$0
Number of Bathrooms	2	2	$0	2	$0	2	$0	2	$0
Unit Interior Square Feet	1,100	1,203	($26)	1,225	($31)	1,145	($11)	1,087	$3
Balcony / Patio / Porch	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
AC Type:	Central	Central	$0	Central	$0	Central	$0	Central	$0
Range / Refrigerator	Yes / Yes	Yes / Yes	$0	Yes / Yes	$0	Yes / Yes	$0	Yes / Yes	$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	$0	No / Yes	$5	No / Yes	$5	Yes / Yes	$0
Washer / Dryer: In Unit	No	Yes	($25)	Yes	($25)	Yes	($25)	Yes	($25)
Washer / Dryer: Hook-ups	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
D. Site Equipment / Amenities		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Parking ($ Fee)	Surface ($0)	Surface ($0)	$0	Surface ($0	$0	Surface ($0)	$0	Surface ($0)	$0
Club House	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
Pool	No	Yes	($10)	Yes	($10)	Yes	($10)	Yes	($10)
Computer Center	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
Fitness Center	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
E. Adjustments Recap		**Positive**	**Negative**	**Positive**	**Negative**	**Positive**	**Negative**	**Positive**	**Negative**
Total Number of Adjustments		2	3	3	3	3	3	3	2
Sum of Adjustments B to D		$15	($61)	$21	($66)	$29	($46)	$17	($35)
F. Total Summary									
Gross Total Adjustment		$76		$87		$75		$52	
Net Total Adjustment		($46)		($45)		($17)		($18)	
G. Adjusted And Achievable Rents		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**	
Adjusted Rent		$1,002		$870		$933		$854	
% of Effective Rent		95.6%		95.1%		98.2%		97.9%	
Estimated Market Rent	**$915**								
Rent Advantage $	**$515**								
Rent Advantage %	**56.3%**								

Table 28 Estimate of Market Rent, Three Bedroom Units

Three Bedroom Units									
Subject Property		**Comparable Property #1**		**Comparable Property #2**		**Comparable Property #3**		**Comparable Property #4**	
Bluffton Apartments		Crowne at Old Carolina		Lakes at Myrtle Park		Old South		Oldfield Mews	
Gateway Village Road		66 Buck Island Road		4921 Bluffton Parkway		4 Old South Court		116 Old Towne Road	
Bluffton, South Carolina 29910		Bluffton	Beaufort	Bluffton	Beaufort	Bluffton	Beaufort	Bluffton	Beaufort
A. Rents Charged	**Subject**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Street Rent	$445	$1,243	$0	$1,100	$0	$1,099	$0	$985	$0
Utilities Included	T	T	$0	T	$0	T	$0	T	$0
Rent Concessions		None	$0	Reduced	($50)	None	$0	None	$0
Effective Rent	**$445**	**$1,243**		**$1,050**		**$1,099**		**$985**	
In parts B thru D, adjustments were made only for differences									
B. Design, Location, Condition		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Structure / Stories	Garden / 3	Garden / 3	$0	Garden / 3	$0	Garden	$0	Garden	$0
Year Built / Condition	2015	2009	$5	2007	$6	1996	$14	2010	$4
Quality/Street Appeal	Above Average	Average	$10	Average	$10	Average	$10	Average	$10
Location	Average	Average	$0	Average	$0	Average	$0	Average	$0
C. Unit Equipment / Amenities		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Number of Bedrooms	3	3	$0	3	$0	3	$0	3	$0
Number of Bathrooms	2	2	$0	3	($30)	2.5	($15)	2	$0
Unit Interior Square Feet	1,250	1,429	($45)	1,562	($78)	1,428	($45)	1,334	($21)
Balcony / Patio / Porch	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
AC: (C)entral / (W)all / (N)one	Central	Central	$0	Central	$0	Central	$0	Central	$0
Range / Refrigerator	Yes / Yes	Yes / Yes	$0	Yes / Yes	$0	Yes / Yes	$0	Yes / Yes	$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	$0	No / Yes	$5	No / Yes	$5	Yes / Yes	$0
Washer / Dryer: In Unit	No	Yes	($25)	Yes	($25)	Yes	($25)	Yes	($25)
Washer / Dryer: Hook-ups	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
D. Site Equipment / Amenities		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Parking ($ Fee)	Surface ($0)	Surface ($0)	$0	Surface ($0)	$0	Surface ($0)	$0	Surface ($0)	$0
Club House	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
Pool	No	Yes	($10)	Yes	($10)	Yes	($10)	Yes	($10)
Computer Center	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
Fitness Center	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
E. Adjustments Recap		**Positive**	**Negative**	**Positive**	**Negative**	**Positive**	**Negative**	**Positive**	**Negative**
Total Number of Adjustments		2	3	3	4	3	4	2	3
Sum of Adjustments B to D		$15	($80)	$21	($143)	$29	($95)	$14	($56)
F. Total Summary									
Gross Total Adjustment		$95		$164		$124		$70	
Net Total Adjustment		($65)		($122)		($66)		($42)	
G. Adjusted And Achievable Rents		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**	
Adjusted Rent		$1,178		$928		$1,033		$943	
% of Effective Rent		94.8%		88.4%		94.0%		95.7%	
Estimated Market Rent	**$1,021**								
Rent Advantage $	**$576**								
Rent Advantage %	**56.4%**								

Table 29 Estimate of Market Rent, Four Bedroom Units

Four Bedroom Units									
Subject Property		**Comparable Property #1**		**Comparable Property #2**		**Comparable Property #3**		**Comparable Property #4**	
Bluffton Apartments		Crowne at Old Carolina		Lakes at Myrtle Park		Old South		Oldfield Mews	
Gateway Village Road		66 Buck Island Road		4921 Bluffton Parkway		4 Old South Court		116 Old Towne Road	
Bluffton, South Carolina 29910		Bluffton	Beaufort	Bluffton	Beaufort	Bluffton	Beaufort	Bluffton	Beaufort
A. Rents Charged	**Subject**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Street Rent	$525	$1,243	$0	$1,100	$0	$1,099	$0	$985	$0
Utilities Included	T	T	$0	T	$0	T	$0	T	$0
Rent Concessions		None	$0	Reduced	($50)	None	$0	None	$0
Effective Rent	**$525**	**$1,243**		**$1,050**		**$1,099**		**$985**	
In parts B thru D, adjustments were made only for differences									
B. Design, Location, Condition		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Structure / Stories	Garden / 3	Garden / 3	$0	Garden / 3	$0	Garden	$0	Garden	$0
Year Built / Condition	2015	2009	$5	2007	$6	1996	$14	2010	$4
Quality/Street Appeal	Above Average	Average	$10	Average	$10	Average	$10	Average	$10
Location	Average	Average	$0	Average	$0	Average	$0	Average	$0
C. Unit Equipment / Amenities		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Number of Bedrooms	4	3	$50	3	$50	3	$50	3	$50
Number of Bathrooms	2.5	2	$15	3	($15)	2.5	$0	2	$15
Unit Interior Square Feet	1,400	1,429	($7)	1,451	($13)	1,428	($7)	1,334	$17
Balcony / Patio / Porch	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
AC: (C)entral / (W)all / (N)on	Central	Central	$0	Central	$0	Central	$0	Central	$0
Range / Refrigerator	Yes / Yes	Yes / Yes	$0	Yes / Yes	$0	Yes / Yes	$0	Yes / Yes	$0
Microwave / Dishwasher	Yes / Yes	Yes / Yes	$0	No / Yes	$5	No / Yes	$5	Yes / Yes	$0
Washer / Dryer: In Unit	No	Yes	($25)	Yes	($25)	Yes	($25)	Yes	($25)
Washer / Dryer: Hook-ups	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
D. Site Equipment / Amenities		**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**	**Data**	**$ Adj.**
Parking ($ Fee)	Surface ($0)	Surface ($0)	$0	Surface ($0)	$0	Surface ($0)	$0	Surface ($0)	$0
Club House	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
Pool	No	Yes	($10)	Yes	($10)	Yes	($10)	Yes	($10)
Computer Center	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
Fitness Center	Yes	Yes	$0	Yes	$0	Yes	$0	Yes	$0
E. Adjustments Recap		**Positive**	**Negative**	**Positive**	**Negative**	**Positive**	**Negative**	**Positive**	**Negative**
Total Number of Adjustments		4	3	4	4	4	3	5	2
Sum of Adjustments B to D		$80	($42)	$71	($63)	$79	($42)	$96	($35)
F. Total Summary									
Gross Total Adjustment		$122		$134		$121		$131	
Net Total Adjustment		$38		$8		$37		$61	
G. Adjusted And Achievable Rents		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**	
Adjusted Rent		$1,281		$1,058		$1,136		$1,046	
% of Effective Rent		103.1%		100.8%		103.4%		106.2%	
Estimated Market Rent	**$1,130**								
Rent Advantage $	**$605**								
Rent Advantage %	**53.6%**								

