

Market Feasibility Analysis

Cypress Mill
Lockhart Lane
Gaffney, Cherokee County, South Carolina 29340

Prepared For

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Effective Date

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Job Reference Number

12-494 CR/PB



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

Development Name: Cypress Mill, LLC Total # Units: 44
 Location: Northeast intersection of Providence Creek Road and Lockhart Lane
Gaffney, SC 29340 # LIHTC Units: 44
 PMA Boundary: Old Post Road and Pleasant School Road to the north; the western boundary line of zip code 29702 to the east, Ford Road, Archer Road, O'Neal Street and Hyatt Street to the south; and Hyatt Street to the west
 Development Type: X Family ___ Older Persons Farthest Boundary Distance to Subject: 6.0 miles

RENTAL HOUSING STOCK (found on page H-1 & H-16-17)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	25	1,528	78	94.9%
Market-Rate Housing	9	578	61	89.4%
Assisted/Subsidized Housing not to include LIHTC	9	588	0	100.0%
LIHTC (All that are stabilized)*	7	362	17	95.3%
Stabilized Comps**	7	362	17	95.3%
Non-stabilized Comps	0	0	0	-

*Stabilized occupancy of at least 93%.

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

Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
8	Two-Br.	2.0	1,100	\$330	\$680	\$0.62	51.47%	\$690	\$0.67
8	Two-Br.	2.0	1,100	\$345	\$680	\$0.62	49.26%	\$690	\$0.67
3	Three-Br.	2.0	1,250	\$400	\$785	\$0.63	49.04%	\$790	\$0.54
21	Three-Br.	2.0	1,250	\$410	\$785	\$0.63	47.77%	\$790	\$0.54
4	Four-Br.	2.5	1,400	\$425	\$870	\$0.62	51.14%	\$790	\$0.54
*Gross Potential Rent Monthly				\$16,910	\$33,200		49.07%		

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

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

	2000		2012		2015	
Renter Households	3,180	38.7%	3,719	45.5%	3,782	45.5%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	1,200	32.3%	1,218	32.2%
Income-Qualified Renter HHs (MR)	N/A	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	15	18	N/A	N/A	N/A	18
Existing Households (Overburd + Substand)	299	282	N/A	N/A	N/A	345
Homeowner conversion (Seniors)	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Less Comparable/Competitive Supply	0	0	N/A	N/A	N/A	0
Net Income-Qualified Renter Households	280	300	N/A	N/A	N/A	363

CAPTURE RATES (found on page G-5)

Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	3.5%	11.0%	N/A	N/A	N/A	12.1%

ABSORPTION RATE (found on page G-7)

Absorption Rate: 5 to 6 units per month; Absorption period: 7 to 8 months

S-2 RENT CALCULATION WORKSHEET

Project Name: Cypress Mill, LLC

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Potential Tenant Rent	Adjusted Market Rent	Gross Potential Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
8	2 BR	\$330	\$2,640	\$680	\$5,440	
8	2 BR	\$345	\$2,760	\$680	\$5,440	
	2 BR		\$0		\$0	
3	3 BR	\$400	\$1,200	\$785	\$2,355	
21	3 BR	\$410	\$8,610	\$785	\$16,485	
	3 BR		\$0		\$0	
4	4 BR	\$425	\$1,700	\$870	\$3,480	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	44		\$16,910		\$33,200	49.07%

B. PROJECT DESCRIPTION

The proposed project involves the new construction of a 44-unit, family (general-occupancy) Low-Income Housing Tax Credit (LIHTC) affordable rental community to be located at the northeast corner of Providence Creek Road and Lockhart Lane in Gaffney, South Carolina. The proposed project, Cypress Mill, will be available to households with incomes up to 50% and 60% of Area Median Household Income (AMHI). The site will consist of 16 two-bedroom/2.0-bath, 24 three-bedroom/2.0-bath and four (4) four-bedroom/2.5-bath townhouse-style units with proposed collected Tax Credit rents ranging from \$330 to \$425. The project is anticipated to be complete in June 2014. Additional details regarding the project are as follows:

- a. Property Location:** Lockhart Lane
Gaffney, South Carolina 29340
(Cherokee County)
- b. Construction Type:** New Construction
- c. Occupancy Type:** Family
- d. Target Income Group:** 50% and 60% of AMHI
- e. Special Needs Population:** Not applicable
- f. and h. to j. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent Of AMHI	Proposed Rents		
						Collected	Utility Allowance	Gross
8	Two-Br.	2.0	Townhouse	1,100	50%	\$330	\$184	\$514
8	Two-Br.	2.0	Townhouse	1,100	60%	\$345	\$184	\$529
3	Three-Br.	2.0	Townhouse	1,250	50%	\$400	\$213	\$613
21	Three-Br.	2.0	Townhouse	1,250	60%	\$410	\$213	\$623
4	Four-Br.	2.5	Townhouse	1,400	60%	\$425	\$232	\$657
44	Total							

Source: Southeast Alabama Self Help Association, Inc.
AMHI – Area Median Household Income (Cherokee, County; 2012)

- g. Number Of Stories/Buildings:** Two-story, walk-up residential buildings
- k. Project-Based Rental Assistance (Existing or Proposed):** None



l. Community Amenities:

The subject property will include the following community features:

- On-Site Management
- Laundry Facility
- Club House
- Community Room
- Fitness Center
- Playground
- Computer Center
- Picnic Area
- Storage
- Security Cameras

m. Unit Amenities:

Each unit will include the following amenities:

- Electric Range
- Refrigerator with Icemaker
- Dishwasher
- Microwave Oven
- Carpet
- Central Air Conditioning
- Window Blinds
- Washer/Dryer Hookups
- Patio/Balcony
- Ceiling Fan

n. Parking:

Open, paved lot parking will be included at the subject site

o. Utility Responsibility:

Trash collection costs are included in the rent, while tenants are responsible for all other utilities and services, including the following:

- Electric Heat Pump
- Electric Air Conditioning
- General Electric
- Water
- Electric Water Heating
- Electric Cooking
- Sewer

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

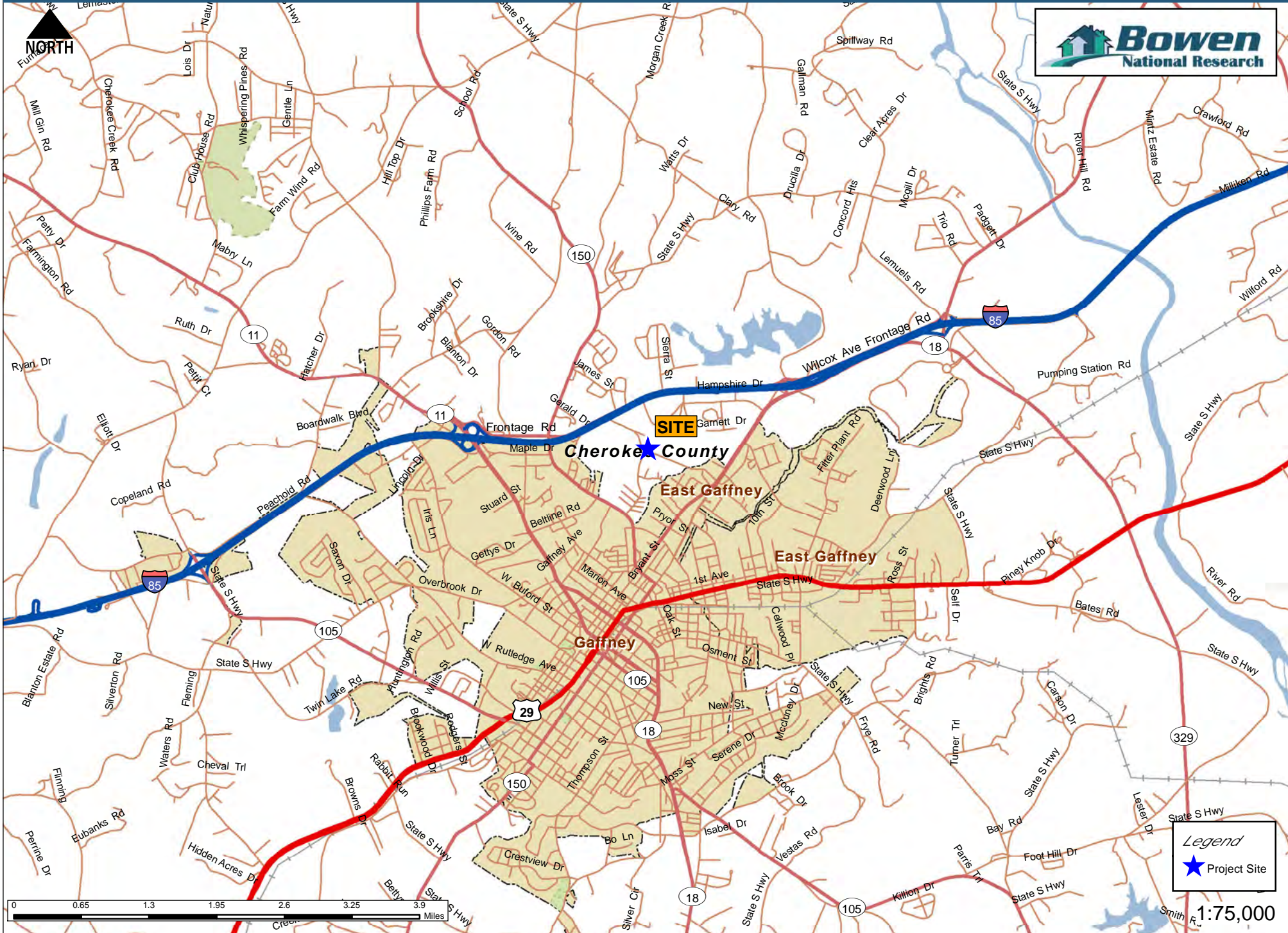
State of South Carolina



Legend
★ Project Site

1:2,330,689

Gaffney, SC: Surrounding Area



Legend

- ★ Project Site

1:75,000

C. SITE DESCRIPTION AND EVALUATION

1. SITE INSPECTION DATE

The proposed subject site is the wooded parcel of land located at the northeast corner of the Providence Creek Road and Lockhart Lane intersection, in the northern portion of Gaffney, Cherokee County, South Carolina. Located within Cherokee County, Gaffney is approximately 20.0 miles northeast of Spartanburg, South Carolina and approximately 52.0 miles southwest of Charlotte, North Carolina. Christine Atkins, an employee of Bowen National Research personally inspected the proposed subject site during the week of December 3, 2012.

2. SITE DESCRIPTION AND SURROUNDING LAND USES

The proposed subject site is within an established residential area of Gaffney, South Carolina. Surrounding land uses generally include single-family homes, wooded land, a mobile home park, a multifamily housing development and a school. The following is a description of surrounding land uses:

North -	A mobile home considered to be in fair condition, as well as wooded land and scattered single-family homes also considered to be in fair condition border the proposed site to the north. Continuing north is the South Carolina National Guard Gaffney Armory, Luther Vaughan Elementary School and Ola H. Copeland Learning & Community Center. Interstate 85 is located beyond and is not visible from the site.
East -	Directly east of the proposed site is a vacant lot and undeveloped for sale land, while a small unnamed lake is located further east. Continuing east of the subject site are scattered single-family homes considered to be in good condition, located along Lockhart Lane. Four-lane North Limestone Street/State Route 18 is located beyond.
South -	Two-lane, lightly traveled Lockhart Lane borders the proposed site to the south. Across Lockhart Lane is wooded land, a single-family residential neighborhood and the McEntire Estates Mobile Home Park. The single-family homes and mobile homes are considered to be in fair to good condition.

West -

Lockhart Lane also borders the proposed site to the west. Further, single-family homes considered to be in satisfactory condition are located along Lockhart Lane. Continuing west/northwest of the site is wooded land, the Lockhart Lane Apartments and Ivy Grove Residential Center.

The existing residential structures within the immediate site neighborhood are considered to be in fair to good condition. Further, the surrounding wooded land is considered beneficial and aesthetically appealing, while creating a natural buffer to additional surrounding land uses. The subject site is within close proximity to Interstate 85, State Route 11 and North Limestone Street/State Route 18, all of which are major arterial roadways providing access to most community services within the Gaffney area. Overall, the proposed subject site is expected to fit well with the surrounding land uses as the proposed multifamily development will be consistent with the existing residential structures within the immediate site neighborhood.

3. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

Community Services	Name	Driving Distance From Site (Miles)
Major Highways	Interstate 85 State Route 11 State Route 18	2.0 West 1.4 Southwest 0.6 East
Public Bus Stop	N/A	N/A
Major Employers/ Employment Centers	Ingles Market Upstate Carolina Medical Center Wal-Mart Supercenter	1.3 Southeast 1.0 Southeast 1.9 Southwest
Convenience Store	Kangaroo Express Cherokee Food Mart Petro Max	1.5 Northeast 1.4 South 1.2 Northeast
Grocery	Ingles Market Dollar General Market Wal-Mart Supercenter	1.3 Southeast 1.3 South 1.9 Southwest
Discount Department Store	Wal-Mart Supercenter Dollar General Dollar Tree	1.9 Southwest 1.1 South 1.9 Southwest
Shopping Center/Mall	Piedmont Plaza Cherokee Plaza Prime Outlets at Gaffney	1.9 Southwest 1.5 Southwest 5.4 West
Schools: Elementary Middle/Junior High High	Luther Vaughn Elementary Gaffney Middle School Gaffney Senior High School	1.2 North 2.4 South 4.0 Southwest
Hospital	Upstate Carolina Medical Center	1.0 Southeast
Police	Cherokee County Sheriff's Office	2.0 South
Fire	Gaffney Fire Department	1.7 South
Post Office	US Post Office	1.9 South
Bank	The Palmetto Bank Wells Fargo Sun Trust Bank	2.0 South 1.8 South 1.7 West
Recreational Facilities	Cherokee County YMCA	3.4 West
Gas Station	Kangaroo Express Petro Max	1.3 Northeast 1.2 Northeast
Pharmacy	Buford Street Drugs Wal-Mart Supercenter	1.9 South 1.9 Southwest
Medical Center	Regenesis Community Health Center	1.0 South
Restaurant	Harold's Restaurant Brandi's Restaurant Mr. Waffle Harvey's Drive In	1.5 South 1.4 South 1.4 Northeast 1.2 South
Day Care	Little Darlings Daycare	0.7 East
Library	Cherokee County Public Library	2.6 South
Park	Irene Park Milliken Park	1.8 South 1.8 South
University/College	Limestone College	3.4 South

The proposed subject site is located within the northern portion of Gaffney and is within proximity to many community services, many of which are located along North Limestone Street and State Route 11. Community services located within 2.0 miles of the proposed site include but are not limited to various restaurants, grocery stores, convenience stores, pharmacies and banks. The Wal-Mart Supercenter located within the Piedmont Plaza, 1.9 miles southwest of the site offers discount shopping, a pharmacy and a grocery store in addition to offering employment opportunities for many area residents. Further, the Piedmont Plaza also includes anchor stores such as Dollar Tree, CATO, Shoe Show, T-mobile, Dominos, and Wash Depot Coin Laundry. More extensive shopping opportunities exist within the Prime Outlets at Gaffney, 5.4 miles west of the proposed site.

Public safety services will be provided by the Cherokee County Sheriff's Office and Gaffney Fire Department as both are located within 2.0 miles of the proposed site. Further, the Upstate Carolina Medical Center is located within 1.0 mile of the proposed site and provides services not limited to diabetes management, emergency services, outpatient services, pediatrics and surgical services. The proposed site will be served by the Cherokee County School District as all applicable attendance schools are located within 4.0 miles of the site. Additionally, continued education opportunities are available to area residents as Limestone College is located 3.4 miles south of the proposed site.