Table 30 Rent Advantage Summary

LIHTC Units	Two Bedroom	Three Bedroom	Four Bedroom
Subject Rent	$400	$445	$525
Estimated Market Rent	$915	$1,021	$1,130
Rent Advantage ($)	$515	$576	$605
Rent Advantage (%)	56.27%	56.39%	53.55%
Proposed Units	6	24	12
Total/Weighted Avg. Mkt. Advantage			**55.56%**

Table 31 Estimate of Market Rent Adjustments Summary

Rent Adjustments Summary	
B. Design, Location, Condition	
Structure / Stories	
Year Built / Condition	$0.75
Quality/Street Appeal	$10.00
Location	$10.00
C. Unit Equipment / Amenities	
Number of Bedrooms	$25.00
Number of Bathrooms	$30.00
Unit Interior Square Feet	$0.25
Balcony / Patio / Porch	$5.00
AC Type:	$5.00
Range / Refrigerator	$25.00
Microwave / Dishwasher	$5.00
Washer / Dryer: In Unit	$25.00
Washer / Dryer: Hook-ups	$5.00
D. Site Equipment / Amenities	
Parking ($ Fee)	
Club House	$10.00
Pool	$10.00
Computer Center	$5.00
Fitness Center	$10.00

8. FINDINGS AND CONCLUSIONS

A. Key Findings

Based on the preceding review of the subject project, demographic and competitive housing trends in the Bluffton Village Market Area, RPRG offers the following key findings:

1. Site and Neighborhood Analysis

The subject site is a suitable location for affordable rental housing as it is compatible with surrounding land uses and has ample access to amenities, services, and transportation arteries.

- The subject site is located along the north side of U.S. Highway 278, the primary transportation artery in southern Beaufort County. Surrounding land uses of the subject site include a mixture of commercial uses and single-family detached homes.

- Given the proximity to U.S. Highway 278, the subject site is easily accessable to neighborhood amenities including shopping and medical care. Additional amenities including public parks, public schools, and a public library are within two miles of the subject site.

- No negative land uses were identified at the time of the site visit that would negatively impact the proposed development's viability in the marketplace.

- The subject site is considered comparable with existing LIHTC communities in the market area.

2. Economic Context

Beaufort County's economy suffered job loss and increased unemployment rates through the recent national recession and prolonged economic downtown, but has recently shown signs of stabilization.

- Beaufort County's unemployment rate increased from 4.3 percent in 2007 to 9.1 percent in 2010. Since reaching this high point, the unemployment rate has decreased to 8.7 percent in 2011 and 7.6 percent in 2012.
- Following growth each year from 2000 to 2007, Beaufort County's At-Place Employment decreased by roughly 6,500 jobs from 2007-2010. The county's At-Place Employment remained relatively unchanged in 2011 and increased by 775 jobs through the first two quarters of 2012.
- Beaufort County's largest economic sectors are leisure-hospitality (22.2 percent), trade-transportation-utilities (18.7 percent), and government (16.8 percent). The percentage within leisure-hospitality is more than double the national rate of 10.3 percent.

3. Growth Trends

Both the Bluffton Village Market Area and Beaufort County had significant growth between the 2000 and 2010 census with the market area's growth significantly exceeding the county. Growth rates in both areas are projected to remain strong in both areas through 2015.

- The market area more than doubled between 2000 and 2010 with population growth of 180.5 percent and household growth of 173.7 percent. Annual growth rates were 10.9 and 10.6 among population and households, respectively.

- Between 2012 and 2015, the market area is projected to have annual increases of 976 people (1.8 percent) and 411 households (1.9 percent). The county's annual growth is projected at 1.7 percent in the county and 1.8 percent in the market area.

4. Demographic Trends

- Compared to the county, the market area is older, less likely to rent, and more affluent.

- The median age of the population is 44 in the market area and 41 in the county. While adults age 35-61 comprise the largest cohort in both areas, a significant percentage of both populations are seniors age 62+.

- The 2010 renter percentages were 22.3 percent in the Bluffton Village Market Area and 29.4 percent in Beaufort County. These percentages are projected to remain relatively unchanged through 2015. Although the renter percentage will not significantly increase, market area will add more than 200 renters between 2012 and 2015.

- Young working age households form the core of the market area's renters, as 54.4 percent of all renter householders are ages 25-44. Despite the older overall age of the population, only 20.8 percent of renter householders are age 55+, indicating the owner householders are skewing the population distribution.

- RPRG estimates that the 2012 median household income in the Bluffton Village Market Area is $58,439, which is $5,719 or 10.8 percent higher than the $52,721 median income in Beaufort County.

- The market area's median income for renter households in 2012 is estimated at $41,945, which is 65.4 percent of the owner median income of $64,123. Approximately 40 percent of renter households report an annual income from $25,000 to $34,999.

5. Competitive Housing Analysis

RPRG surveyed ten rental communities in the Bluffton Village Market Area, including six LIHTC communities. The overall market is performing well with few vacancies.

- The 10 rental communities combine to offer 1,655 units, of which 48 or 2.9 percent were reported vacant. The LIHTC vacancy rate was 1.0 percent, a result of six of 612 tax credit units vacant. Four of the six LIHTC communities were 100 percent occupied.

- Among the eleven comparable rental communities surveyed, net rents, unit sizes, and rents per square foot are as follows:

    - **One bedroom** units at $715 for 744 square feet or $0.92 per square foot.
    - **Two bedroom** units at $794 for 1,068 square feet or $0.74 per square foot.
    - **Three bedroom** units at $837 for 1,263 square feet or $0.66 per square foot.

- The proposed rents at Bluffton Village are less than half the overall averages for two and three bedroom units. Although none of the existing communities offer four bedroom units, the proposed four bedroom rents are less than the least expensive one bedroom unit.

- Scattered site rentals are significantly higher priced that the three and four bedroom units at Bluffton Village and will not provided any direct competition.

- The estimated market rents for the units at Bluffton Village are $915 for two bedroom units, $1,021 for three bedroom units and $1,130 for four bedroom units. Rent advantages range from 53.55 percent to 56.39 percent and the overall average market advantage is 55.56 percent.

- No new rental communities are currently planned or under construction in the market area.

B. Affordability Analysis

1. Methodology

The Affordability Analysis tests the percent of income-qualified households in the market area that the subject community must capture in order to achieve full occupancy.

The first component of the Affordability Analyses involves looking at the total household income distribution and renter household income distribution among primary market area households for the target year of 2015. RPRG calculated the income distribution for both total households and renter households based on the relationship between owner and renter household incomes by income cohort from the 2007-2011 American Community Survey along with estimates and projected income growth as projected by Esri (Table 32).

A particular housing unit is typically said to be affordable to households that would be expending a certain percentage of their annual income or less on the expenses related to living in that unit. In the case of rental units, these expenses are generally of two types – monthly contract rents paid to landlords and payment of utility bills for which the tenant is responsible. The sum of the contract rent and utility bills is referred to as a household's 'gross rent burden'. For the Affordability Analyses, RPRG employs a 35 percent gross rent burden.

LIHTC units will target renter households earning up to 50 percent and 60 percent of the Area Median Income (AMI), adjusted for household size. Maximum income limits are derived from 2013 income limits for Beaufort County as computed by HUD and are based on average household sizes of 1.5 persons per bedroom.

Table 32 2015 Income Distribution by Tenure

		Total Households		Renter Households	
		#	%	#	%
less than	$15,000	1,595	7.0%	450	9.0%
$15,000	$24,999	1,599	7.0%	556	11.1%
$25,000	$34,999	2,659	11.7%	867	17.4%
$35,000	$49,999	2,986	13.2%	1,033	20.7%
$50,000	$74,999	5,690	25.1%	1,233	24.7%
$75,000	$99,999	3,064	13.5%	473	9.5%
$100,000	$149,999	2,977	13.1%	248	5.0%
$150,000	Over	2,121	9.3%	133	2.7%
Total		**22,690**	**100%**	**4,994**	**100%**
Median Income		**$61,012**		**$44,047**	

Source: American Community Survey 2007-2011 Projections, RPRG, Inc.

2. Affordability Analysis

The steps in the affordability analysis (Table 33) are as follows:

- Looking at the 50 percent two bedroom units, the overall shelter cost at the proposed rent would be $592 ($400 net rent plus a $192 allowance to cover all utilities except trash removal).

- By applying a 35 percent rent burden to this gross rent, we determined that a 50 percent two-bedroom unit would be affordable to households earning at least $20,297 per year. A total of 20,248 households are projected to earn at least this amount in 2015.

- Based on an average household size of 1.5 persons per bedroom, the maximum income limit for a two bedroom unit at 50 percent of the AMI is $30,150. According to the interpolated income distribution for 2015, 18,127 households in the market area will have incomes exceeding this 50 percent LIHTC income limit.

- Subtracting the 18,127 households with incomes above the maximum income limit from the 20,248 households that could afford to rent this unit, RPRG computes that 2,121 households in the market area will be within the band of affordability for the subject site's two-bedroom units at 50 percent AMI.

- The subject property would need to capture 0.2 percent of these income-qualified households to absorb the four two-bedroom 50 percent LIHTC units.

- RPRG next tested the range of qualified renter households and determined that 4,249 renter households can afford to rent a unit at the subject property. Of these, 3,541 have incomes above the maximum income of $30,150. The net result is 708 renter households within the income band. To absorb the four 50 percent two-bedroom units, the subject property would need to capture 0.6 percent of income-qualified renter households.

- Using the same methodology, we determined the band of qualified households for remaining floor plan types and income levels offered in the community. We also computed the capture rates for all units.

- The remaining renter capture rates by floor plan range from 0.2 percent to 1.4 percent.

- By income level, renter capture rates are 0.9 percent for 50 percent units, 1.6 percent for 60 percent units, and 2.2 percent for the project as a whole.

All of these capture rates are within reasonable and achievable levels, indicating sufficient income qualified renter households exist in the Bluffton Village Market Area to support the 42 units proposed at Bluffton Village.

Table 33 Affordability Analysis for Bluffton Village

50% Units	Two Bedroom		Three Bedroom		Four Bedroom	
	Min.	Max.	Min.	Max.	Min.	Max.
Number of Units	4		4		4	
Net Rent	$400		$445		$525	
Gross Rent	$592		$696		$820	
% Income for Shelter	35%		35%		35%	
Income Range (Min, Max)	$20,297	$30,150	$23,863	$34,850	$28,114	$38,900
Total Households						
Range of Qualified Hslds	20,248	18,127	19,678	16,877	18,668	16,061
# Qualified Households		2,121		2,801		2,607
Total HH Capture Rate		**0.2%**		**0.1%**		**0.2%**
Renter Households						
Range of Qualified Hhdls	4,249	3,541	4,050	3,133	3,717	2,851
# Qualified Hhlds		708		917		866
Renter HH Capture Rate		**0.6%**		**0.4%**		**0.5%**

60% Units	Two Bedroom		Three Bedroom		Four Bedroom	
Number of Units	2		20		8	
Net Rent	$400		$445		$525	
Gross Rent	$592		$696		$820	
% Income for Shelter	35%		35%		35%	
Income Range (Min, Max)	$20,297	$36,180	$23,863	$41,820	$28,114	$46,680
Total Households						
Range of Qualified Hslds	20,248	16,602	19,678	15,480	18,668	14,512
# Qualified Households		3,646		4,198		4,156
Unit Total HH Capture Rate		**0.1%**		**0.5%**		**0.2%**
Renter Households						
Range of Qualified Hhdls	4,249	3,039	4,050	2,650	3,717	2,316
# Qualified Hhlds		1,210		1,400		1,402
Renter HH Capture Rate		**0.2%**		**1.4%**		**0.6%**

Income Target	Units	All Households = 22,690					Renter Households = 4,994			
			Band of Qualified Hhlds		# Qualified HHs	Capture Rate	Band of Qualified Hhlds		# Qualified HHs	Capture Rate
		Income	$20,297	$38,900			$20,297	$38,900		
50% Units	12	*Households*	20,248	16,061	4,187	**0.3%**	4,249	2,851	1,397	**0.9%**
		Income	$20,297	$46,680			$20,297	$46,680		
60% Units	30	*Households*	20,248	14,512	5,736	**0.5%**	4,249	2,316	1,933	**1.6%**
		Income	$20,297	$46,680			$20,297	$46,680		
Total Units	42	*Households*	20,248	14,512	5,736	**0.7%**	4,249	2,316	1,933	**2.2%**

Source: 2010 U.S. Census,Esri, Estimates, RPRG, Inc.

C. Derivation of Demand

1. Demand Methodology

The South Carolina State Housing Finance and Development Authority's LIHTC demand methodology for general occupancy communities consists of three components:

- The first component of demand is household growth. This number is the number of income qualified renter households projected to move into the Bluffton Village Market Area between the base year of 2012 and estimated placed in service date of 2015.

- The second component of demand is income qualified renter households living in substandard households. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to 2007-2011 American Community Survey (ACS) data, the percentage of rental units in the Bluffton Village Market Area that are "substandard" is 10.2 percent (Table 34).

- The third and final component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to ACS data, 36.1 percent of Bluffton Village Market Area renter households are categorized as cost burdened.

- As most of the units will have three and four bedrooms, the capture rates by bedroom size are adjusted to account for large households. Given the low proposed rents, we have limited this demand calculation with three or more persons. As the community also includes two bedroom units, this adjustment is not made to the overall capture rates.