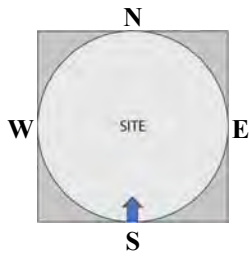
It should be noted that the city of Gaffney does not offer any public transportation services to area residents.

Overall, the proximity of the proposed site to the North Limestone Street and State Route 11 corridors, community services, attendance schools and public safety services is considered beneficial to family-oriented rental housing as proposed at the subject site.

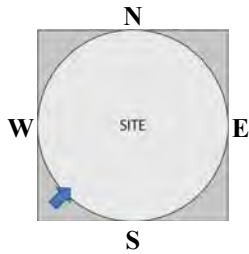
4. SITE PHOTOGRAPHS

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

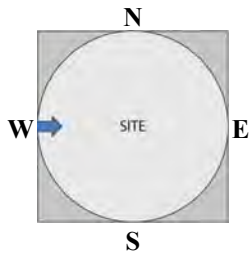
SITE PHOTOGRAPHS



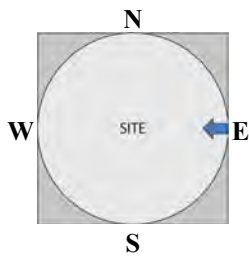
View of site from the south



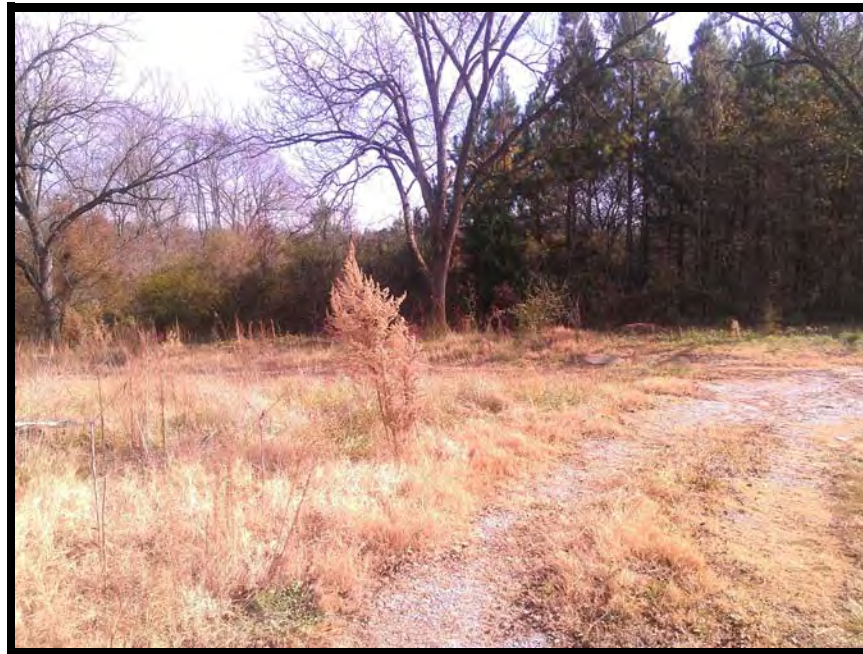
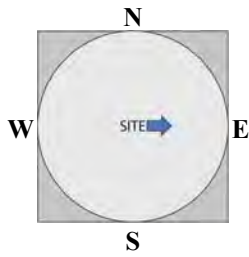
View of site from the southwest



View of site from the west



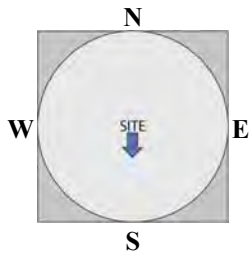
View of site from the east



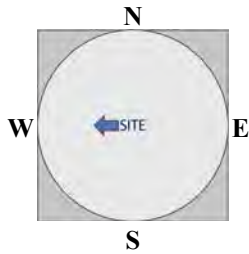
East view from site



Mobile home to north of site



South view from site



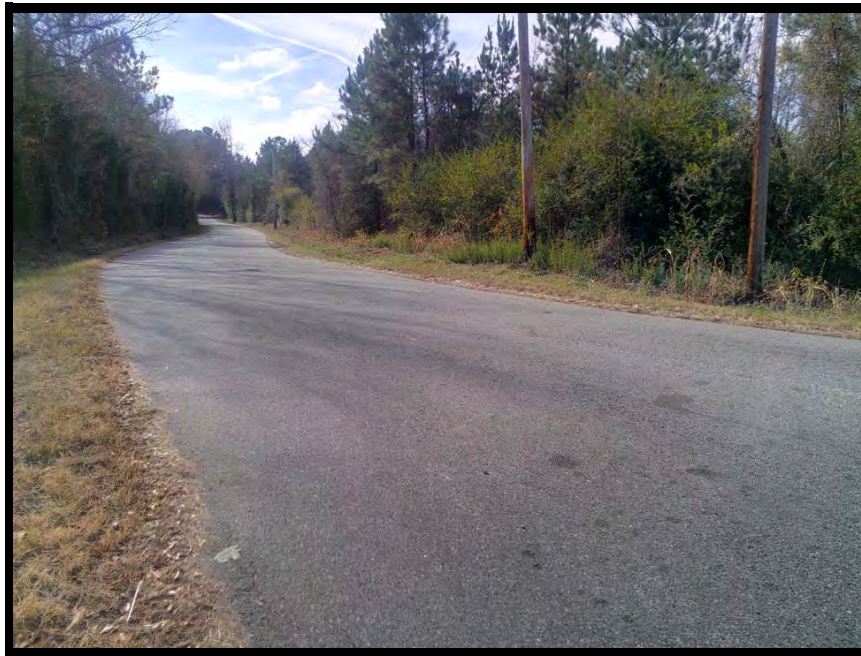
West view from site



Northwest view from site



Northwest view on Providence Creek Road



Southwest view on Providence Creek Road



West view on Lockhart Lane

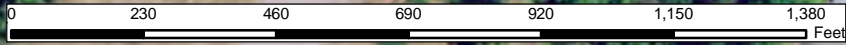


East view on Lockhart Lane

5. SITE AND COMMUNITY SERVICES MAPS

Maps of the subject site and relevant community services follow.

Gaffney, SC: Site Neighborhood



Legend

 Project Site

Image Date: 04-18-2009

1 inch = 333 feet

Gaffney, SC: Neighborhood Community Services



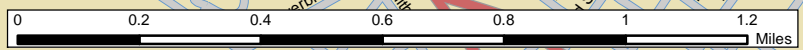
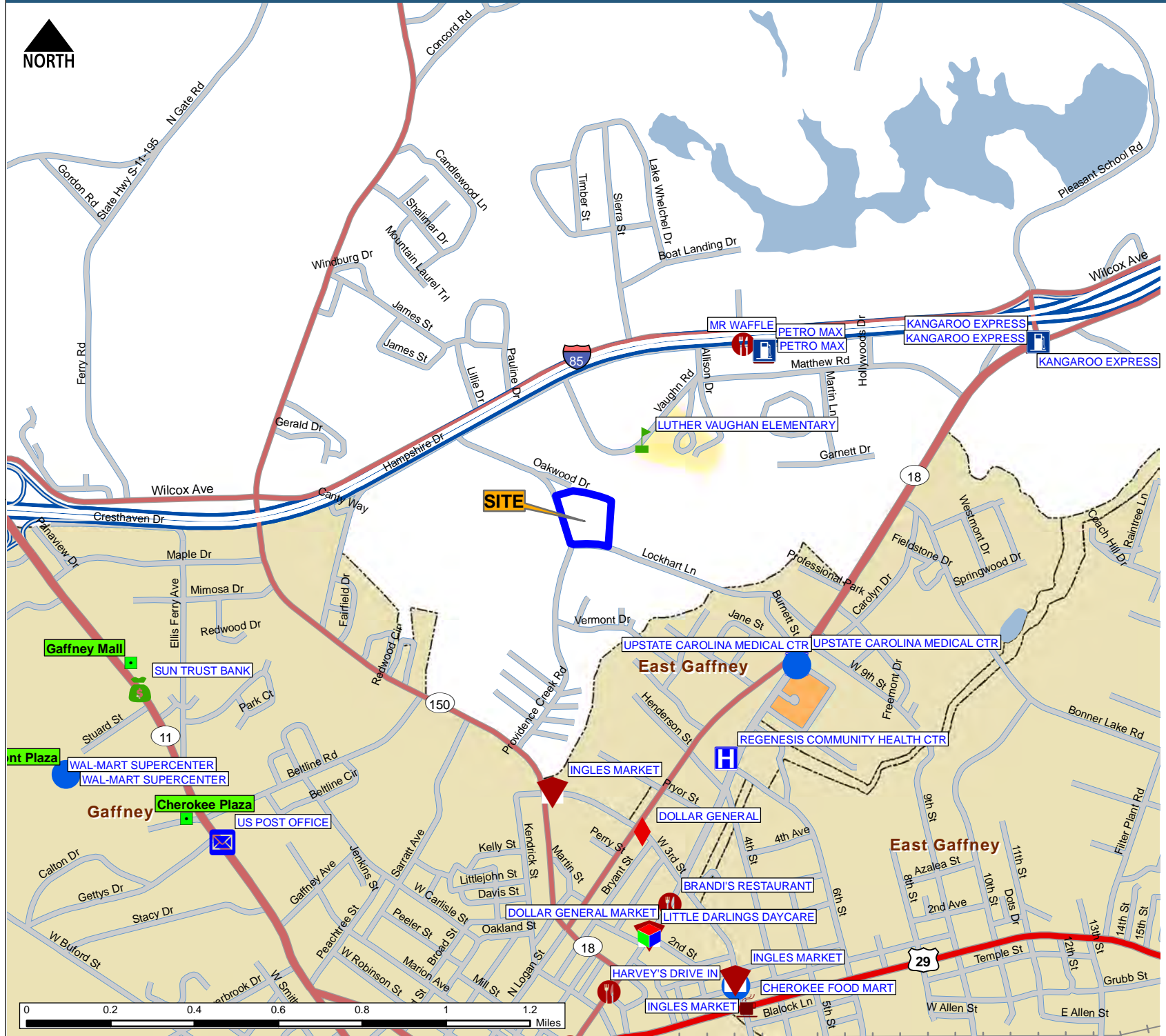
Legend

- Project Site
- bank
- child care
- convenience store
- elementary school
- gas
- grocery
- hospital services
- post office
- restaurant
- shopping
- emplmt. ctr. (<5,000)

Shopping Center

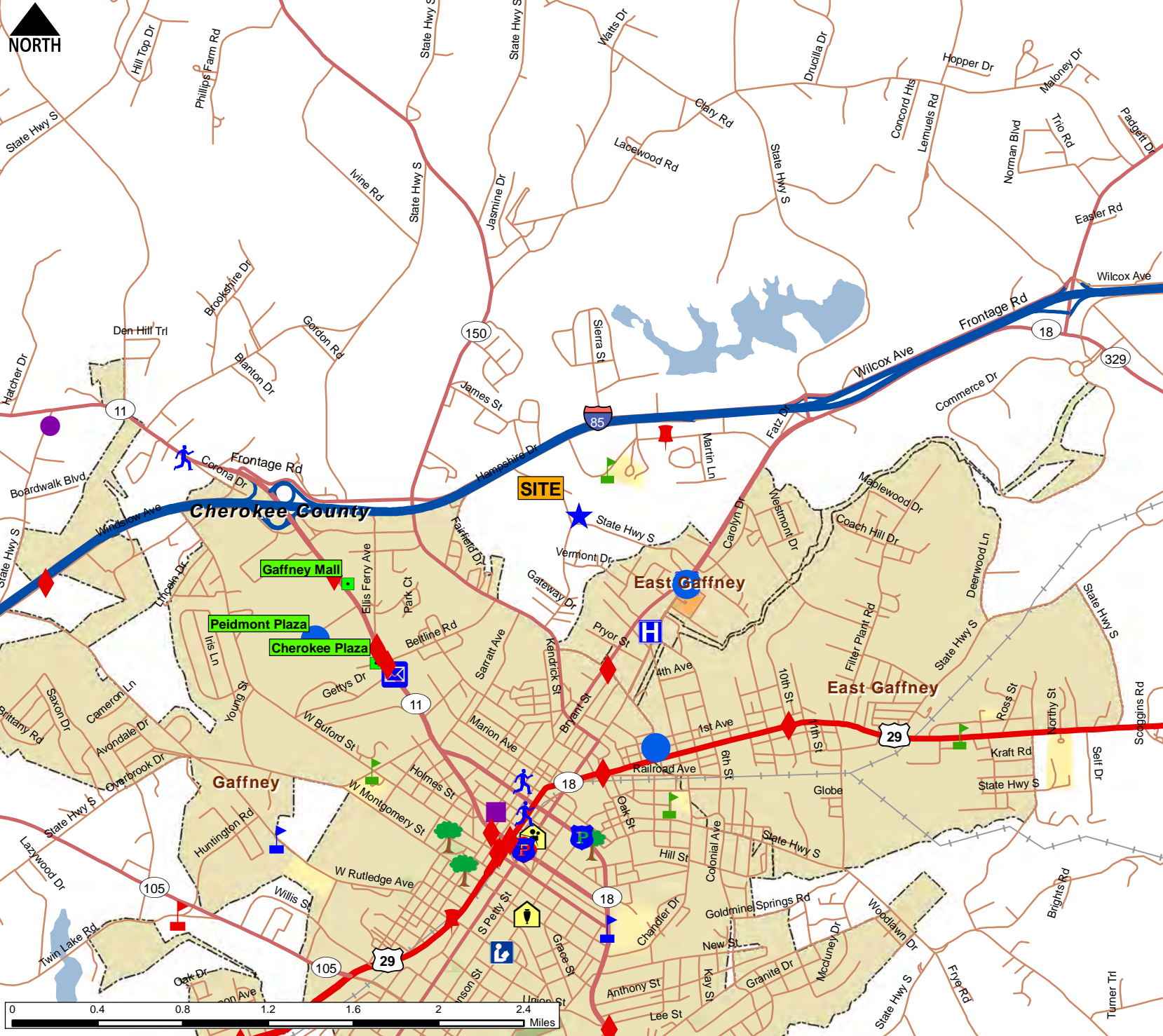
Gross Leasable Area

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



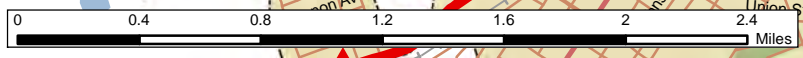
1:20,000

Gaffney, SC: Regional Community Services



- Legend**
- ★ Project Site
 - 🏠 cinema
 - 🎓 elementary school
 - 🎪 entertainment
 - 🚒 fire
 - 🚶 fitness center
 - 🎓 high school
 - 🏥 hospital services
 - 📖 library
 - 🎓 middle school
 - 🏛️ museum
 - 🌳 park
 - 🚓 police
 - 📧 post office
 - 🏠 rec./community center
 - 👴 senior services
 - 🛍️ shopping
 - 🟦 emplmt. ctr. (<5,000)

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



1:40,000

6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

According to area planning and zoning officials, no notable road improvements or other infrastructure projects are underway or planned within the immediate site area.

7. CRIME ISSUES

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

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

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

Total crime risk for the Site PMA is 122, with an overall personal crime index of 167 and a property crime index of 107. Total crime risk for Cherokee County is also 122, with indexes for personal and property crime of 156 and 114, respectively.