Table 34 Substandard and Cost Burdened Calculations, Bluffton Village

Rent Cost Burden		
Total Households	#	%
Less than 10.0 percent	76	1.7%
10.0 to 14.9 percent	288	6.3%
15.0 to 19.9 percent	530	11.7%
20.0 to 24.9 percent	535	11.8%
25.0 to 29.9 percent	928	20.4%
30.0 to 34.9 percent	428	9.4%
35.0 to 39.9 percent	181	4.0%
40.0 to 49.9 percent	436	9.6%
50.0 percent or more	958	21.1%
Not computed	178	3.9%
Total	4,538	100.0%
> 35% income on rent	**1,575**	**36.1%**

Source: American Community Survey 2007-2011

Substandardness	
Total Households	
Owner occupied:	
Complete plumbing facilities:	14,710
1.00 or less occupants per room	14,567
1.01 or more occupants per room	143
Lacking complete plumbing facilities:	17
Overcrowded or lacking plumbing	160
Renter occupied:	
Complete plumbing facilities:	4,471
1.00 or less occupants per room	4,076
1.01 or more occupants per room	395
Lacking complete plumbing facilities:	67
Overcrowded or lacking plumbing	462
Substandard Housing	**622**
% Total Stock Substandard	**3.2%**
% Rental Stock Substandard	**10.2%**

2. Demand Analysis

Directly comparable units built or approved in the Bluffton Village Market Area since the base year are subtracted from the demand estimates. The only such units identified are those at May River Village, which entered the market in January 2012. As Bluffton Village Market Area will not offer one bedroom units, only the two and three bedroom units at May River Village are subtracted from demand estimates.

The overall demand capture rates by AMI level are 1.8 percent for 50 percent units, 3.2 percent for 60 percent units, and 4.6 percent for the project as a whole. By floor plan, capture rates range from 0.9 percent to 3.5 percent. All of these demand capture rates are well within the range of acceptability and below SCSHFDA's threshold for viability of 30 percent. As such, sufficient demand exists to support the proposed 42 units at Bluffton Village.

Table 35 Demand by AMI Level

Income Target	50% Units	60% Units	Total Units
Minimum Income Limit	$20,297	$20,297	$20,297
Maximum Income Limit	$38,900	$46,680	$46,680
(A) Renter Income Qualification Percentage	28.0%	38.7%	38.7%
Demand from New Renter Households *Calculation: (C-B) * A*	77	106	106
Plus			
Demand from Substandard Housing *Calculation: B * D * F * A*	136	188	188
Plus			
Demand from Rent Over-burdened Households *Calculation: B * E * F * A*	482	667	667
Equals			
Total PMA Demand	695	962	962
Less			
Comparable Units	11	35	46
Equals			
Net Demand	**684**	**927**	**916**
Proposed Units	12	30	42
Capture Rate	**1.8%**	**3.2%**	**4.6%**

Demand Calculation Inputs	
(B) 2012 HH	21,456
(C) 2015 HH	22,690
(D) ACS Substandard Percentage	10.2%
(E) ACS Rent Over-Burdened Percentage	36.1%
(F) 2012 Renter Percent	22.2%

Table 36 Demand by Floor Plan

Two Bedroom	50% Units	60% Units	Total Units
Minimum Income Limit	$20,297	$20,297	$20,297
Maximum Income Limit	$30,150	$36,180	$36,180
Renter Income Qualification Percentage	14.2%	24.2%	24.2%
Total Demand	352	602	602
Supply	7	21	28
Net Demand	**345**	**581**	**574**
Units Proposed	4	2	6
Capture Rate	**1.2%**	**0.3%**	**1.0%**

Three Bedroom	50% Units	60% Units	Total Units
Minimum Income Limit	$23,863	$23,863	$23,863
Maximum Income Limit	$34,850	$41,820	$41,820
Renter Income Qualification Percentage	18.4%	28.0%	28.0%
Total Demand	456	697	697
Supply	4	14	18
Net Demand	**452**	**683**	**679**
Large HH Size Adj. (3+ persons)	49.0%	49.0%	49.0%
Large HH Net Demand	**222**	**334**	**332**
Units Proposed	4	20	24
Capture Rate	**0.9%**	**2.9%**	**3.5%**

Four Bedroom	50% Units	60% Units	Total Units
Minimum Income Limit	$28,114	$28,114	$28,114
Maximum Income Limit	$38,900	$46,680	$46,680
Renter Income Qualification Percentage	17.3%	28.1%	28.1%
Total Demand	431	697	697
Supply	0	0	0
Net Demand	**431**	**697**	**697**
Large HH Size Adj. (3+ persons)	49.0%	49.0%	49.0%
Large HH Net Demand	**211**	**342**	**342**
Units Proposed	4	8	12
Capture Rate	**0.9%**	**1.1%**	**1.7%**

Demand by floor plan is based on gross demand multiplied by each floor plan's income qualification percentage.

D. Target Markets

Bluffton Village will offer two, three, and four bedroom floor plans with rents well below existing rental communities in the market area. These units will appeal to a wide variety of low and moderate income households ranging from single persons to small and large families.

E. Product Evaluation

Considered in the context of the competitive environment and in light of the planned development, the relative position of Bluffton Village is as follows:

- **Site:** The subject site is appropriate for the development of multi-family apartments. The site is located within close proximity to transportation arteries, community amenities, shopping, and employment nodes.

- **Unit Distribution:** The proposed unit mix includes two, three, and four bedroom units. Two and three bedroom units are both common in the Bluffton Village Market Area. Although none of the communities offer four bedroom units, 16.7 percent of all renter households have five or more persons. The four bedroom units at Bluffton Village will provide an affordable alternative to scattered site rentals.

- **Unit Size:** The proposed unit sizes of 1,100 square feet for two bedroom units and 1,250 square feet for three bedroom units are comparable with the averages among surveyed rental communities in the market area. The proposed unit size of 1,400 square feet are appropriate when compared to the proposed three bedroom units and existing three bedroom LIHTC units in the market area.

- **Unit Features:** The newly constructed units at the subject property will offer fully equipped kitchens with new energy star appliances (refrigerator with ice maker, range, garbage disposal, dishwasher, and microwave). Flooring will be a combination of wall-to-wall carpeting and vinyl tile in the kitchen/bathrooms. In addition, all units will include ceiling fans, washer/dryer connections, patios/balconies, central air conditioning and window blinds. The proposed unit features at Bluffton Village will be competitive with the existing rental stock in the market area, including properties funded with tax credits.

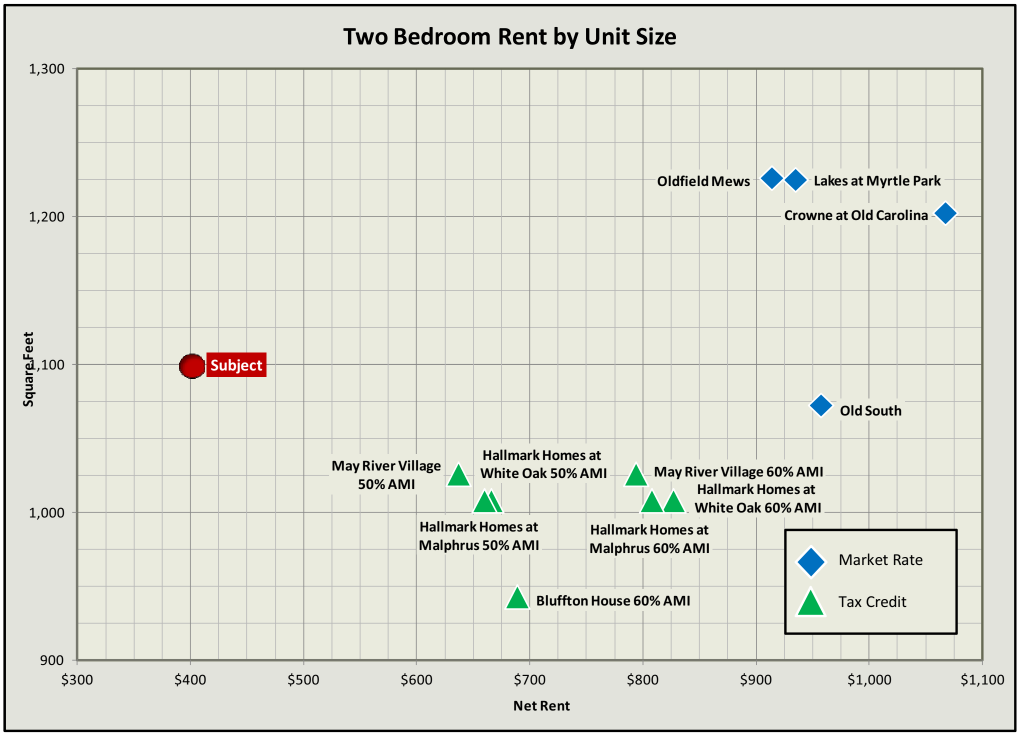
- **Community Amenities**: Bluffton Village's amenity package will include a community room, playground, fitness center, computer center, central laundry, and security cameras, which will be competitive with the Bluffton Village Market Area's existing rental stock. While the subject property will not include a swimming pool, the proposed amenities are appropriate given the low price position and small number of units.

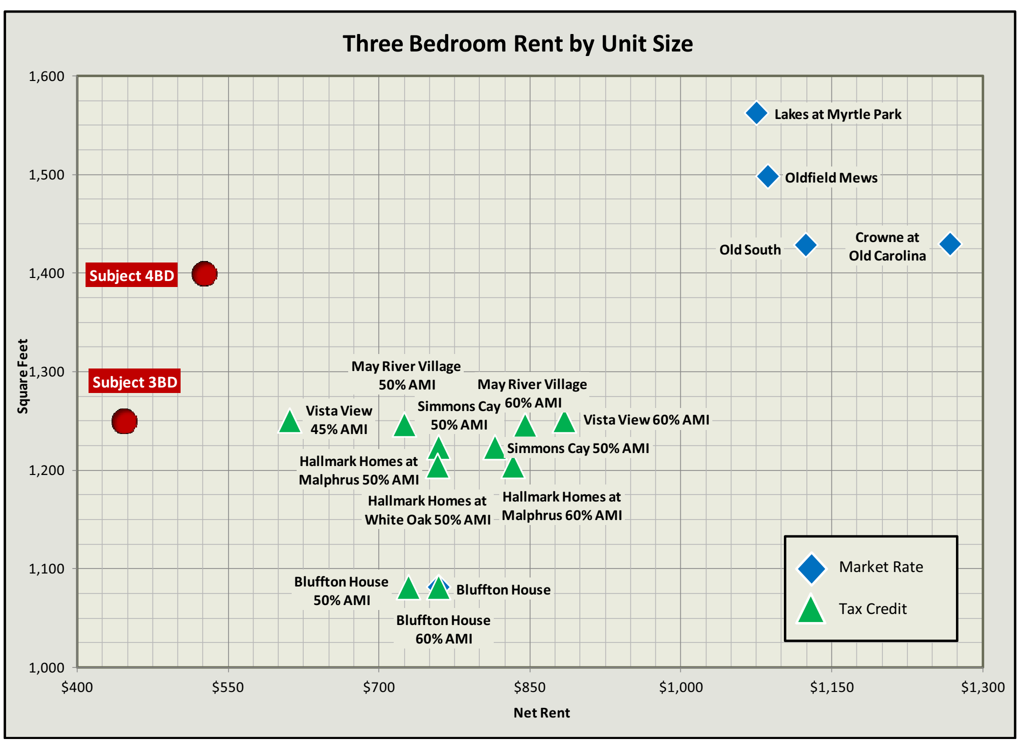
- **Marketability:** The proposed units at Bluffton Village will be well received in the market area. The newly constructed units will have the lowest rents in the market area with a very competitive product and design.

F. Price Position

As show in Figure 9, the proposed rents at Bluffton Village will be the lowest in the market area with comparable unit sizes.

Figure 9 Price Position of Bluffton Village





G. Absorption Estimate

The newest community in the market area is May River Village, which leased up in 2012 with an average monthly absorption of 11 units per month. May River Village is located in near downtown Bluffton on a smaller residential street and have a unit mix of one, two, and three bedroom units with rents higher than Bluffton Village. Based on the experience of this community along with projected household growth, low overall vacancies, and the combination of very low rents with a competitive product, we estimate that Bluffton Village will lease a minimum of 15 units per month. At this rate, the community would achieve 93 percent occupancy within 2.5 months.

H. Impact on Existing Market

Given the small number of units and projected household growth, the construction of Bluffton Village is not expected to have an adverse impact on existing rental communities in the Bluffton Village Market Area. Overall, the rental market in the Bluffton Village Market Area is performing well with limited vacancies and an aggregate LIHTC vacancy rate of just 1.0 percent. As the Bluffton Village Market Area continues to experience steady population and household growth over the next three years, demand for rental housing is also likely to increase.

I. Final Conclusion and Recommendation

Based on an analysis of projected household growth trends, overall affordability and demand estimates, current rental market conditions, and socio-economic and demographic characteristics of the Bluffton Village Market Area, RPRG believes that the proposed Bluffton Village will be able to successfully reach and maintain a stabilized occupancy of at least 93 percent following entrance into the rental market. Given the product to be constructed, the subject property will be competitively positioned with existing market rate and LIHTC communities in the Bluffton Village Market Area and the units will be well received by the target market. We recommend proceeding with the project as proposed.

Tad Scepaniak
Principal

APPENDIX 1 UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.

2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.

3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.

4. The subject project will be served by adequate transportation, utilities and governmental facilities.

5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.

6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.

7. The subject project will be developed, marketed and operated in a highly professional manner.

8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.

9. There are no existing judgments nor any pending or threatened litigation, which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.

2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.

3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.

4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.

5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.

6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

APPENDIX 2 ANALYST CERTIFICATIONS

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 LIHTC units. I understand that any misrepresentation of this statement may result in the denial of further participation in the South Carolina State Housing Finance & Development Authority's programs. I also affirm that I have no financial interest in the project or current business 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.

___________________ February, 21 2013

Tad Scepaniak Date
Principal
Real Property Research Group, Inc.

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than $10,000 or imprisoned for not more than five years or both.

APPENDIX 3 ANALYST RESUMES

ROBERT M. LEFENFELD

Mr. Lefenfeld is the Managing Principal of the firm with over 30 years of experience in the field of residential market research. Before founding Real Property Research Group in February, 2001, Bob served as an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles. Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, analyzing markets throughout the Eastern United States and evaluating the company's active building operation.

Bob oversees the execution and completion of all of the firm's research assignments, ranging from a strategic assessment of new development and building opportunities throughout a region to the development and refinement of a particular product on a specific site. He combines extensive experience in the real estate industry with capabilities in database development and information management. Over the years, he has developed a series of information products and proprietary databases serving real estate professionals.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders, the National Council on Seniors' Housing and various local homebuilder associations. Bob serves as a visiting professor for the Graduate Programs in Real Estate Development, School of Architecture, Planning and Preservation, University of Maryland College Park. He has served as National Chair of the National Council of Affordable Housing Market Analysts (NCAHMA) and is currently a board member of the Baltimore chapter of Lambda Alpha Land Economics Society.

Areas of Concentration:

Strategic Assessments**:** Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

Feasibility Analysis**:** Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects for these analyses have included for-sale single-family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations and continuing care facilities for the elderly.

Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), facilitating the comprehensive integration of data.

Education:
Master of Urban and Regional Planning; The George Washington University.
Bachelor of Arts - Political Science; Northeastern University.

TAD SCEPANIAK

Tad Scepaniak directs the Atlanta office of Real Property Research Group and leads the firm's affordable housing practice. Tad directs the firm's efforts in the southeast and south central United States and has worked extensively in North Carolina, South Carolina, Georgia, Florida, Tennessee, Iowa, and Michigan. He specializes in the preparation of market feasibility studies for rental housing communities, including market-rate apartments developed under the HUD 221(d)(4) program and affordable housing built under the Low-Income Housing Tax Credit program. Along with work for developer clients, Tad is the key contact for research contracts with the North Carolina, South Carolina, Georgia, Michigan, and Iowa Housing Finance agencies. Tad is also responsible for development and implementation of many of the firm's automated systems.