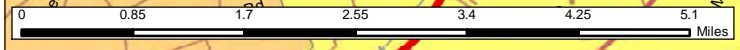
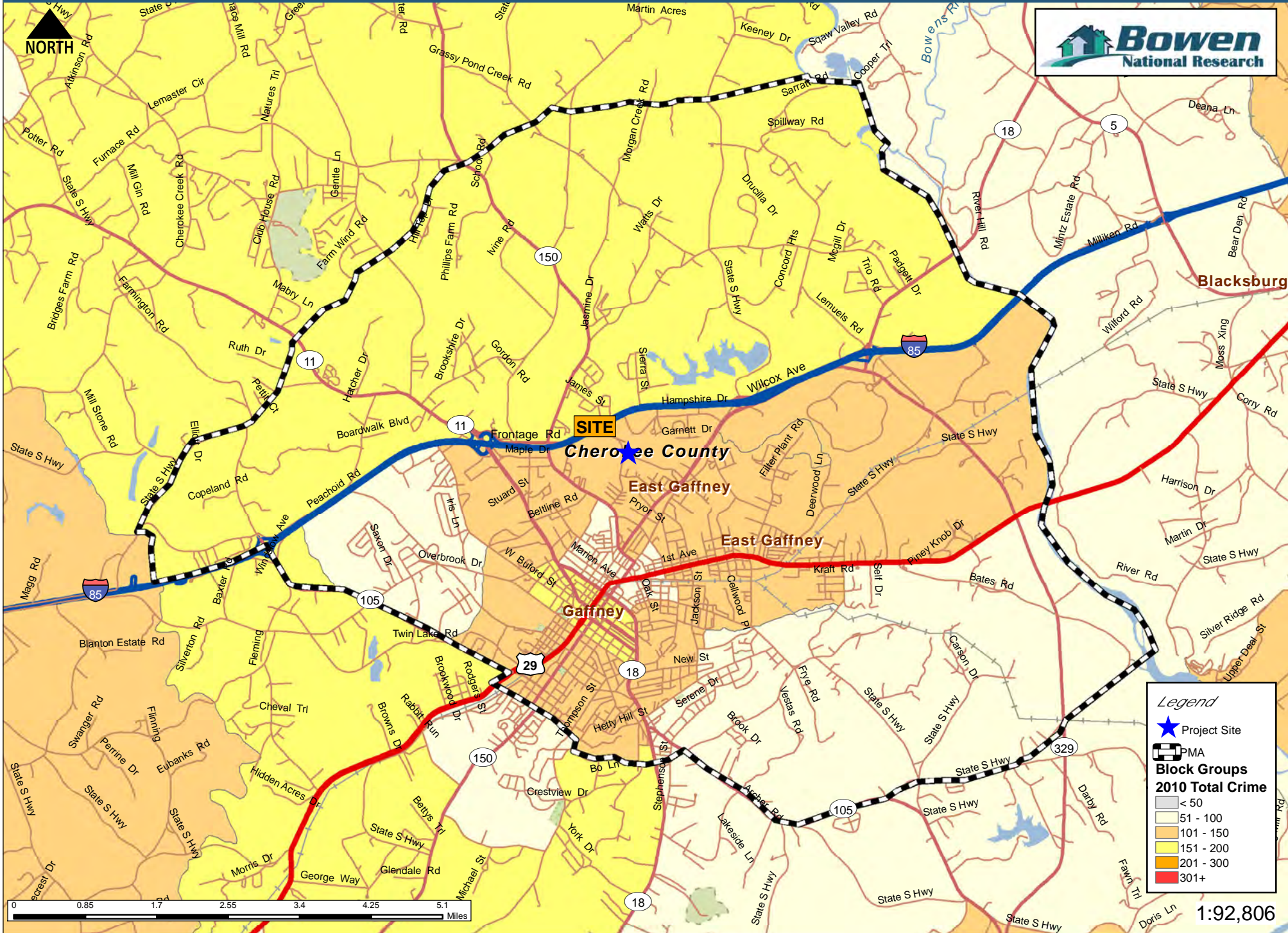
	Crime Risk Index	
	Site PMA	Cherokee County
Total Crime	122	122
Personal Crime	167	156
Murder	162	122
Rape	84	95
Robbery	70	64
Assault	264	260
Property Crime	107	114
Burglary	132	144
Larceny	103	106
Motor Vehicle Theft	69	74

Source: Applied Geographic Solutions

The total crime index reported for the Site PMA is the same as that reported for Cherokee County. Specifically, the proposed subject site neighborhood has a lower overall crime index as compared to areas located north of Interstate 85 and west of the Site PMA, according to the crime risk map on the following page. As such, the perception of crime is not believed to adversely impact marketability of the proposed site, considering the lower crime indexes within the immediate site neighborhood as compared to areas to the north and west.

A map illustrating crime risk for the proposed site neighborhood as well as surrounding areas can be found on the following page.

Gaffney, SC: 2010 Crime Risk



1:92,806

8. ACCESS AND VISIBILITY

The subject site is located at the northeast corner of the Providence Creek Road and Lockhart Lane intersection. Vehicular traffic is considered to be light along both roadways whereas pedestrian traffic is considered insignificant. Further, Lockhart Lane also provides convenient access to/from Hampshire Drive, northwest of the site, as well as the North Limestone Street corridor, east of the site. Although specific site plans indicating the access point(s) to the proposed project were not provided by the developer at the time of this report, access is considered good as the proposed project maintains significant frontage along the north and east sides of Lockhart Lane. Visitors of the subject site should not experience any major traffic delays upon ingress and egress due to the light vehicular traffic along both Lockhart Lane and Providence Creek Road. Visibility of the site is considered good given the frontage maintained along Lockhart Lane. However, given the moderate to heavy vehicular traffic along the North Limestone Street corridor, promotional signage is recommended at the intersection of North Limestone Street and Lockhart Lane.

9. VISIBLE OR ENVIRONMENTAL ISSUES

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

10. OVERALL SITE CONCLUSIONS

The immediate subject site neighborhood is considered to be appealing and has convenient access to major thoroughfares which provide access to most community services. Further, we believe the surrounding land uses will have a positive impact on the marketability of the subject site as the existing residential structures are considered to be in fair to good condition. Additionally, the wooded land surrounding the proposed site is considered aesthetically appealing and provides a natural buffer between the proposed site and surrounding land uses. Access and visibility are both considered good as the proposed site maintains significant frontage along the north and east sides of lightly traveled Lockhart Lane. Visitors of the subject site should not experience any major traffic delays, given the light vehicular traffic along Lockhart Lane. Lockhart Lane also provides convenient access to North Limestone Street, a major arterial roadway providing access to many community services throughout the city of Gaffney. Key community services located within two miles of the proposed site include, shopping opportunities, grocery stores, banks, pharmacies and dining opportunities. All public safety services which will serve the subject development are located within 2.0 miles as well. Public transportation is not available within the city of Gaffney. However, the lack of public transportation is not anticipated to negatively impact the marketability of the proposed subject site, as residents within the Gaffney area are accustomed to not having this service readily available. Overall, we expect the surrounding land uses and proximity of community and public safety services considered beneficial to family-oriented housing to enhance the marketability of the proposed subject site.

D. PRIMARY MARKET AREA DELINEATION

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

The Gaffney Site PMA includes all of East Gaffney and the majority of Gaffney as well as some unincorporated areas of Cherokee County. The boundaries of the Site PMA generally include Old Post Road and Pleasant School Road to the north; the western boundary of zip code 29702 to the east; Ford Road, Archer Road, O'Neal Street, and Hyatt Street to the south and Hyatt Street to the west.

The Site PMA comprises the following Census Tract numbers:

9705.03	9705.02
9706.01	9702.01
9702.02	9701.00
9703.02	9703.01

Dale Loudermilk, Property Manager for Gaffney Realty Rentals stated that at least 90.0% of his tenants originate from within the city of Gaffney. Mr. Loudermilk further stated that most of his rental inquiries are received from residents currently living within Gaffney, as most residents within the area prefer to stay in Gaffney due to the lower cost of living.

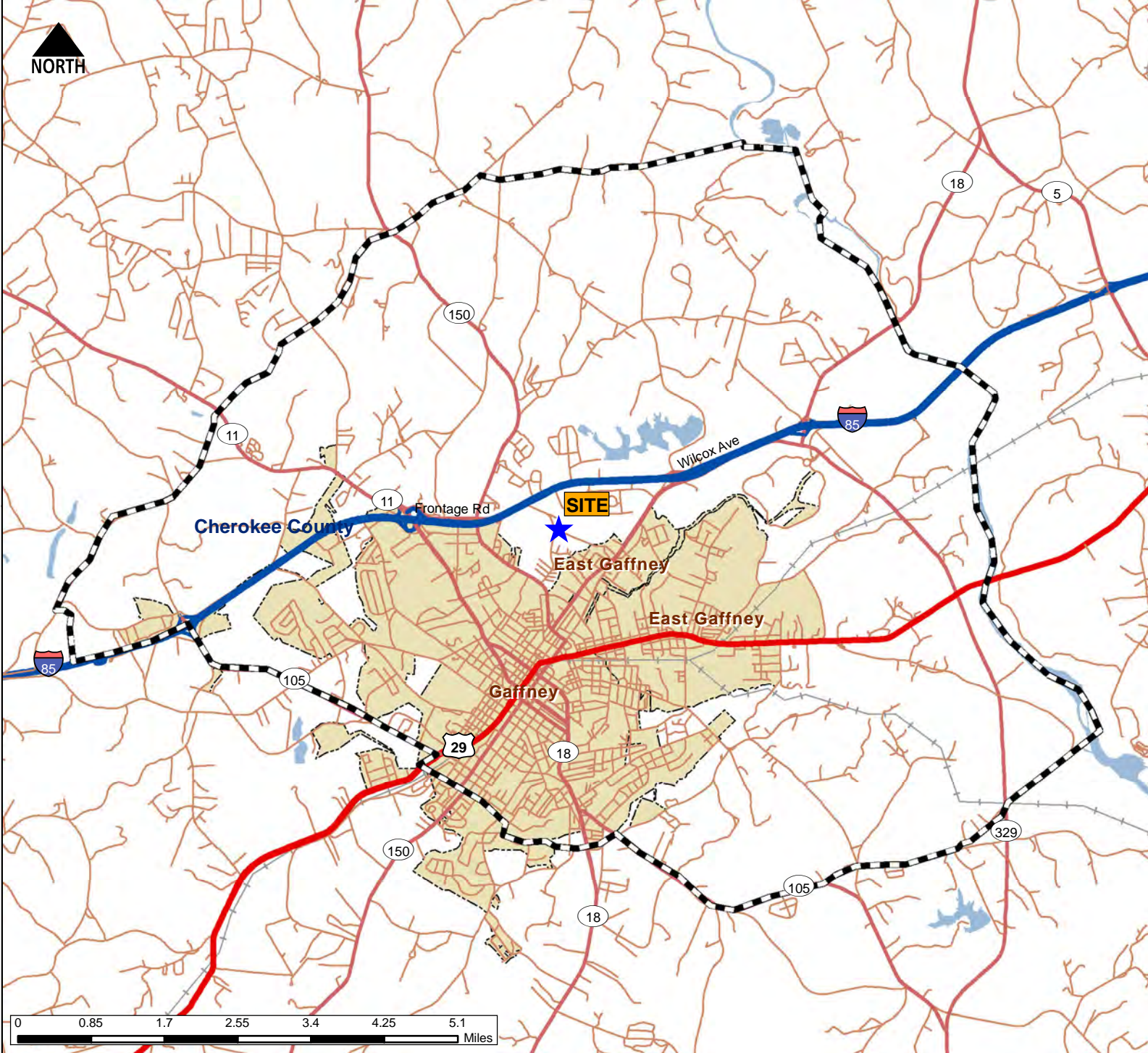
Leigh Ann Snuggs, Relocation and Tourism Project Manager at the Gaffney Visitors Center stated that she predominantly receives inquiries for rental housing from people who already reside within Gaffney. Ms. Snuggs further stated that although Gaffney is predominantly a rural community it is the largest city within Cherokee County. However, despite being the largest city in the county, Ms. Snuggs believes people are drawn to Gaffney's small town feel, centralized location and lower cost of living.

Laura Burgess, Community Manager of Creekside at Wellington stated that approximately 80% of her tenants are from the immediate Gaffney and East Gaffney areas. Ms. Burgess further stated that she does not get many tenants from outside of Gaffney or Cherokee County.

The areas to the north, east, south and west of the Site PMA are primarily rural and are not likely to provide much support for the proposed site. Note, that the area immediately south of the Site PMA has been excluded, as Limestone College is located in this area and is primarily occupied by students who would not qualify for the low-income housing being offered at the subject project.

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

Gaffney, SC: Primary Market Area



Primary Market Area Information
Area: 41.71 Sq. Miles
County in PMA: Cherokee
2011 Estimated Population: 20,635
2011 Total Households: 8,138
2011 Median Household Inc.: \$32,388

Legend

- ★ Project Site
- ▣ PMA

1:102,174

E. MARKET AREA ECONOMY

1. EMPLOYMENT BY INDUSTRY

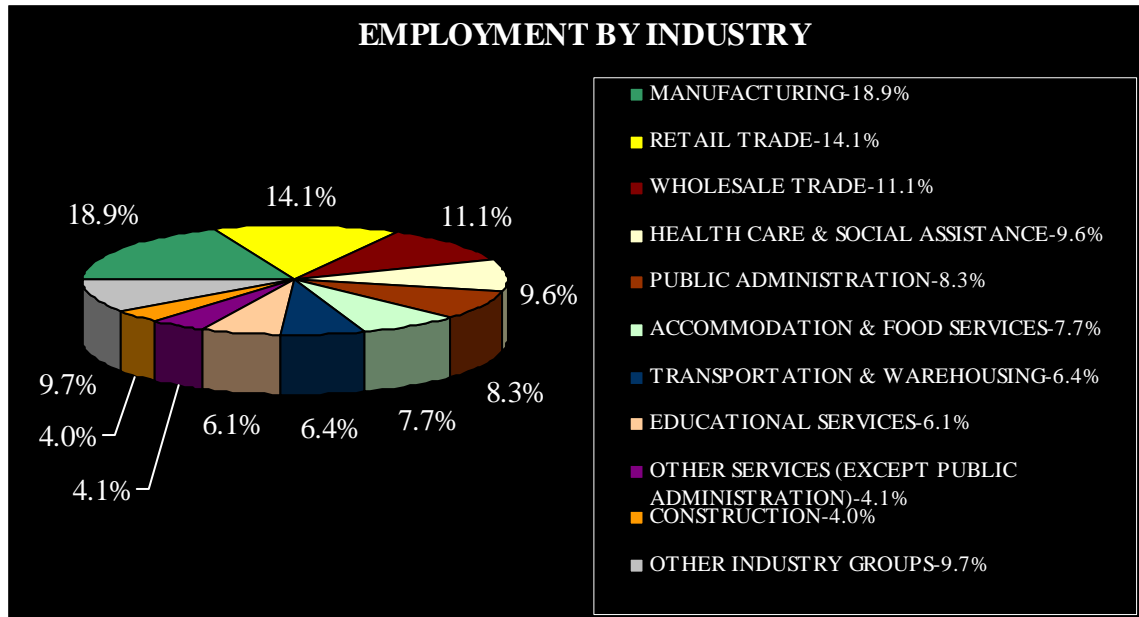
The labor force within the Gaffney Site PMA is based primarily in three sectors. Manufacturing (which comprises 18.9%), Retail Trade and Wholesale Trade comprise over 44% of the Site PMA labor force. Employment in the Gaffney Site PMA, as of 2012, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	1	0.1%	41	0.3%	41.0
Mining	0	0.0%	0	0.0%	0.0
Utilities	3	0.3%	111	0.8%	37.0
Construction	66	6.2%	557	4.0%	8.4
Manufacturing	40	3.7%	2,627	18.9%	65.7
Wholesale Trade	38	3.5%	1,533	11.1%	40.3
Retail Trade	229	21.4%	1,954	14.1%	8.5
Transportation & Warehousing	22	2.1%	881	6.4%	40.0
Information	14	1.3%	99	0.7%	7.1
Finance & Insurance	71	6.6%	269	1.9%	3.8
Real Estate & Rental & Leasing	59	5.5%	210	1.5%	3.6
Professional, Scientific & Technical Services	34	3.2%	177	1.3%	5.2
Management of Companies & Enterprises	0	0.0%	0	0.0%	0.0
Administrative, Support, Waste Management & Remediation Services	37	3.5%	378	2.7%	10.2
Educational Services	18	1.7%	851	6.1%	47.3
Health Care & Social Assistance	92	8.6%	1,331	9.6%	14.5
Arts, Entertainment & Recreation	18	1.7%	65	0.5%	3.6
Accommodation & Food Services	73	6.8%	1,069	7.7%	14.6
Other Services (Except Public Administration)	162	15.1%	562	4.1%	3.5
Public Administration	89	8.3%	1,155	8.3%	13.0
Nonclassifiable	6	0.6%	0	0.0%	0.0
Total	1,072	100.0%	13,870	100.0%	12.9