Tad is Co-Chair of the Standards Committee of the National Council of Housing Market Analysts (NCHMA). He has taken a lead role in the development of the organization's Standard Definitions and Recommended Market Study Content, and he has authored and co-authored white papers on market areas, derivation of market rents, and selection of comparable properties. Tad is also a founding member of the Atlanta chapter of the Lambda Alpha Land Economics Society.

Areas of Concentration:

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program; however his experience includes assisted living facilities and market rate senior rental communities.
Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.
Student Housing: Tad has conducted market analyses of student housing solutions for small to mid-size universities. The analysis includes current rental market conditions, available on-campus housing options, student attitudes, and financial viability of proposed developments. Completed campus studies include Southern Polytechnic University, University of Illinois Champaign-Urbana, North Georgia State College and University, and Abraham Baldwin Agricultural College.

Education:
Bachelor of Science – Marketing; Berry College – Rome, Georgia

MICHAEL RILEY
Michael Riley joined the Atlanta office of Real Property Research Group upon college graduation in 2006. Beginning as a Research Associate, Michael gathered economic, demographic, and competitive data for market feasibility analyses concentrating in family and senior affordable housing. Since transitioning to an Analyst position in 2007, he has performed market analyses for both affordable and market rate rental developments throughout the southeastern United States including work in Georgia, North Carolina, South Carolina, Iowa, Louisiana, Michigan and Tennessee. Michael has also assisted in the development of research tools for the organization, including developing a rent comparability table that is now incorporated in many RPRG analyses.
Education:
Bachelor of Business Administration – Finance; University of Georgia

APPENDIX 4 NCHMA CHECKLIST

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

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	Executive Summary	
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	Scope of Work	
2	Scope of Work	2
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4	Utilities (and utility sources) included in rent	6
5	Target market/population description	4
6	Project description including unit features and community amenities	6
7	Date of construction/preliminary completion	6
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10	Site photos/maps	11,12
11	Map of community services	17
12	Site evaluation/neighborhood including visibility, accessibility, and crime	13-15
	Market Area	
13	PMA description	27
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	Employment and Economy	
15	At-Place employment trends	21
16	Employment by sector	22
17	Unemployment rates	19
18	Area major employers/employment centers and proximity to site	24, 25
19	Recent or planned employment expansions/reductions	N/A
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21	Area building permits	31
22	Population and household characteristics including income, tenure, and size	34-36
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	Competitive Environment	
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36	Precise statement of key conclusions	62
37	Market strengths and weaknesses impacting project	62
38	Recommendations and/or modification to project discussion	62
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40	Discussion of risks or other mitigating circumstances impacting project projection	62
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43	Statement of qualifications	Appendix
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APPENDIX 5 MARKET AREA RENTAL COMMUNITY PROFILES

Community	Address	City	Phone Number	Date Surveyed	Contact
Bluffton House	20 Simmonsville Rd.	Bluffton	843-815-5900	2/27/2013	Property Manager
Crowne at Old Carolina	66 Buck Island Rd.	Bluffton	843-706-2169	2/27/2013	Property Manager
Hallmark Homes at Malphrus	120 Malphrus Rd.	Bluffton	843-836-2505	2/27/2013	Property Manager
Hallmark Homes at White Oak	102 Haigler Blvd.	Bluffton	843-757-6350	2/27/2013	Property Manager
Lakes at Myrtle Park	4921 Bluffton Pkwy.	Bluffton	843-757-1700	2/27/2013	Property Manager
May River Village	5736 Patriot Ln.	Bluffton	843-837-9400	2/27/2013	Property Manager
Old South	4 Old South Ct.	Bluffton	843-837-7700	2/27/2013	Property Manager
Oldfield Mews	116 Old Towne Rd.	Bluffton	843-645-3700	2/27/2013	Property Manager
Simmons Cay	57 Simmonsville Rd.	Bluffton	843-815-3437	2/27/2013	Property Manager
Vista View	39 Haigler Blvd.	Bluffton	843-706-3560	2/27/2013	Property Manager

Bluffton House

Multifamily Community Profile

20 Simmonsville Rd
Bluffton,SC

CommunityType: **LIHTC - General**
Structure Type: **Garden**

280 Units **0.0% Vacant (0 units vacant) as of 2/27/2013** **Opened in 1996**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	--	--	--
One/Den	--	--	--	--
Two	--	$689	943	$0.73
Two/Den	--	--	--	--
Three	--	$752	1,081	$0.70
Four+	--	--	--	--

Community Amenities

Clubhouse:	✓	Pool-Outdr:	✓
Comm Rm:	✓	Basketball:	
Centrl Lndry:	✓	Tennis:	✓
Elevator:		Volleyball:	✓
Fitness:	✓	CarWash:	
Hot Tub:		BusinessCtr:	
Sauna:		ComputerCtr:	
Playground:	✓		

Features

Standard: **Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking** *Parking 2:* --
Fee: -- *Fee:* --

Property Manager: --
Owner: --

Comments

Waitlist of 8 people

125 Public Housing Units, rent is contract rent

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	2	2	--	$689	943	$.73	LIHTC/ 60%
Contract rent / Garden	--	3	2	--	$759	1,081	$.70	Public Housing
Garden	--	3	2	--	$729	1,081	$.67	LIHTC/ 50%
Garden	--	3	2	--	$759	1,081	$.70	Market
Garden	--	3	2	--	$759	1,081	$.70	LIHTC/ 60%

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	0.0%	--	$689	$752
11/10/11	15.7%	--	$593	$648
6/10/11	15.0%	--	$635	$683
3/19/10	1.4%	--	--	$667

Adjustments to Rent

Incentives:

None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:		Cooking:		Wtr/Swr:	✓
Hot Water:		Electricity:		Trash:	✓

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

RealProperty ResearchGroup

Crowne at Old Carolina

Multifamily Community Profile

66 Buck Island Rd.
Bluffton,SC

CommunityType: **Market Rate - General**
Structure Type: **3-Story Garden**

199 Units **0.0% Vacant (0 units vacant) as of 2/27/2013** **Opened in 2009**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	28.1%	$868	883	$0.98
One/Den	--	--	--	--
Two	55.8%	$1,068	1,203	$0.89
Two/Den	--	--	--	--
Three	16.1%	$1,268	1,429	$0.89
Four+	--	--	--	--

Community Amenities

Clubhouse:	☑	Pool-Outdr:	☑
Comm Rm:	☐	Basketball:	☐
Centrl Lndry:	☐	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☑	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☑
Sauna:	☐	ComputerCtr:	☑
Playground:	☐		

Features

Standard: **Dishwasher; Disposal; Microwave; Ice Maker; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Storage (In Unit)**

Select Units: **Fireplace**

Optional($): **--**

Security: **--**

Parking 1: **Free Surface Parking**
Fee: **--**

Parking 2: **Detached Garage**
Fee: **$120**

Property Manager: **--**
Owner: **--**

Comments

2 bedroom with attached garage is at a $98 premium

Waitlist

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	1	1	56	$853	883	$.97	Market
Garden	--	2	2	111	$1,048	1,203	$.87	Market
Garden	--	3	2	32	$1,243	1,429	$.87	Market

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	0.0%	$868	$1,068	$1,268
8/7/12	0.0%	$838	$1,065	$1,217
11/10/11	0.5%	$1,070	$1,240	$855
6/10/11	6.0%	$991	$1,088	$803

* Indicates initial lease-up.