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

E.P.E. - Average Employees Per Establishment

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



2. LOW-INCOME EMPLOYMENT OPPORTUNITIES

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

Typical Wage by Occupation Type		
Occupation Type	Upper Savannah South Carolina Nonmetropolitan Area	South Carolina
Management Occupations	\$86,870	\$93,520
Business and Financial Occupations	\$52,890	\$58,280
Computer and Mathematical Occupations	\$60,140	\$63,170
Architecture and Engineering Occupations	\$68,830	\$70,990
Community and Social Service Occupations	\$34,260	\$38,470
Art, Design, Entertainment and Sports Medicine Occupations	\$38,340	\$41,560
Healthcare Practitioners and Technical Occupations	\$64,260	\$64,930
Healthcare Support Occupations	\$22,840	\$25,000
Protective Service Occupations	\$33,730	\$32,480
Food Preparation and Serving Related Occupations	\$19,990	\$19,790
Building and Grounds Cleaning and Maintenance Occupations	\$22,650	\$22,300
Personal Care and Service Occupations	\$21,990	\$23,040
Sales and Related Occupations	\$27,910	\$30,830
Office and Administrative Support Occupations	\$30,020	\$31,180
Construction and Extraction Occupations	\$33,460	\$35,720
Installation, Maintenance and Repair Occupations	\$40,120	\$39,920
Production Occupations	\$34,330	\$33,930
Transportation and Moving Occupations	\$29,180	\$29,540

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

Most annual blue-collar salaries range from \$19,990 to \$40,120 within the Upper Savannah South Carolina Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$66,598. It is important to note that most occupational types within the Upper Savannah South Carolina Nonmetropolitan Area have slightly lower typical wages than the State of South Carolina's typical wages. The proposed project will generally target households with incomes between \$18,000 and \$36,000. The area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

3. AREA'S LARGEST EMPLOYERS

The ten largest employers within the Cherokee County area comprise a total of 6,036 employees. These employers are summarized as follows:

Business	Business Type	Total Employed
Nestle USA	Frozen Prepared Foods	1,300
Cherokee County School District	Education	1,231
The Timken Company	Manufacturer Roller Bearings	800
Freightliner Custom Chassis Corp	Manufacturer	500
Hamick Mills Inc	Corporate Headquarters	425
Upstate Carolina Medical Center	Healthcare	400
Milliken & Co, Magnolia Finishing	Fabric Dyeing & Finishing	376
UPS Freight	Long Distance Trucking	376
Limestone College	Higher Education	369
Walmart Supercenter	Retail	259
Total		6,036

Source: Cherokee County Development Board-Manufacturers News, individual employers-March 2012

According to a representative with the Cherokee County Development Board, the area economy is slowly improving. However, the overall national economy is still impacting the Gaffney area as the lack of skilled or semi-skilled workers is hurting the local economy according to the representative. In order to help appropriately match the local workforce to the available jobs, the local school district continues to improve every year to meet the new standards needed to graduate more college bound and work ready students according to the Cherokee County Development Board representative.

Additionally, according to this representative, other positive announcements within Cherokee County include the following:

- ACE Bakery LLC announced it will be investing \$18 million into a new facility to be located in Gaffney, which will create 51 new jobs.
- Royce Associates, a developer of industrial chemicals, announced that they will be establishing new operations in Gaffney. The company acquired a 48,000 square foot building and will be investing \$1 million into the new facility. This new operation is anticipated to create 25 new jobs and plans to be fully operational by the end of 2012.
- Lee Nuclear Facilities and Duke Energy have been in the planning and permitting process of building a new nuclear plant within Cherokee County near Gaffney. This is a long process which has involved many town meetings, permits and licensing from the Nuclear Regulatory Commission (NRC). Duke Energy expects to receive their licenses to build and operate the facility in 2013. The project is anticipated to create 2,000 temporary construction jobs and once completed will employ 700 full time employees. The project will be named William States Lee III Nuclear Station.

Further, there have been only two WARN Notices announced within Cherokee County over the past 12 months. These WARN Notices are summarized as follows:

- Oxford Collections announced the layoff of three employees in September 2012.
- Upstate Carolina Medical Center announced the layoff of 14 employees in May 2012.

Additionally, the only current infrastructure project in Cherokee County involves the replacement of an existing bridge on Cherokee Avenue over River Drive.

4. EMPLOYMENT TRENDS

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

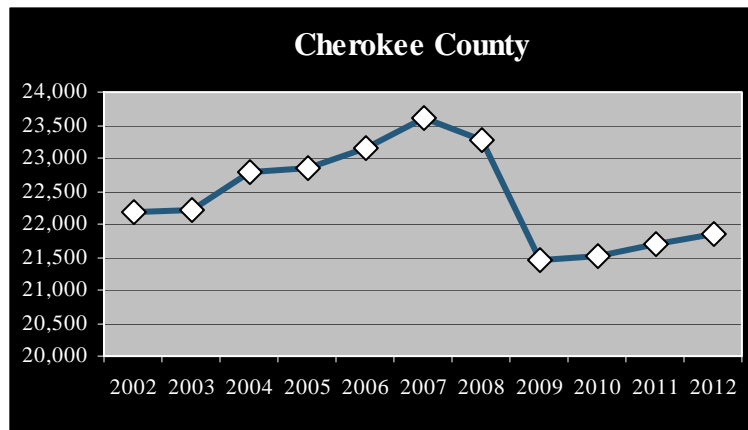
Excluding 2012, the employment base has declined by 8.0% over the past five years in Cherokee County, more than the South Carolina state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Cherokee County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2002	22,178	-	1,826,240	-	137,936,674	-
2003	22,212	0.2%	1,854,419	1.5%	138,386,944	0.3%
2004	22,797	2.6%	1,888,050	1.8%	139,988,842	1.2%
2005	22,857	0.3%	1,922,367	1.8%	142,328,023	1.7%
2006	23,148	1.3%	1,970,912	2.5%	144,990,053	1.9%
2007	23,596	1.9%	2,010,252	2.0%	146,397,529	1.0%
2008	23,280	-1.3%	2,000,582	-0.5%	146,068,824	-0.2%
2009	21,453	-7.8%	1,903,146	-4.9%	140,721,369	-3.7%
2010	21,508	0.3%	1,909,414	0.3%	140,483,185	-0.2%
2011	21,707	0.9%	1,935,885	1.4%	141,748,955	0.9%
2012*	21,850	0.7%	1,953,977	0.9%	141,772,241	0.0%

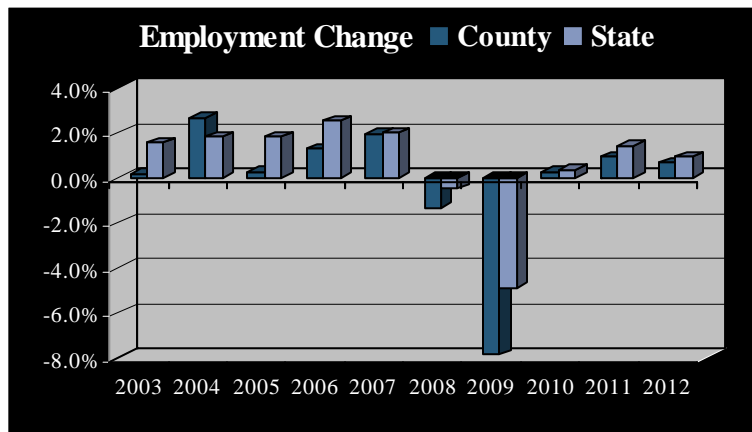
Source: Department of Labor; Bureau of Labor Statistics

*Through October



As the preceding illustrates, the Cherokee County employment base has declined by 471 employees since 2002. Similar to most markets, Cherokee County experienced its largest decline in employment during the national recession in 2008 and 2009. However, as the preceding illustrates, with the exception of these two years, employment within Cherokee County has generally trended upward since 2002. In fact, it should be noted that since the decline in 2008 and 2009, Cherokee County reported increases of 55 (0.3%) and 199 (0.9%) jobs in 2010 and 2011, respectively. An increase of 143 jobs has also been reported through October 2012 as well.

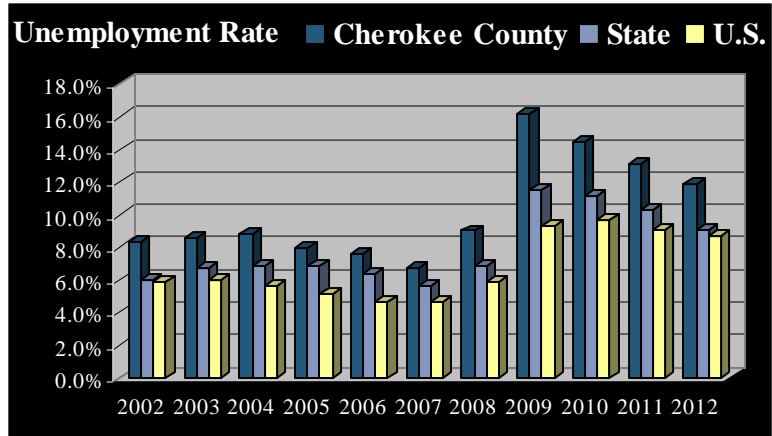
The following table illustrates the percent change in employment for Cherokee County and South Carolina.



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

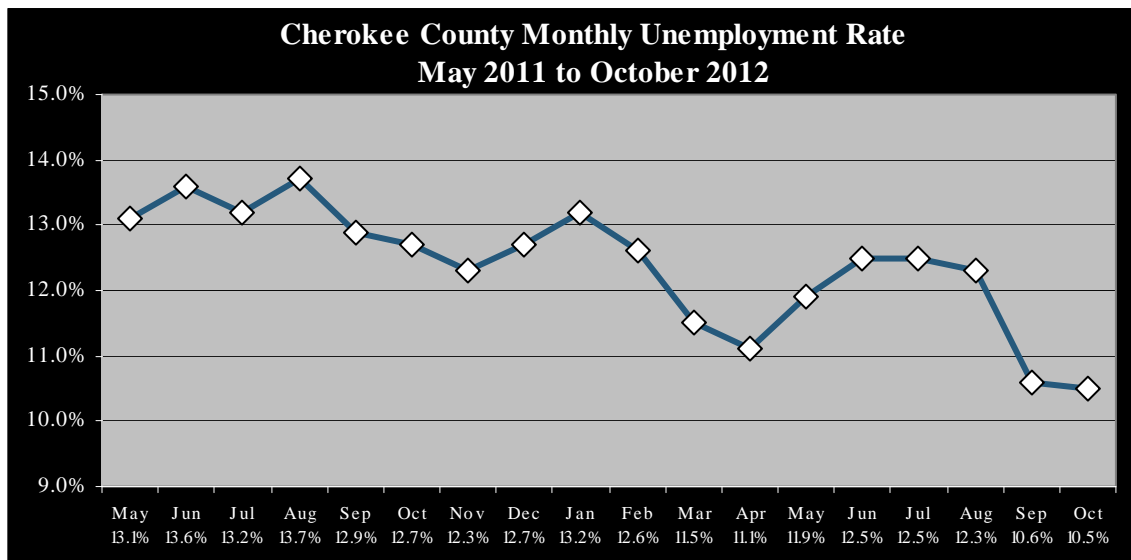
Year	Unemployment Rate		
	Cherokee County	South Carolina	United States
2002	8.3%	6.0%	5.8%
2003	8.6%	6.7%	6.0%
2004	8.8%	6.8%	5.6%
2005	7.9%	6.8%	5.2%
2006	7.6%	6.4%	4.7%
2007	6.7%	5.6%	4.7%
2008	9.0%	6.8%	5.8%
2009	16.2%	11.5%	9.3%
2010	14.5%	11.2%	9.7%
2011	13.1%	10.3%	9.0%
2012*	11.9%	9.1%	8.7%

Source: Department of Labor, Bureau of Labor Statistics
*Through October



The unemployment rate in Cherokee County has ranged between 6.7% and 16.2%, consistently above state and national averages since 2002. However, it should be noted that unemployment rates have consistently declined by more than one full percentage point each year since the spike in unemployment during the national recession in 2009. Further, the currently reported 11.9% unemployment rate through October 2012 is the lowest it has been since 2008.

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



Although unemployment rates have fluctuated over the previous 18 month period, in general unemployment rates have declined from a high of 13.7% in August of 2011 to 10.5% in October of 2012. Additionally, the unemployment rates reported during each of the previous six months is lower than the unemployment rate reported in the corresponding month one year ago.

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

In-Place Employment Cherokee County			
Year	Employment	Change	Percent Change
2002	19,265	-	-
2003	18,919	-346	-1.8%
2004	19,325	406	2.1%
2005	19,274	-51	-0.3%
2006	19,477	203	1.1%
2007	19,962	485	2.5%
2008	19,560	-402	-2.0%
2009	17,726	-1,834	-9.4%
2010	17,319	-407	-2.3%
2011	17,446	127	0.7%
2012*	17,893	447	2.6%

Source: Department of Labor, Bureau of Labor Statistics

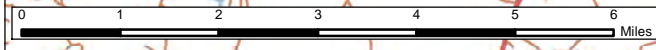
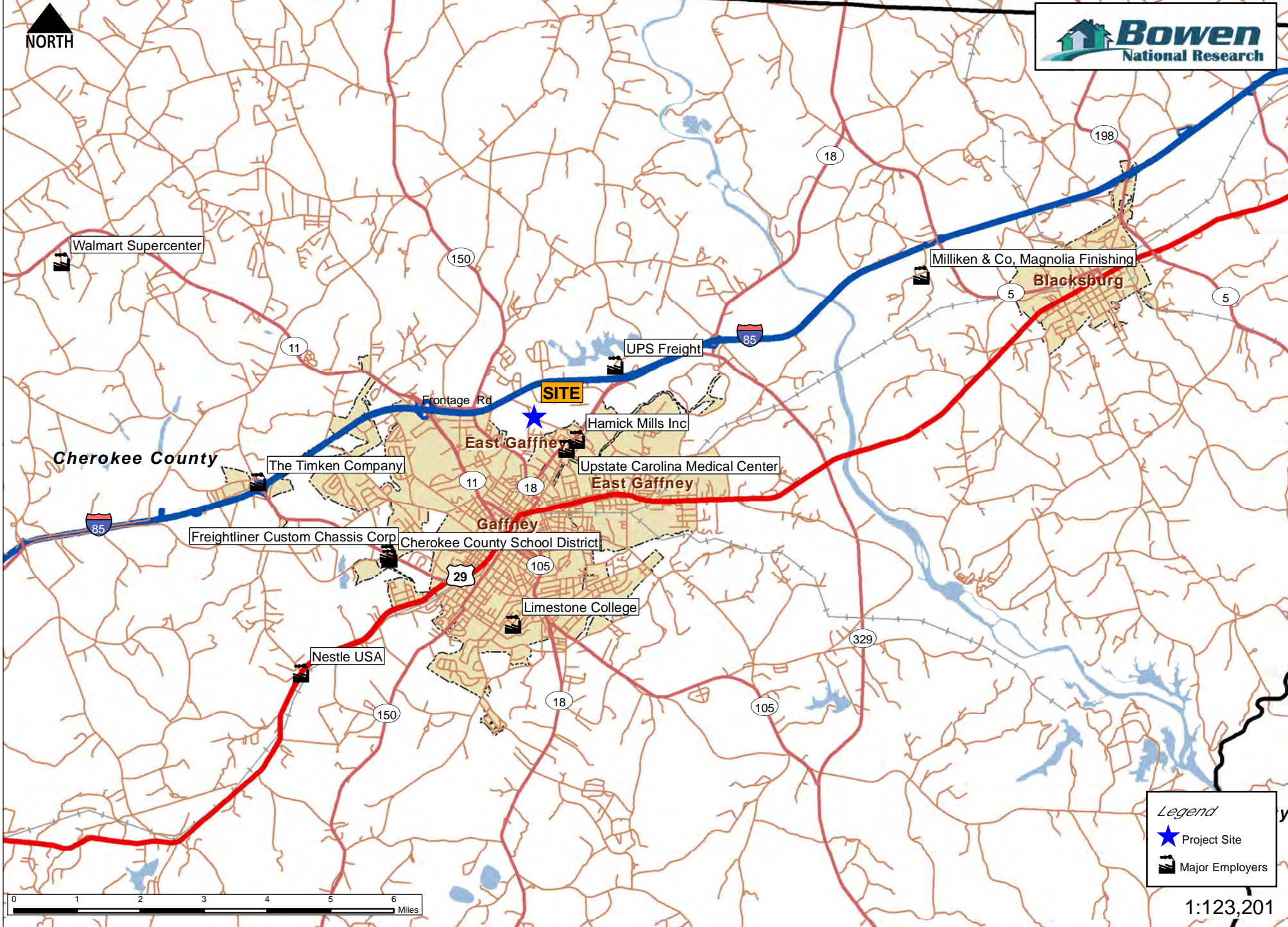
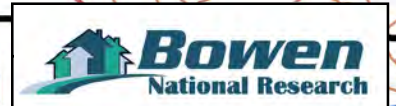
*Through March

Data for 2011, the most recent year that year-end figures are available, indicates in-place employment in Cherokee County to be 80.4% of the total Cherokee County employment. This means that Cherokee County has more employed persons leaving the county for daytime employment than those who work in the county. Although this is a high share of employed persons leaving the county for employment, residents within the Site PMA are accustomed to commuting to work. Therefore, we do not believe this will impact marketability of the subject project.

5. EMPLOYMENT CENTERS MAP

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

Gaffney, SC: Major Employers



Legend

- ★ Project Site
- 🏢 Major Employers

1:123,201

6. COMMUTING PATTERNS

The following is a distribution of commuting patterns for Site PMA workers age 16 and over in 2000:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	5,603	73.1%
Carpooled	1,509	19.7%
Public Transit	89	1.2%
Walked	99	1.3%
Motorcycle	33	0.4%
Bicycle	15	0.2%
Other Means	241	3.1%
Worked at Home	74	1.0%
Total	7,662	100.0%

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

Over 73% of all workers drove alone, 19.7% carpooled and only 1.2% used public transportation.

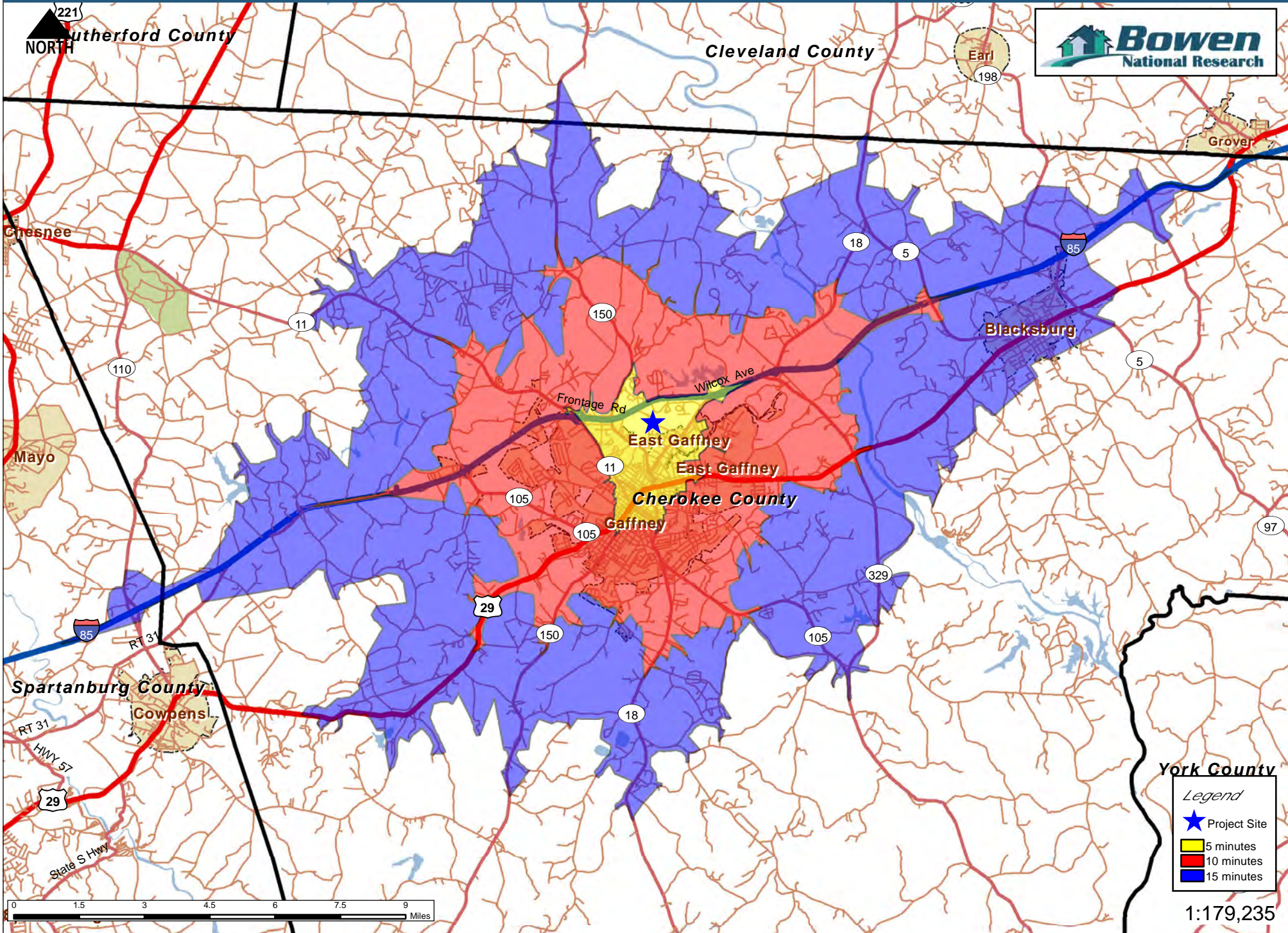
Typical travel times to work for the Site PMA residents are illustrated as follows:

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	3,399	44.4%
15 to 29 Minutes	2,672	34.9%
30 to 44 Minutes	889	11.6%
45 to 59 Minutes	193	2.5%
60 or More Minutes	435	5.7%
Worked at Home	74	1.0%
Total	7,662	100.0%

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

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

Gaffney, SC: Drive Time from Site



Legend

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

1:179,235

7. ECONOMIC FORECAST AND HOUSING IMPACT

Since 2002 the Cherokee County employment base has experienced a decline of 471 employees, most of which occurred in 2008 and 2009 during the national recession. Reflective of the decline in employment, unemployment rates reported in Cherokee County have consistently been above state and national averages during this same time period. However, based on our economic analysis, the Cherokee County economy has begun to stabilize, reporting increases in employment and decreases in unemployment rates each year since 2009. Additionally, according to a representative with the Cherokee County Development Board, the Cherokee County economy continues to show signs of improvement as three area companies have recently announced plans to build/expand within Cherokee County, creating a total of 776 full-time jobs. Further, the construction of the new nuclear power plant is anticipated to create 2,000 temporary construction jobs within Cherokee County, according to the representative with the Cherokee County Development Board. Considering these recent positive announcements and minimal WARN notices within Cherokee County, we expect the unemployment rates to continue to decrease as the local Cherokee County economy continues to stabilize.

F. COMMUNITY DEMOGRAPHIC DATA

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

1. POPULATION TRENDS

a. Total Population

The Gaffney Site PMA population base increased by 1,015 between 1990 and 2000. This represents a 5.2% increase over the 1990 population, or an annual rate of 0.5%. The Site PMA population bases for 1990, 2000, 2012 (estimated) and 2015 (projected) are summarized as follows:

	Year			
	1990 (Census)	2000 (Census)	2012 (Estimated)	2015 (Projected)
Population	19,652	20,668	20,749	21,093
Population Change	-	1,015	82	343
Percent Change	-	5.2%	0.4%	1.7%

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

Between 2000 and 2012, the population increased by 82, or 0.4%. It is projected that the population will increase by 343, or 1.7%, between 2012 and 2015. This is an annual population increase of approximately 114 persons annually, indicating a stable and increasing base of potential support for the proposed subject development.

Based on the 2000 Census, the population residing in group-quarters is represented by 2.8% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	573	2.8%
Population not in Group Quarters	20,095	97.2%
Total Population	20,668	100.0%

Source: 2000 Census

b. Population by Age Group

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

Population by Age	2000 (Census)		2012 (Estimated)		2015 (Projected)		Change 2012-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	6,064	29.3%	5,849	28.2%	5,947	28.2%	99	1.7%
20 to 24	1,464	7.1%	1,562	7.5%	1,468	7.0%	-94	-6.0%
25 to 34	2,941	14.2%	2,492	12.0%	2,558	12.1%	66	2.6%
35 to 44	2,865	13.9%	2,632	12.7%	2,600	12.3%	-32	-1.2%
45 to 54	2,648	12.8%	2,672	12.9%	2,568	12.2%	-103	-3.9%
55 to 64	1,841	8.9%	2,570	12.4%	2,713	12.9%	143	5.6%
65 to 74	1,422	6.9%	1,629	7.8%	1,852	8.8%	224	13.7%
75 & Over	1,423	6.9%	1,345	6.5%	1,385	6.6%	41	3.0%
Total	20,668	100.0%	20,749	100.0%	21,093	100.0%	343	1.7%

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

As the preceding table illustrates, approximately 50% of the population is estimated to be between 25 and 64 years old in 2012. This age group is the prime group of potential renters for the proposed subject site and will likely represent a significant number of the tenants. Most of the growth is projected to occur among those between the ages of 55 and 74. However, nearly 20.0% of the growth between 2012 and 2015 will occur among the 25 to 34 age cohort.

c. Elderly and Non-Elderly Population

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

d. Special Needs Population

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

2. HOUSEHOLD TRENDS

a. Total Households

Within the Gaffney Site PMA, households increased by 879 (12.0%) between 1990 and 2000. Household trends within the Gaffney Site PMA are summarized as follows:

	Year			
	1990 (Census)	2000 (Census)	2012 (Estimated)	2015 (Projected)
Households	7,337	8,216	8,181	8,309
Household Change	-	879	-35	128
Percent Change	-	12.0%	-0.4%	1.6%
Household Size	2.63	2.45	2.47	2.47

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

Between 2000 and 2012, households declined by 35 or 0.4%. It is projected that by 2015, there will be 8,309 households, an increase of 128 households, or 1.6% over 2012 levels. This is an increase of approximately 43 households annually over the next three years. This projected household growth further demonstrates a stable base of potential support for the proposed subject development.

b. Household by Tenure

Households by tenure are distributed as follows:

Tenure	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	5,036	61.3%	4,462	54.5%	4,527	54.5%
Renter-Occupied	3,180	38.7%	3,719	45.5%	3,782	45.5%
Total	8,216	100.0%	8,181	100.0%	8,309	100.0%

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

In 2012, homeowners occupied 54.5% of all occupied housing units, while the remaining 45.5% were occupied by renters. The share of renters is relatively high and the 3,719 renter households represent a good base of potential renters in the market for the proposed subject development. By 2015 it is projected that the number of renter households will increase by 63 households.

c. Households by Income

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

Household Income	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	1,310	15.9%	1,303	15.9%	1,316	15.8%
\$10,000 to \$19,999	1,432	17.4%	1,377	16.8%	1,387	16.7%
\$20,000 to \$29,999	1,250	15.2%	1,267	15.5%	1,284	15.5%
\$30,000 to \$39,999	1,165	14.2%	1,082	13.2%	1,093	13.2%
\$40,000 to \$49,999	938	11.4%	923	11.3%	940	11.3%
\$50,000 to \$59,999	745	9.1%	726	8.9%	738	8.9%
\$60,000 to \$74,999	564	6.9%	607	7.4%	625	7.5%
\$75,000 to \$99,999	499	6.1%	505	6.2%	516	6.2%
\$100,000 to \$124,999	141	1.7%	192	2.3%	199	2.4%
\$125,000 to \$149,999	48	0.6%	63	0.8%	67	0.8%
\$150,000 to \$199,999	48	0.6%	52	0.6%	54	0.6%
\$200,000 & Over	77	0.9%	84	1.0%	88	1.1%
Total	8,216	100.0%	8,181	100.0%	8,309	100.0%
Median Income	\$31,000		\$31,322		\$31,528	

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

In 2000, the median household income was \$31,000. This increased by 1.0% to \$31,322 in 2012. By 2015, it is projected that the median household income will be \$31,528, an increase of 0.7% over 2012.

d. Average Household Size

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

e. Households by Income by Tenure

The following tables illustrate renter household income by household size for 2000, 2012 and 2015 for the Gaffney Site PMA:

Renter Households	2000 (Census)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	511	147	116	8	33	815
\$10,000 to \$19,999	280	201	148	78	28	735
\$20,000 to \$29,999	216	181	91	60	30	578
\$30,000 to \$39,999	75	150	79	61	55	420
\$40,000 to \$49,999	58	67	63	67	41	297
\$50,000 to \$59,999	13	46	30	6	40	135
\$60,000 to \$74,999	18	28	10	11	9	75
\$75,000 to \$99,999	21	29	8	11	8	77
\$100,000 to \$124,999	6	7	3	3	2	20
\$125,000 to \$149,999	5	0	1	0	1	6
\$150,000 to \$199,999	2	3	2	1	1	10
\$200,000 & Over	5	3	1	1	2	12
Total	1,211	862	552	305	250	3,180

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2012 (Estimated)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	638	123	117	8	26	912
\$10,000 to \$19,999	319	191	153	91	28	781
\$20,000 to \$29,999	288	204	114	73	33	711
\$30,000 to \$39,999	95	161	89	66	58	469
\$40,000 to \$49,999	101	72	75	81	50	378
\$50,000 to \$59,999	19	53	40	6	53	171
\$60,000 to \$74,999	33	37	12	14	13	110
\$75,000 to \$99,999	34	39	10	14	11	107
\$100,000 to \$124,999	13	11	3	6	4	37
\$125,000 to \$149,999	8	2	1	1	1	12
\$150,000 to \$199,999	4	3	3	1	2	12
\$200,000 & Over	9	4	2	2	2	19
Total	1,560	899	618	362	281	3,719

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2015 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	655	117	118	8	26	925
\$10,000 to \$19,999	319	185	151	91	28	774
\$20,000 to \$29,999	291	205	121	76	34	727
\$30,000 to \$39,999	92	161	92	67	62	474
\$40,000 to \$49,999	109	70	76	84	52	390
\$50,000 to \$59,999	20	54	43	6	55	178
\$60,000 to \$74,999	38	37	13	15	16	118
\$75,000 to \$99,999	35	39	11	13	13	111
\$100,000 to \$124,999	14	11	3	6	5	40
\$125,000 to \$149,999	9	2	1	1	1	14
\$150,000 to \$199,999	4	3	3	2	1	12
\$200,000 & Over	10	4	1	2	2	20
Total	1,595	889	631	370	295	3,782

Source: Ribbon Demographics; ESRI; Urban Decision Group

Between 2012 and 2015, the overall population and number of households within the Gaffney Site PMA are projected to increase by 343 (1.7%) and 128 (1.6%), respectively. Further, the proposed subject project will offer two-, three- and four-bedroom units targeting family (general-occupancy) households. As such, the prime group of potential renters, ages 25 to 64, is projected to comprise nearly 50.0% of the total population in 2015. Additionally, the number of renter households is projected to increase between 2012 and 2015, while comprising more than 45.0% of all households in 2015. Overall, these trends indicate a stable and increasing base of potential support for the proposed subject site.