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☐
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

Hallmark Homes at Malphrus

Multifamily Community Profile

120 Malphrus Rd.
Bluffton,SC

CommunityType: **LIHTC - General**
Structure Type: **3-Story Garden**

32 Units **0.0% Vacant (0 units vacant) as of 2/27/2013** **Opened in 2008**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	--	--	--
One/Den	--	--	--	--
Two	50.0%	$734	1,008	$0.73
Two/Den	--	--	--	--
Three	50.0%	$796	1,204	$0.66
Four+	--	--	--	--

Community Amenities

Clubhouse:	☐	Pool-Outdr:	☐
Comm Rm:	☐	Basketball:	☐
Centrl Lndry:	☐	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☐	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☐
Sauna:	☐	ComputerCtr:	☐
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking** *Parking 2:* --
Fee: -- *Fee:* --

Property Manager: --
Owner: --

Comments

Began leasing in July 2008 and leased up in 6 months

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	2	2	8	$808	1,008	$.80	LIHTC/ 60%
Garden	--	2	2	8	$660	1,008	$.65	LIHTC/ 50%
Garden	--	3	2	8	$758	1,204	$.63	LIHTC/ 50%
Garden	--	3	2	8	$833	1,204	$.69	LIHTC/ 60%

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	0.0%	--	$734	$796
8/7/12	0.0%	--	$808	$757
3/19/10	0.0%	--	$675	$724

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☑
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

Hallmark Homes at White Oak

Multifamily Community Profile

102 Haigler Blvd.
Bluffton,SC

CommunityType: **LIHTC - General**
Structure Type: **2-Story Garden**

72 Units **4.2% Vacant (3 units vacant) as of 2/27/2013** **Opened in 2007**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	--	--	--
One/Den	--	--	--	--
Two	72.2%	$747	1,008	$0.74
Two/Den	--	--	--	--
Three	27.8%	$758	1,204	$0.63
Four+	--	--	--	--

Community Amenities

Clubhouse:	☐	Pool-Outdr:	☑
Comm Rm:	☐	Basketball:	☐
Centrl Lndry:	☑	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☐	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☐
Sauna:	☐	ComputerCtr:	☐
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking** *Parking 2:* --
Fee: -- *Fee:* --

Property Manager: --
Owner: --

Comments

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	2	2	26	$666	1,008	$.66	LIHTC/ 50%
Garden	--	2	2	26	$827	1,008	$.82	LIHTC/ 60%
Garden	--	3	2	20	$758	1,204	$.63	LIHTC/ 50%

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	4.2%	--	$747	$758
8/7/12	1.4%	--	$834	$758
11/10/11	2.8%	--	$707	$720
6/10/11	2.8%	--	$707	$720

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☑
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

Lakes at Myrtle Park

Multifamily Community Profile

4921 Bluffton Pkwy
Bluffton,SC

CommunityType: **Market Rate - General**
Structure Type: **Garden**

360 Units **3.9% Vacant (14 units vacant) as of 2/27/2013** **Last Major Rehab in 2007** **Opened in 2003**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	17.8%	$800	779	$1.03
One/Den	--	--	--	--
Two	72.2%	$935	1,225	$0.76
Two/Den	--	--	--	--
Three	10.0%	$1,075	1,562	$0.69
Four+	--	--	--	--

Community Amenities

Clubhouse:	☑	Pool-Outdr:	☑
Comm Rm:	☑	Basketball:	☐
Centrl Lndry:	☐	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☑	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☑
Sauna:	☐	ComputerCtr:	☑
Playground:	☐		

Features

Standard: **Dishwasher; Disposal; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet / Hardwood**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking**
Fee: --

Parking 2: **Detached Garage**
Fee: **$100**

Property Manager: --
Owner: --

Comments

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	1	1	64	$835	779	$1.07	Market
Garden	--	2	2	260	$965	1,225	$.79	Market
Garden	--	3	3	36	$1,100	1,562	$.70	Market

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	3.9%	$800	$935	$1,075
8/7/12	0.0%	$850	$985	$1,125
11/10/11	6.9%	$730	$895	$1,040
6/10/11	9.7%	$710	$762	$956

* Indicates initial lease-up.

Adjustments to Rent

Incentives:
$50 off per month

Utilities in Rent: Heat Fuel: **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☐
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

RealProperty ResearchGroup

May River Village

Multifamily Community Profile

5736 Patriot Ln.
Bluffton,SC

CommunityType: **LIHTC - General**
Structure Type: **Garden**

68 Units **0.0% Vacant (0 units vacant) as of 2/27/2013** **Opened in 2012**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	32.4%	$609	720	$0.85
One/Den	--	--	--	--
Two	41.2%	$755	1,026	$0.74
Two/Den	--	--	--	--
Three	26.5%	$818	1,246	$0.66
Four+	--	--	--	--

Community Amenities

Clubhouse:	☑	Pool-Outdr:	☐
Comm Rm:	☑	Basketball:	☐
Centrl Lndry:	☑	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☐	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☑
Sauna:	☐	ComputerCtr:	☑
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony; Storage (In Unit)**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking**
Fee: --

Parking 2: --
Fee: --

Property Manager: --
Owner: --

Comments

Waitlist of 18 people

Opened in January 2012 and leased up by July 2012

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	1	1	6	$528	720	$.73	LIHTC/ 50%
Garden	--	1	1	16	$640	720	$.89	LIHTC/ 60%
Garden	--	2	2	7	$637	1,026	$.62	LIHTC/ 50%
Garden	--	2	2	21	$794	1,026	$.77	LIHTC/ 60%
Garden	--	3	2	4	$725	1,246	$.58	LIHTC/ 50%
Garden	--	3	2	14	$845	1,246	$.68	LIHTC/ 60%

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	0.0%	$609	$755	$818

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☑
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

Old South

Multifamily Community Profile

4 Old South Ct
Bluffton,SC

CommunityType: **Market Rate - General**
Structure Type: **Garden**

300 Units **9.0% Vacant (27 units vacant) as of 2/27/2013** **Opened in 1996**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$790	750	$1.05
One/Den	--	--	--	--
Two	--	$958	1,073	$0.89
Two/Den	--	--	--	--
Three	--	$1,124	1,428	$0.79
Four+	--	--	--	--

Community Amenities

Clubhouse:	☑	Pool-Outdr:	☑
Comm Rm:	☑	Basketball:	☐
Centrl Lndry:	☐	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☑	CarWash:	☑
Hot Tub:	☑	BusinessCtr:	☑
Sauna:	☐	ComputerCtr:	☑
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony; Carpet**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking**
Fee: --

Parking 2: **Detached Garage**
Fee: **$85**

Property Manager: --
Owner: --

Comments

Converted from condos

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	1	1	--	$775	750	$1.03	Market
Garden	--	2	2	--	$925	1,000	$.93	Market
Townhouse	--	2	2	--	$950	1,145	$.83	Market
Townhouse	--	3	2.5	--	$1,099	1,428	$.77	Market

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	9.0%	$790	$958	$1,124
8/7/12	3.0%	$765	$904	$1,100
11/10/11	4.7%	$730	$900	$1,150
6/10/11	16.0%	$742	$847	$1,020

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☐
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

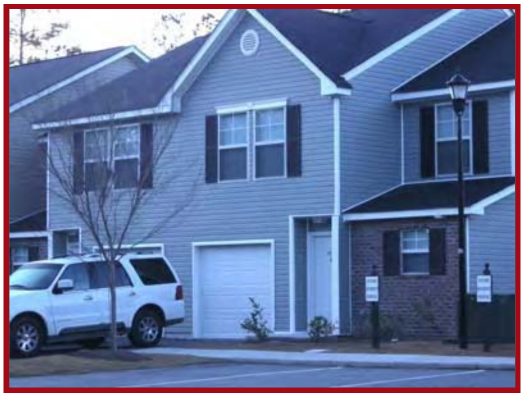
Oldfield Mews

Multifamily Community Profile

116 Old Towne Rd.
Bluffton,SC

CommunityType: **Market Rate - General**
Structure Type: **Garden/TH**

184 Units **0.5% Vacant (1 units vacant) as of 2/27/2013** **Last Major Rehab in 2010** **Opened in 2009**



Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	$757	790	$0.96
One/Den	--	--	--	--
Two	--	$914	1,226	$0.75
Two/Den	--	--	--	--
Three	--	$1,086	1,498	$0.73
Four+	--	--	--	--