G. PROJECT-SPECIFIC DEMAND ANALYSIS

1. INCOME RESTRICTIONS

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

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

The subject site is located within Cherokee County, South Carolina, which has a four-person median household income of \$49,100 for 2012. The proposed subject property will be restricted to households with incomes of up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size for each targeted AMHI level.

Household Size	Targeted AMHI Level Maximum Allowable Income (Cherokee County, South Carolina 2012)	
	50%	60%
One-Person	\$18,350	\$22,020
Two-Person	\$20,950	\$25,140
Three-Person	\$23,600	\$28,320
Four-Person	\$26,200	\$31,440
Five-Person	\$28,300	\$33,960
Six-Person	\$30,400	\$36,480

The largest proposed units (four-bedroom) at the proposed subject site are expected to house up to six-person households. As such, the maximum allowable income at the subject site is \$36,480.

2. AFFORDABILITY

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

The proposed LIHTC units will have a lowest gross rent of \$514 (at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,168. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$17,625.

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

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$17,625	\$30,400
Tax Credit (Limited To 60% Of AMHI)	\$18,135	\$36,480
Overall Project	\$17,625	\$36,480

3. DEMAND COMPONENTS

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

- a. **Demand for New Households.** *New units required in the market area due to projected household growth should be determined using 2012 Census data estimates and projecting forward to the anticipated placed-in-service date of the project (2015) using a growth rate established from a reputable source such as ESRI. The population projected must be limited to the age and income cohort and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.*

In instances where a significant number (more than 20%) of proposed rental units are comprised of three- and four-bedroom units, analysts must refine the analysis by factoring in the number of large households (generally four-person +). A demand analysis that does not consider this may overestimate demand.

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

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

- 2) **Households living in substandard housing (units that lack complete plumbing or those that are overcrowded).** *Households in substandard housing should be adjusted for age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would be a realistic source of demand. The market analyst is encouraged to be conservative in their estimate of demand from both households that are rent-overburdened and/or living in substandard housing.*
- 3) **Elderly Homeowners likely to convert to rentership:** *The Authority recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. A narrative of the steps taken to arrive at this demand figure should be included.*
- 4) **Other:** *Please note, the Authority does not, in general, consider household turnover rates other than those of elderly to be an accurate determination of market demand. However, if an analyst firmly believes that demand exists which is not being captured by the above methods, she/he may be allowed to consider this information in their analysis. The analyst may also use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under-built or over-built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted from the demand analysis described above.*

4. METHODOLOGY

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

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

5. DEMAND/CAPTURE RATE CALCULATIONS

Within the Site PMA, we identified seven LIHTC properties. None of these properties were funded and/or built during the projection period (2012 to current). We did not identify any projects that were placed in service prior to 2012 that have not reached a stabilized occupancy. The seven projects are summarized as follows:

Map I.D.	Project Name	Year Built/Renovated	LIHTC Units	Units At Targeted AMHI	
				50% AMHI	60% AMHI
8	Fairfield Apartments	1980/1995*	60	0	60
9	Huntington Square Apartments	1982	48	0	48
10	Iveywood Park Apartments	1997	96	46	50
11	Lockhart Lane Apartments	1990	32	0	32
13	Peachtree Apartments	1975/1990*	28	0	28
15	Ryan Park Apartments	1989	48	0	48
20	White Oak Apartments	1980/1994*	50	0	50

*Year renovated

None of the preceding units were included in the following demand estimates.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% AMHI (\$17,625-\$30,400)	60% AMHI (\$18,135-\$36,480)	Overall (\$17,625-\$36,480)
Demand for New Renter Households (Age- and Income Appropriate)	930 – 915 = 15	1,179 - 1,161 = 18	1,218 - 1,200 = 18
+			
Demand from Existing Renter Households (Rent Overburdened)	915 X 28.7% = 263	1,161 X 20.4% = 237	1,200X 24.8% = 298
+			
Demand from Existing Renter Households (Renters in Substandard Housing)	915 X 3.9% = 36	1,161 X 3.9% = 45	1,200 X 3.9% = 47
+			
Demand from Existing Owner Households (Homeowner Conversion)	N/A	N/A	N/A
=			
Total Demand	314	300	363
-			
Supply (Directly Comparable Units Built and/or Funded Since 2012)	0	0	0
=			
Net Demand	314	300	363
-			
Proposed Units	11	33	44
-			
Proposed Units/ Net Demand	11 / 314	33 / 300	44 / 363
-			
Capture Rate	= 3.5%	= 11.0%	= 12.1%

Typically under this methodology, capture rates below 30% are acceptable, while capture rates under 20% are ideal. The capture rate of 3.5% is considered low and easily achievable for the units at 50% of AMHI, while the capture rate of 11.0% for the units at 60% of AMHI and the overall capture rate of 12.1% are considered good and achievable. These relatively low capture rates ranging from 3.5% to 12.1% indicate a sufficient base of demographic support for the subject project as proposed.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	25%
Two-Bedroom	35%
Three-Bedroom	30%
Four-Bedroom	10%
Total	100.0%

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

Units Targeting 50% Of AMHI (314 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (25%)	79	0	79	N/A	N/A
Two-Bedroom (35%)	110	0	110	8	7.3%
Three-Bedroom (30%)	94	0	94	3	3.2%
Four-Bedroom (10%)	31	0	31	N/A	N/A

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

The capture rates by bedroom type for the proposed 50% income level are considered low, ranging from 3.2% to 7.3%. These capture rates are considered achievable and indicate that sufficient support exists for the 11 proposed units at 50% of AMHI.

Units Targeting 60% Of AMHI (300 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (25%)	75	0	75	N/A	N/A
Two-Bedroom (35%)	105	0	105	8	7.6%
Three-Bedroom (30%)	90	0	90	21	23.3%
Four-Bedroom (10%)	30	0	30	4	13.3%

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

The capture rates by bedroom type for the proposed 60% income level units range from 7.6% to 23.3%. Although relatively high, the capture rate for the three-bedroom units at 60% of AMHI is considered acceptable at 25.0% and is believed to be achievable given the proposed subject rents are the lowest in the market and will likely be viewed as a substantial value.

6. ABSORPTION PROJECTIONS

For the purpose of this analysis, we assume the absorption period at the proposed subject site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow Agency guidelines that assume a 2015 opening date for the site, we also assume that the first completed units at the site will be available for rent sometime in 2015. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and will continue to monitor market conditions during the project's initial lease-up period.

It is our opinion that the proposed 44 LIHTC units at the subject site will experience an average initial absorption rate of five to six units per month and reach a stabilized occupancy of 93.0% within seven to eight months.

H. RENTAL HOUSING ANALYSIS (SUPPLY)

1. COMPETITIVE DEVELOPMENTS

The proposed subject project will offer two-, three- and four-bedroom units to family households (general-occupancy) earning up to 50% and 60% of Area Median Household Income (AMHI). We identified and surveyed seven general-occupancy Low-Income Housing Tax Credit (LIHTC) properties within the Gaffney Site PMA. These properties target households with incomes of up to 50% and/or 60% of AMHI; therefore, they are considered competitive properties.

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Cypress Mill, LLC	2014	44	-	-	-	Families; 50% & 60% AMHI
8	Fairfield Apts.	1980 / 1995	60	98.3%	1.1 Miles	None	Families; 60% AMHI & RD 515
9	Huntington Square Apts.	1982 / 2009	48	93.8%	1.0 Miles	1 & 3-BR: 3 H.H.	Families; 60% AMHI & RD 515
10	Iveywood Park Apts.	1997	96	86.5%	1.6 Miles	None	Families; 50% & 60% AMHI
11	Lockhart Lane Apts.	1990	32	100.0%	0.3 Miles	7 H.H.	Families; 60% AMHI & RD 515
13	Peachtree Apts.	1975 / 1990	28	100.0%	5.7 Miles	15 H.H.	Families; 60% AMHI & RD 515
15	Ryan Park Apts.	1989	48	100.0%	1.1 Miles	3 H.H.	Families; 60% AMHI & RD 515
20	White Oak Apts.	1980 / 1994	50	100.0%	1.3 Miles	2-BR: 3 H.H.	Families; 60% AMHI & RD 515

OCC. – Occupancy

The seven comparable LIHTC projects have a combined occupancy rate of 95.3%, indicating a strong demand for affordable housing in the market. Additionally, five of these projects maintain waiting lists. Six of these projects also operate under the Rural Development 515 (RD 515) program, offering Rental Assistance on some units. However, many of the units at these projects do not have Rental Assistance and serve as potential competitive properties to the proposed subject project, as residents residing in units without Rental Assistance are likely paying rents between basic and market rents. These projects are generally older and have been renovated using Tax Credit financing. The only non-Rural Development Tax Credit project is Iveywood Park Apartments (Map ID 10). This 96-unit non-subsidized Tax Credit project represents a good base of comparison with the proposed subject project.

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Units)				Rent Special
		One-Br.	Two-Br.	Three-Br.	Four-Br.	
Site	Lockhart Lane	-	\$514/50% (8) \$529/60% (8)	\$613/50% (3) \$623/60% (21)	\$657/60% (4)	-
8	Fairfield Apts.	\$616-\$735*/60% (24)	\$669-\$840*/60% (36)	-	-	None
9	Huntington Square Apts.	\$577-\$660*/60% (8)	\$686-\$769*/60% (32)	\$740-\$823*/60% (8)	-	None
10	Iveywood Park Apts.	-	\$611/50% (23) \$719/60% (25)	\$717/50% (23) \$853/60% (25)	-	None
11	Lockhart Lane Apts.	\$589-\$779*/60% (8)	\$665-\$859*/60% (24)	-	-	None
13	Peachtree Apts.	-	\$793-\$936*/60% (28)	-	-	None
15	Ryan Park Apts.	\$600-\$654*/60% (16)	\$685-\$799*/60% (32)	-	-	None
20	White Oak Apts.	\$624-\$685*/60% (24)	\$683-\$784*/60% (26)	-	-	None

*Denotes basic and market rents

The proposed subject gross rents, ranging from \$514 to \$657, will be the lowest priced LIHTC units targeting similar income levels in the market. Specifically, the proposed subject gross rents are significantly lower than the one non-subsidized Tax Credit project (Iveywood Park Apartments) within the Site PMA. Further, the proposed subject project will offer the only four-bedroom LIHTC units in the market. As such, the well positioned proposed gross rents and the four-bedroom units to be offered will likely create a marketing advantage and enhance marketability of the proposed project during the initial lease-up. None of the seven comparable LIHTC properties are currently offering rent concessions.

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

Project Name	Number of Vouchers
Fairfield Apartments	5 - 10
Huntington Square Apartments	11
Iveywood Park Apartments	20
Lockhart Lane Apartments	5
Ryan Park Apartments	10
White Oak Apartments	6

Additionally, the South Carolina Regional Housing Authority reported that there are currently 160 Housing Choice Voucher holders within the housing authority’s jurisdiction and 100 people currently on the waiting list for additional vouchers. These numbers reflect the continuing need for Housing Choice Voucher assistance.

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



10 Iveywood Park Apts.

1.6 miles to site



Address	112 Martin Ln. Gaffney, SC 29341		
Phone	(864) 488-0093	Contact	Crystal
Total Units	96	Vacancies	13
		Percent Occupied	86.5%
Project Type	Tax Credit		
Year Open	1997	Floors	2
Concessions	Reported 2-br 60% AMHI rent discounted		
Age Restrictions	NONE		
Waiting List	NONE		
Ratings:	Quality A-	Neighborhood B	Access/Visibility
Remarks	50% & 60% AMHI; HOME Funds (10 units at 50% AMHI); HCV (20 units); Typical 2-br 60% rent is \$545		

FEATURES AND UTILITIES

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Blinds
Project Amenities	On-site Management, Laundry Facility, Club House, Playground, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	1.5	G	25	12	921	\$0.54	\$499	60%
2	1.5	G	23	0	921	\$0.42	\$391	50%
3	2	G	25	1	1151	\$0.52	\$595	60%
3	2	G	23	0	1151	\$0.40	\$459	50%

8 Fairfield Apts.

1.1 miles to site




Address	100 Fairfield Dr. Gaffney, SC 29341		
Phone	(864) 487-5724	Contact	Trish
Total Units	60	Vacancies	1
		Percent Occupied	98.3%
Project Type	Tax Credit & Government-Subsidized		
Year Open	1980	Renovated	1995
		Floors	1
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	NONE		
Ratings:	Quality B	Neighborhood B	Access/Visibility
Remarks	60% AMHI; RD 515, has RA (36 units); HCV (5-10 units)		

FEATURES AND UTILITIES

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Playground, Picnic Area, Social Services
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	24	0	600	\$0.76 - \$0.96	\$457 to \$576	60%
2	1	G	36	1	875	\$0.55 - \$0.75	\$482 to \$653	60%

9		Huntington Square Apts.		1.0 miles to site			
 	Address		100 Huntington Square Dr. Gaffney, SC 29340				
	Phone		(864) 489-3551		Contact Jennifer		
	Total Units		48		Vacancies 3	Percent Occupied 93.8%	
	Project Type Tax Credit & Government-Subsidized						
	Year Open		1982		Renovated 2009	Floors 2	
	Concessions No Rent Specials						
	Age Restrictions NONE						
	Waiting List 1 & 3-br: 3 HH						
	Ratings:		Quality B-		Neighborhood B		Access/Visibility
	Remarks 60% AMHI; RD 515, no RA; HCV (11 units)						

FEATURES AND UTILITIES

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Playground, Storage, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	8	0	628	\$0.63 - \$0.76	\$397 to \$480	60%
2	1.5	T	32	3	880	\$0.53 - \$0.62	\$466 to \$549	60%
3	1.5	T	8	0	1026	\$0.47 - \$0.55	\$482 to \$565	60%

11 Lockhart Lane Apts.

0.3 miles to site



Address 473 Lockhart Ln.
Gaffney, SC 29341

Phone (864) 487-9277 **Contact** Nikki

Total Units 32 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit & Government-Subsidized

Year Open 1990 **Floors** 1,2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List 7 households

Ratings: **Quality** B- **Neighborhood** B **Access/Visibility**

Remarks 60% AMHI; RD 515, has RA (5 units); HCV (5 units);
Square footage estimated

FEATURES AND UTILITIES

Utilities Landlord pays Trash
Unit Amenities Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
Project Amenities On-site Management, Laundry Facility, Playground
Parking Surface Parking

UNIT CONFIGURATION

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	8	0	600	\$0.68 - \$1.00	\$409 to \$599	60%
2	1.5	T	24	0	975	\$0.46 - \$0.66	\$445 to \$639	60%

13 Peachtree Apts.

5.7 miles to site



Address	100 Killion Dr. Gaffney, SC 29340		
Phone	(704) 357-6000	Contact	Kathy
Total Units	28	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit & Government-Subsidized		
Year Open	1975	Renovated	1990
		Floors	1,2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	15 households		
Ratings:	Quality B-	Neighborhood B	Access/Visibility
Remarks	60% AMHI; RD 515, has RA (28 units); Square footage estimated		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Blinds
Project Amenities	On-site Management, Playground, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	1	G	12	0	785	\$0.80 - \$0.98	\$625 to \$768	60%
2	1.5	T	16	0	900	\$0.73 - \$0.85	\$655 to \$768	60%

15 Ryan Park Apts.

1.1 miles to site



Address	400 Bonner Lake Rd. Gaffney, SC 29340		
Phone	(864) 489-8126	Contact	Kerry
Total Units	48	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit & Government-Subsidized		
Year Open	1989	Floors	2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	3 households		
Ratings:	Quality B-	Neighborhood B	Access/Visibility
Remarks	60% AMHI; RD 515, has RA (24 units); HCV (10 units)		

FEATURES AND UTILITIES

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Playground, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	16	0	700	\$0.60 - \$0.68	\$420 to \$474	60%
2	1	G	32	0	900	\$0.52 - \$0.64	\$465 to \$579	60%

20 White Oak Apts.

1.3 miles to site



Address	100 White Oak Dr. Gaffney, SC 29341		
Phone	(843) 662-1771	Contact	Tammy
Total Units	50	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit & Government-Subsidized		
Year Open	1980	Renovated	1994
		Floors	1,2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	2-br: 3 households		
Ratings:	Quality B+	Neighborhood B	Access/Visibility
Remarks	60% AMHI; RD 515, has RA (36 units); HCV (6 units); 2-br units have washer/dryer hookups		

FEATURES AND UTILITIES

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	24	0	625	\$0.71 - \$0.81	\$444 to \$505	60%
2	1.5	T	26	0	872	\$0.53 - \$0.65	\$463 to \$564	60%

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

		Square Footage			
Map I.D.	Project Name	One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Lockhart Lane	-	1,100	1,250	1,400
8	Fairfield Apts.	600	875	-	-
9	Huntington Square Apts.	628	880	1,026	-
10	Iveywood Park Apts.	-	921	1,151	-
11	Lockhart Lane Apts.	600	975	-	-
13	Peachtree Apts.	-	785 - 900	-	-
15	Ryan Park Apts.	700	900	-	-
20	White Oak Apts.	625	872	-	-

		Number of Baths			
Map I.D.	Project Name	One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Lockhart Lane	-	2.0	2.0	2.5
8	Fairfield Apts.	1.0	1.0	-	-
9	Huntington Square Apts.	1.0	1.5	1.5	-
10	Iveywood Park Apts.	-	1.5	2.0	-
11	Lockhart Lane Apts.	1.0	1.5	-	-
13	Peachtree Apts.	-	1.0 - 1.5	-	-
15	Ryan Park Apts.	1.0	1.0	-	-
20	White Oak Apts.	1.0	1.5	-	-

The proposed development will offer the largest unit sizes (square feet) among the comparable properties identified. Additionally, the proposed development will offer the most bathrooms among the comparable two-bedroom units, while the number of bathrooms to be offered in the three-bedroom units will be competitive among the comparable three-bedroom units. The four-bedroom units to be offered will be the only four-bedroom LIHTC units in the market and are considered to be appropriately sized (square feet) and offer an appropriate number of bathrooms. As such, based on the preceding tables, the proposed subject project will be competitive with the existing comparable LIHTC projects in the market.

The following tables compare the appliances and the unit and project amenities of the subject site with existing Tax Credit properties in the market.

COMPARABLE PROPERTIES AMENITIES - GAFFNEY, SOUTH CAROLINA

MAP ID	APPLIANCES						UNIT AMENITIES													
	RANGE	REFRIGERATOR	ICEMAKER	DISHWASHER	DISPOSAL	MICROWAVE	CENTRAL AC	WINDOW AC	FLOOR COVERING	WASHER AND DRYER	W/D HOOKUP	PATIO/DECK/BALCONY	CEILING FAN	BASEMENT	INTERCOM	SECURITY	WINDOW TREATMENTS	E-CALL BUTTONS	PARKING	OTHER
SITE	X	X	X	X		X	X		C		X	X	X				X		S	
10	X	X		X	X		X		C		X						B		S	
8	X	X					X		C		X	X	X				B		S	
9	X	X					X		C		X	X	X				B		S	
11	X	X					X		C		X		X				B		S	
13	X	X					X		C		X						B		S	
15	X	X					X		C		X	X	S				B		S	
20	X	X					X		C		S	X	S				B		S	

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

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

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

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

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

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



COMPARABLE PROPERTIES AMENITIES - GAFFNEY, SOUTH CAROLINA

MAP ID	PROJECT AMENITIES													OTHER					
	POOL	ON-SITE MGMT	LAUNDRY	CLUB HOUSE	COMMUNITY SPACE	FITNESS CENTER	JACUZZI / SAUNA	PLAYGROUND	TENNIS COURT	SPORTS COURT	STORAGE	ELEVATOR	SECURITY GATE		COMPUTER LAB	LIBRARY	PICNIC AREA	SOCIAL SERVICES	BUSINESS CENTER
SITE		X	X	X	X	X		X			X			X		X			Security Cameras
10		X	X	X				X								X			
8		X						X								X	X		
9		X	X		X			X		X						X			
11		X	X					X											
13		X						X								X			
15		X	X					X								X			
20		X	X		L														

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

X - All Units	
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(s) - Some	

Sports Courts	
B - Basketball	
D - Baseball Diamonds	
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V - Volleyball	
X - Multiple	

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

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



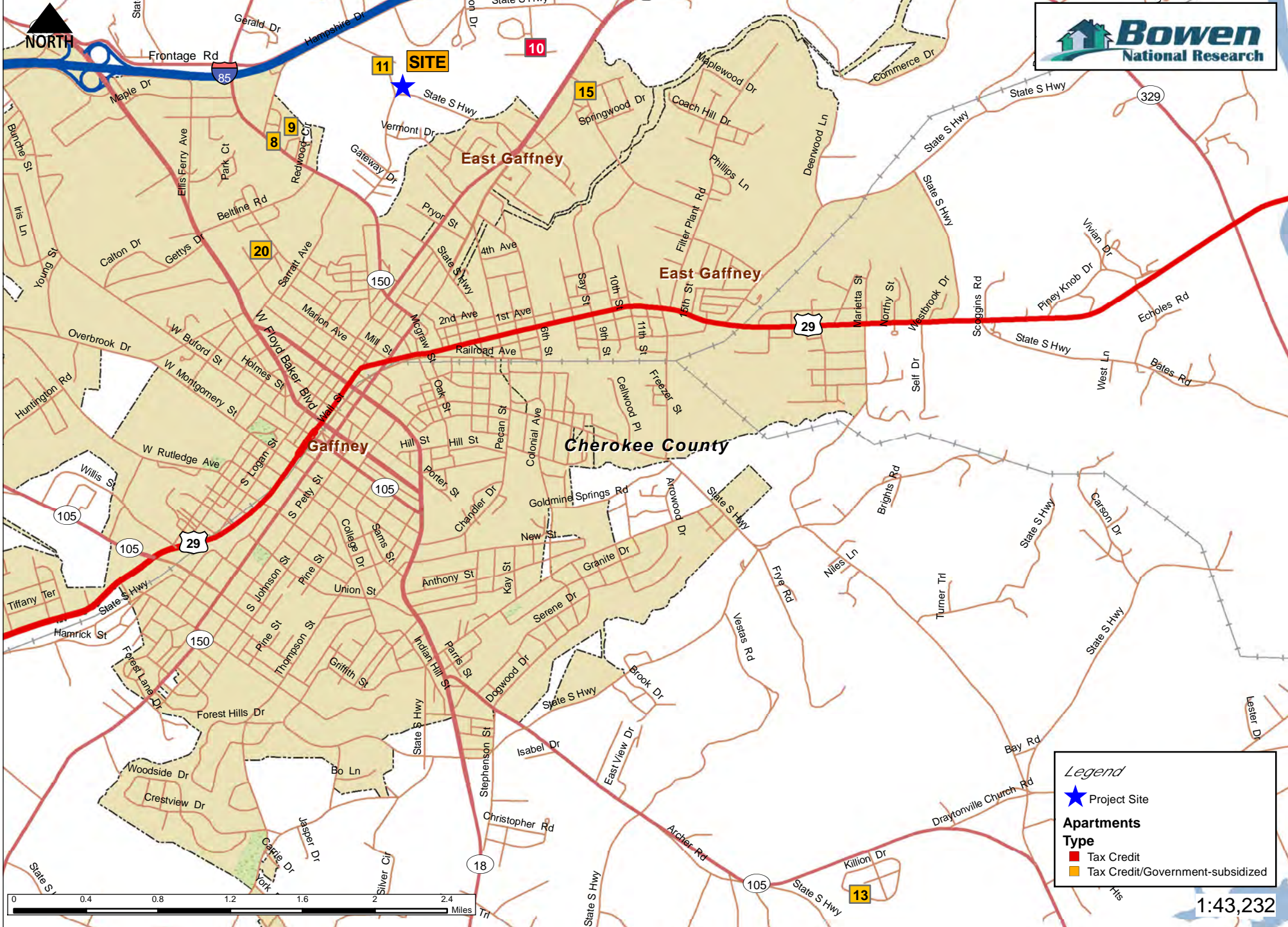
The proposed project will offer amenity packages considered to be superior to those offered at the comparable LIHTC projects in the market. Specifically, the inclusion of a microwave oven in each unit, along with project amenities such as a community space, fitness center, computer center, security cameras and additional storage space will likely create a marketing advantage for the proposed development. The subject development does not appear to lack any key amenities that would adversely impact marketability.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the subject development will be competitive with these properties.

2. COMPARABLE TAX CREDIT PROPERTIES MAP

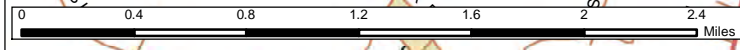
A map illustrating the location of the comparable properties we surveyed is on the following page.

Gaffney, SC: Comparable LIHTC Property Locations



Legend

- Project Site
- Apartments Type**
- Tax Credit
- Tax Credit/Government-subsidized



1:43,232

3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Gaffney Site PMA in 2000 and 2012 (estimated) are summarized in the following table:

Housing Status	2000 (Census)		2012 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	8,216	90.8%	8,181	86.0%
Owner-Occupied	5,036	61.3%	4,462	54.5%
Renter-Occupied	3,180	38.7%	3,719	45.5%
Vacant	833	9.2%	1,336	14.0%
Total	9,049	100.0%	9,516	100.0%

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

Based on a 2012 update of the 2000 Census, of the 9,516 total housing units in the market, 14.0% were vacant. In 2012, it was estimated that homeowners occupied 54.5% of all occupied housing units, while the remaining 45.5% were occupied by renters. It should be noted that the 1,336 vacant units include dilapidated, vacant and for-sale housing. As such, these vacancies may not be reflective of the Gaffney rental housing market. Further, it should be noted that both the number and share of renter-occupied units increased within the Site PMA between 2000 and 2012. The share of renters is considered high and represents a good base of potential renters in the market for the subject development.

We identified and personally surveyed 25 conventional housing projects containing a total of 1,528 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 94.9%, a good rate for rental housing. Among these projects, ten are non-subsidized (market-rate and Tax Credit) projects containing 674 units. These non-subsidized units are 89.0% occupied. The remaining 15 projects contain 854 government-subsidized units, which are 99.5% occupied.

It should be noted that one additional market-rate property was identified within the Gaffney rental housing market. This additional market-rate project is located at 201 Chandler Drive in Gaffney, South Carolina. Despite multiple attempts to contact management at this project, we were unable to obtain detailed information regarding unit mix, square footage, rents and amenities. However, during our research it was determined that this property has recently been sold and is under new ownership, which is unknown at this time. Further, it was also determined that this project is currently completely vacant, as ownership has been court ordered to rehabilitate the project.

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

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	9	578	61	89.4%
Tax Credit	1	96	13	86.5%
Tax Credit/Government-Subsidized	6	266	4	98.5%
Government-Subsidized	9	588	0	100.0%
Total	25	1,528	78	94.9%

Overall the rental housing market is performing well, with a 94.9% overall occupancy rate. However, the market-rate and non-subsidized Tax Credit segments are currently operating with less than stable occupancy rates, while the subsidized Tax Credit and government-subsidized segments are performing extremely well.

It should be noted that the 86.5% occupancy rate reported among non-subsidized Tax Credit projects is reflective of only one non-subsidized Tax Credit property in the market, Iveywood Park Apartments (Map ID 10). Management at this non-subsidized Tax Credit project attributes this less than stable occupancy rate to recent move-outs. According to management, many of these move-outs were due to tenants who have recently experienced economic hardships. Based on Bowen National Research's knowledge of the Gaffney rental market, this property previously reported a 93.8% occupancy rate (6.2% vacancy rate) in November 2011. Further, as reported in the South Carolina second and fourth quarter vacancy rate report, this property has historically operated with vacancy rates of 5.2% and 10.4% during the second and fourth quarters of 2011, respectively. Combined, these three survey dates yield an average vacancy rate of 7.2% for Iveywood Park Apartments since 2011.

Additionally, there are six government-subsidized Tax Credit projects that exist in the market and operate under the Rural Development 515 (RD 515) program, offering Rental Assistance on some units. However, of the 266 units at these six projects, 137 do not have Rental Assistance. As such, residents residing in units without Rental Assistance are likely paying rents between basic and market rents, that are directly comparable to Tax Credit properties. Of these 137 Tax Credit units which do not provide Rental Assistance, only four are vacant. Combined with Iveywood Park Apartments, there are 233 Tax Credit units within the Gaffney Site PMA that do not operate with a direct subsidy. These units have a combined occupancy rate of 92.7%, which indicates that there is sufficient demographic support for affordable Tax Credit units in the market. This also demonstrates that the less than stable occupancy rate currently reported at Iveywood Park Apartments is not reflective of the affordable rental housing market in Gaffney.

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

Market-rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
Studio	1.0	32	5.5%	8	25.0%	\$650
One-Bedroom	1.0	170	29.4%	21	12.4%	\$616
Two-Bedroom	1.0	145	25.1%	20	13.8%	\$741
Two-Bedroom	1.5	75	13.0%	1	1.3%	\$770
Two-Bedroom	2.0	58	10.0%	3	5.2%	\$871
Three-Bedroom	1.0	20	3.5%	3	15.0%	\$748
Three-Bedroom	1.5	8	1.4%	1	12.5%	\$937
Three-Bedroom	2.0	66	11.4%	4	6.1%	\$958
Four-Bedroom	2.0	3	0.5%	0	0.0%	\$906
Five-Bedroom	2.0	1	0.2%	0	0.0%	\$1,332
Total Market-rate		578	100.0%	61	10.6%	-

The market-rate units are 89.4% occupied. However, 47 of the 61 vacant market-rate units in the market are concentrated among two projects, Magnolia Ridge Apartments and Westwood Apartments (Map IDs 12 and 19, respectively). Management at these two projects attributed these vacancies to a change in ownership at the Magnolia Ridge Apartments and move-outs of temporary construction workers at the Westwood Apartments who were working on a project in the area. Further, management at the Magnolia Ridge Apartments indicated that there were many vacant units at this project when the new ownership acquired the property and that the new ownership has been working to fill these vacancies left by the previous owner. However, based on our review of these projects, we believe vacancies are also attributed to the small units offered at these projects (512 and 720 square foot one-bedroom units, 768 and 860 square foot two-bedroom units and 960 and 1,000 square foot three-bedroom units), which are among smallest in the market.