Community Amenities

Clubhouse:	☑	Pool-Outdr:	☑
Comm Rm:	☐	Basketball:	☐
Centrl Lndry:	☐	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☑	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☑
Sauna:	☐	ComputerCtr:	☑
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; Microwave; Ice Maker; Ceiling Fan; In Unit Laundry (Full Size); Central A/C; Patio/Balcony**

Select Units: **HighCeilings**

Optional($): **--**

Security: **--**

Parking 1: **Free Surface Parking**
Fee: **--**

Parking 2: **Detached Garage**
Fee: **$125**

Property Manager: **--**
Owner: **--**

Comments

Began leasing in April 2009 and leased up in May 2011

The last 84 units were not completed until October 2010

Only one garage

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	1	1	--	$742	790	$.94	Market
Garden	--	2	2	--	$872	1,087	$.80	Market
Townhouse	--	2	2.5	--	$860	1,168	$.74	Market
Townhouse	Garage	2	2.5	--	$950	1,424	$.67	Market
Garden	--	3	2	--	$985	1,334	$.74	Market
Townhouse	--	3	2.5	--	$1,049	1,491	$.70	Market
Townhouse	Garage	3	2.5	--	$1,150	1,668	$.69	Market

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	0.5%	$757	$914	$1,086
11/10/11	3.3%	$737	$870	$992
6/10/11	2.2%	$737	$870	$1,025
3/19/10*	60.3%	$702	$849	$991

** Indicates initial lease-up.*

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☐
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

Simmons Cay

Multifamily Community Profile

57 Simmonsville Rd
Bluffton,SC

CommunityType: **LIHTC - General**
Structure Type: **Townhouse**

88 Units **0.0% Vacant (0 units vacant) as of 2/27/2013** **Last Major Rehab in 2002** **Opened in 1998**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	--	--	--
One/Den	--	--	--	--
Two	--	--	--	--
Two/Den	--	--	--	--
Three	100.0%	$787	1,223	$0.64
Four+	--	--	--	--

Community Amenities

Clubhouse:	☑	Pool-Outdr:	☑
Comm Rm:	☑	Basketball:	☐
Centrl Lndry:	☑	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☑	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☐
Sauna:	☐	ComputerCtr:	☐
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; In Unit Laundry (Hook-ups); Central A/C; Patio/Balcony**

Select Units: --

Optional($): --

Security: --

Parking 1: **Free Surface Parking** *Fee:* --

Parking 2: -- *Fee:* --

Property Manager: --
Owner: --

Comments

Waitlist of 15 people

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Townhouse	--	3	2	44	$815	1,223	$.67	LIHTC/ 60%
Townhouse	--	3	2	44	$759	1,223	$.62	LIHTC/ 50%

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	0.0%	--	--	$787
11/10/11	1.1%	--	--	$765
6/10/11	4.5%	--	--	$765
3/19/10	14.8%	--	--	$709

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	Cooking:	☐	Wtr/Swr:	☑
Hot Water:	☐	Electricity:	☐	Trash:	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

Vista View

Multifamily Community Profile

39 Haisler Blvd
Bluffton,SC

CommunityType: **LIHTC - General**
Structure Type: **Garden**

72 Units **4.2% Vacant (3 units vacant) as of 2/27/2013** **Opened in 1998**

Unit Mix & Effective Rent (1)

Bedroom	%Total	Avg Rent	Avg SqFt	Avg $/SqFt
Eff	--	--	--	--
One	--	--	--	--
One/Den	--	--	--	--
Two	--	--	--	--
Two/Den	--	--	--	--
Three	100.0%	$827	1,250	$0.66
Four+	--	--	--	--

Community Amenities

Clubhouse:	☐	Pool-Outdr:	☐
Comm Rm:	☐	Basketball:	☐
Centrl Lndry:	☑	Tennis:	☐
Elevator:	☐	Volleyball:	☐
Fitness:	☐	CarWash:	☐
Hot Tub:	☐	BusinessCtr:	☐
Sauna:	☐	ComputerCtr:	☐
Playground:	☑		

Features

Standard: **Dishwasher; Disposal; Ceiling Fan; In Unit Laundry (Hook-ups); Central A/C**

Select Units: **Patio/Balcony**

Optional($): --

Security: --

Parking 1: **Free Surface Parking** *Parking 2:* --
Fee: -- *Fee:* --

Property Manager: --
Owner: --

Comments

Waitlist of 2 people

Floorplans (Published Rents as of 2/27/2013) (2)

Description	Feature	BRs	Bath	#Units	Rent	SqFt	Rent/SF	Program
Garden	--	3	2	57	$859	1,250	$.69	LIHTC/ 60%
Garden	--	3	2	15	$586	1,250	$.47	LIHTC/ 45%

Historic Vacancy & Eff. Rent (1)

Date	%Vac	1BR $	2BR $	3BR $
2/27/13	4.2%	--	--	$827
8/7/12	0.0%	--	--	$827
11/10/11	0.0%	--	--	$807
6/10/11	0.0%	--	--	$785

Adjustments to Rent

Incentives:
None

Utilities in Rent: *Heat Fuel:* **Electric**

Heat:	☐	**Cooking:**	☐	**Wtr/Swr:**	☐
Hot Water:	☐	**Electricity:**	☐	**Trash:**	☑

(1) Effective Rent is Published Rent, net of utilities and concessions. (2) Published Rent is rent as quoted by management

PARAGON
ENGINEERING & GEOSCIENCES, LLC

PHASE I ENVIRONMENTAL SITE ASSESSMENT REPORT

BLUFFTON VILLAGE
FORDING ISLAND ROAD
BLUFFTON, SOUTH CAROLINA

PARAGON PROJECT NO.: 10554

Prepared For

RHA/ HOUSING INC.
3060 PEACHTREE ROAD
SUITE #900
ATLANTA, GEORGIA 30305

and

SC STATE HOUSING FINANCE & DEVELOPMENT AUTHORITY
300-C OUTLET POINTE BLVD.
COLUMBIA, SC 29201

Prepared By

PARAGON ENGINEERING & GEOSCIENCES, LLC
1200 WOODRUFF ROAD, SUITE G-18
GREENVILLE, SC 29607
(864) 213-1146

MARCH 3, 2013

PARAGON
ENGINEERING & GEOSCIENCES, LLC

March 3, 2013

RHA/Housing, Inc.
3060 Peachtree Road, Suite #900
Atlanta, Georgia 30305

Attention: Mr. Chase Northcutt

Subject: **Phase I Environmental Site Assessment (ESA)**
Bluffton Village
Fording Island Road
Bluffton, South Carolina
Project No. 10554

Dear Mr. Northcutt:

As authorized by the executed acceptance of our proposal number P1737-C, Paragon Engineering & Geosciences, LLC (PARAGON) has completed the Phase I ESA Process for the above referenced site. Included in this report is a description of the methodology used, results obtained, and our conclusions.

PARAGON appreciates the opportunity to provide our environmental consulting services to you on this project. If you have any questions, or need additional information, please feel free to contact us.

Sincerely,

Paragon Engineering & Geosciences, LLC

Robin D. Bell

Robin D. Bell, P.E.
Principal