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

Year Built	Projects	Units	Vacancy Rate
Before 1970	0	0	0.0%
1970 to 1979	3	185	10.8%
1980 to 1989	2	214	16.4%
1990 to 1999	2	144	9.7%
2000 to 2004	0	0	0.0%
2005	0	0	0.0%
2006	0	0	0.0%
2007	0	0	0.0%
2008	1	114	3.5%
2009	1	5	20.0%
2010	0	0	0.0%
2011	1	12	0.0%
2012*	0	0	0.0%
Total	10	674	11.0%

*As of December

More than 27% of all apartments surveyed were built prior to 1980. These older apartments have a vacancy rate of 10.8%, lower than the overall market. Approximately 131 conventional apartment units have been added to the market during the past five years. As such, the existing rental housing stock is considered to be balanced.

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

Bedroom Type	Proposed Subject	Gross Rent		Units (Share) with Rents Above Proposed Rents
		Existing Rentals		
		Median	Range	
Two-Bedroom	\$514-50%	\$745	\$611 - \$921	326 (100.0%)
	\$529-60%			326 (100.0%)
Three-Bedroom	\$613-50%	\$868	\$717 - \$1,059	142 (100.0%)
	\$623-60%			142 (100.0%)
Four+-Bedroom	\$657-60%	\$906	\$906 - \$1,332	4 (100.0%)

The proposed subject rents will be the lowest rents among all Tax Credit and market-rate units in the market. This will have a positive impact on the project's initial lease-up and ongoing marketability. The appropriateness of the proposed rents is evaluated in detail in the Achievable Market Rent Analysis section of this report.

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

Market-rate			
Quality Rating	Projects	Total Units	Vacancy Rate
A	1	5	20.0%
A-	1	92	7.6%
B+	2	126	3.2%
B	3	224	16.5%
B-	2	131	9.2%

Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A-	1	96	13.5%

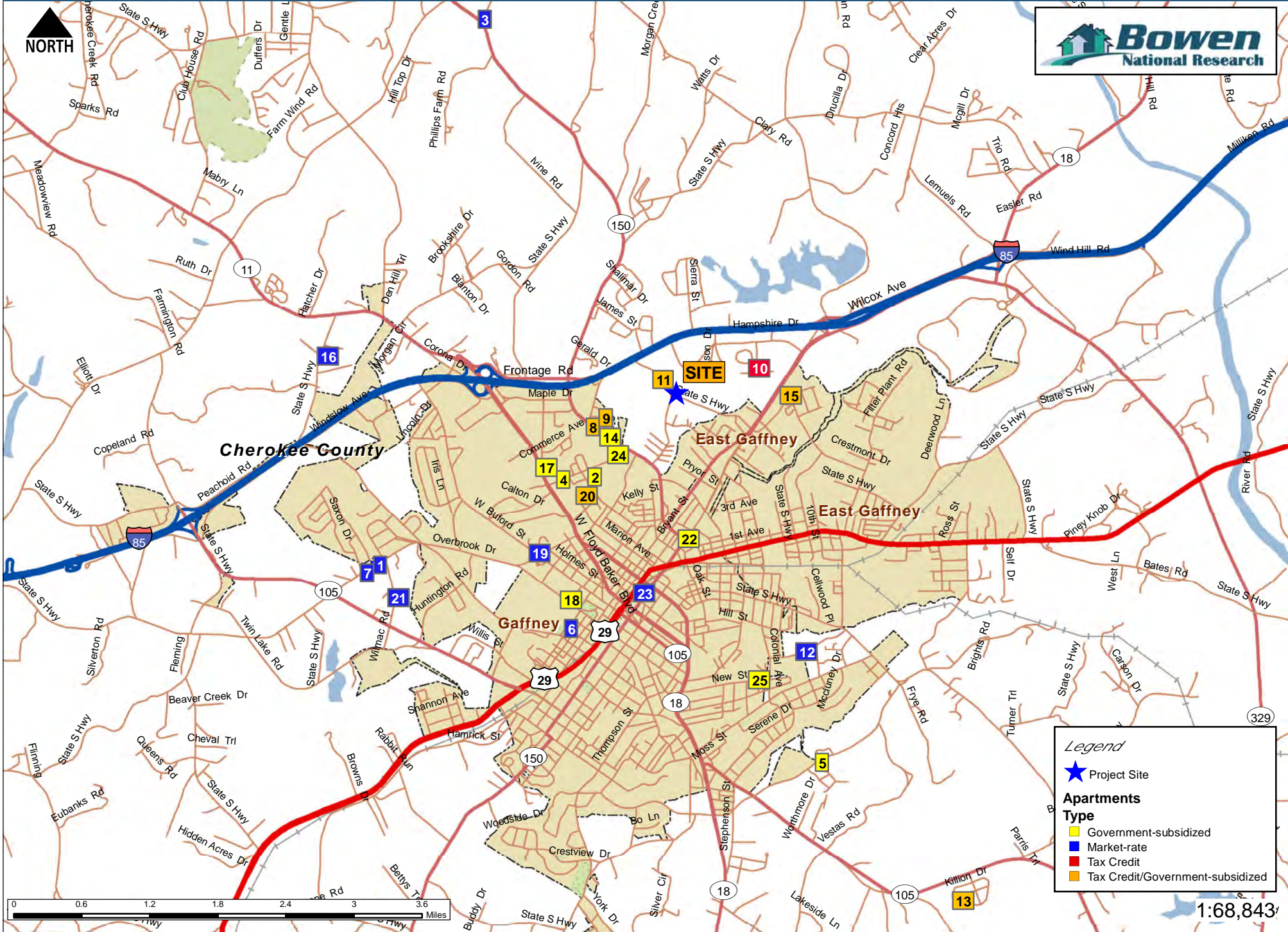
Overall, there does not appear to be a correlation between vacancy rates and quality levels of product. The 20.0% vacancy rate among the “A” rated market-rate product is attributed to one vacant unit at small five-unit Limestone Lofts property. Further, the 16.5% vacancy rate among the “B” rated market-rate product is attributed to the previously mentioned Westwood Apartments that has the smallest units in the market. The proposed subject project is anticipated to be of excellent quality, which should contribute to the subject project’s marketability.

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

4. RENTAL HOUSING INVENTORY MAP

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

Gaffney, SC: Apartment Locations



Legend

- Project Site
- Apartments Type**
- Government-subsidized
- Market-rate
- Tax Credit
- Tax Credit/Government-subsidized



1:68,843

5. & 6. PLANNED AND PROPOSED DEVELOPMENTS

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

7. ADDITIONAL SCSHFDA VACANY DATA

Stabilized Comparables

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

As discussed earlier in this analysis, we identified a total of seven comparable LIHTC projects within the Site PMA that have received Tax Credit funding. Our methodology for identifying conceptual comparability are those projects that target a similar age cohort, are of similar design, offered similar amenity packages, have a year built or received significant renovations no earlier than 1980. The seven stabilized comparable Tax Credit projects identified in the Site PMA are detailed as follows:

Stabilized Comparable Tax Credit and Market-Rate Projects					
Map I.D.	Project Name	Year Built/Renovated	Project Type	Total Units	Occupancy Rate
Site	Cypress Mill, LLC	2014	TC	44	-
8	Fairfield Apts.	1980/1995*	TC	60	98.3%
9	Huntington Square Apts	1982/2009*	TC	48	93.8%
10	Iveywood Park Apts.	1997	TC**	96	86.5%
11	Lockhart Lane Apts.	1990	TC	32	100.0%
13	Peachtree Apts.	1975/1990*	TC	28	100.0%
15	Ryan Park Apts.	1989	TC	48	100.0%
20	White Oak Apts.	1980/1994*	TC	50	100.0%
Total				362	95.3%

*Year renovated

**Non-subsidized Tax Credit units

TC – Tax Credit

The overall occupancy rate of the seven stabilized comparable Tax Credit projects identified in the Site PMA is 95.3%. Further, it should be noted that while the three comparable market-rate projects selected to determine market rent advantage later in this section are considered conceptually comparable, they are not considered to be economically comparable. As such, these three comparable market-rate projects have not been included as stabilized comparable properties.

8. MARKET RENT ADVANTAGE

We identified three market-rate properties within the Gaffney Site PMA that we consider most comparable to the subject development. These selected properties are used to derive market rent for a project with characteristics similar to the subject development. It is important to note that for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the subject units without maximum income and rent restrictions.

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

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

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

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

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)			
					One-Br.	Two-Br.	Three-Br.	Four-Br.
Site	Lockhart Lane	2014	44	-	-	16 (-)	24 (-)	4 (-)
7	Creekside	1974 / 2007	92	92.4%	18 (88.9%)	66 (93.9%)	8 (87.5%)	-
16	Stonecrest Apts.	2008	114	96.5%	48 (95.8%)	36 (94.4%)	30 (100.0%)	-
21	Woodland Estates	1997	48	97.9%	-	40 (97.5%)	8 (100.0%)	-

Occ. - Occupancy

The three selected market-rate projects have a combined total of 254 units with an overall occupancy rate of 95.3%. None of the comparable properties has an occupancy rate below 92.4%.

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

Rent Comparability Grid

Unit Type → **TWO BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Cypress Mill, LLC		Creekside		Stonecrest Apts.		Woodland Estates					
Lockhart Lane		1230 Overbrook Dr.		102 Stonecrest Ln.		218 Woodland Rd.					
Gaffney, SC		Gaffney, SC		Gaffney, SC		Gaffney, SC					
A. Rents Charged	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1 \$ Last Rent / Restricted?		\$630		\$690		\$550					
2 Date Surveyed		Nov-12		Nov-12		Nov-12					
3 Rent Concessions		None		None		None					
4 Occupancy for Unit Type		93%		94%		94%					
5 Effective Rent & Rent/ sq. ft	▼	\$630	0.62	\$690	0.67	\$550	0.50				
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6 Structure / Stories	TH/2	TH/2		WU/3		TH/2					
7 Yr. Built/Yr. Renovated	2014	1974/2007	\$23	2008	\$6	1997	\$17				
8 Condition /Street Appeal	E	E		G	\$15	G	\$15				
9 Neighborhood	G	G		G		G					
10 Same Market?		Yes		Yes		Yes					
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11 # Bedrooms	2	2		2		2					
12 # Baths	2	1.5	\$15	2		2					
13 Unit Interior Sq. Ft.	1100	1014	\$13	1029	\$11	1100					
14 Balcony/ Patio/Sun Room	Y	Y		Y		N	\$5				
15 AC: Central/ Wall	C	C		C		C					
16 Range/ refrigerator	R/F	R/F		R/F		R/F					
17 Microwave/ Dishwasher	Y/Y	N/Y	\$5	N/Y	\$5	N/Y	\$5				
18 Washer/Dryer	HU/L	HU/L		HU/L		HU	\$5				
19 Floor Coverings	C	C		C		C					
20 Window Coverings	B	B		B		B					
21 Intercom/Security System	N/N	N/N		N/N		N/N					
22 Garbage Disposal	N	Y	(\$5)	Y	(\$5)	Y	(\$5)				
23 Ceiling Fans	Y	Y		OPT/\$40		Y					
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24 Parking (\$ Fee)	LOT/\$0	LOT/\$0		LOT/\$0		LOT/\$0					
25 On-Site Management	N	Y	(\$5)	Y	(\$5)	Y	(\$5)				
26 Security Gate	N	N		N		Y	(\$5)				
27 Clubhouse/ Meeting Rooms	Y/Y	N/N	\$10	Y/N	\$5	N/N	\$10				
28 Pool/ Recreation Areas	F	P/F	(\$10)	P/F/MT	(\$13)	N	\$5				
29 Computer Center	Y	N	\$3	N	\$3	N	\$3				
30 Picnic Area	Y	N	\$3	N	\$3	N	\$3				
31 Playground	Y	N	\$3	N	\$3	N	\$3				
32 Storage	Y	N	\$5	N	\$5	N	\$5				
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33 Heat (in rent?/ type)	N/E	N/G		N/E		N/E					
34 Cooling (in rent?/ type)	N/E	N/E		N/E		N/E					
35 Cooking (in rent?/ type)	N/E	N/E		N/E		N/E					
36 Hot Water (in rent?/ type)	N/E	N/G		N/E		N/E					
37 Other Electric	N	N		N		N					
38 Cold Water/ Sewer	N/N	N/N		N/N		N/N					
39 Trash/Recycling	Y/N	Y/N		N/N	\$11	Y/N					
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40 # Adjustments B to D		9	3	9	3	11	3				
41 Sum Adjustments B to D		\$80	(\$20)	\$56	(\$23)	\$76	(\$15)				
42 Sum Utility Adjustments				\$11							
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43 Net/ Gross Adjmts B to E		\$60	\$100	\$44	\$90	\$61	\$91				
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44 Adjusted Rent (5+ 43)		\$690		\$734		\$611					
45 Adj Rent/Last rent			109%		106%		111%				
46 Estimated Market Rent	\$680	\$0.62	←	Estimated Market Rent/ Sq. Ft							

Rent Comparability Grid

Unit Type → **THREE BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Cypress Mill, LLC		Creekside		Stonecrest Apts.		Woodland Estates					
Lockhart Lane		1230 Overbrook Dr.		102 Stonecrest Ln.		218 Woodland Rd.					
Gaffney, SC		Gaffney, SC		Gaffney, SC		Gaffney, SC					
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$730		\$790		\$700					
2	Date Surveyed	Nov-12		Nov-12		Nov-12					
3	Rent Concessions	None		None		None					
4	Occupancy for Unit Type	88%		100%		100%					
5	Effective Rent & Rent/ sq. ft	\$730	0.65	\$790	0.54	\$700	0.58				
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	TH/2		WU/3		WU/1,2					
7	Yr. Built/Yr. Renovated	2014	\$23	2008	\$6	1997	\$17				
8	Condition /Street Appeal	E		G	\$15	G	\$15				
9	Neighborhood	G		G		G					
10	Same Market?	Yes		Yes		Yes					
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		3		3					
12	# Baths	2	\$15	2		2					
13	Unit Interior Sq. Ft.	1250	\$17	1475	(\$33)	1200	\$7				
14	Balcony/ Patio/Sun Room	Y		Y		N	\$5				
15	AC: Central/ Wall	C		C		C					
16	Range/ refrigerator	R/F		R/F		R/F					
17	Microwave/ Dishwasher	Y/Y	\$5	N/Y	\$5	N/Y	\$5				
18	Washer/Dryer	HU/L		HU/L		HU	\$5				
19	Floor Coverings	C		C		C					
20	Window Coverings	B		B		B					
21	Intercom/Security System	N/N		N/N		N/N					
22	Garbage Disposal	N	(\$5)	Y	(\$5)	Y	(\$5)				
23	Ceiling Fans	Y		Y	OPT/\$40	Y					
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0					
25	On-Site Management	N	(\$5)	Y	(\$5)	Y	(\$5)				
26	Security Gate	N		N		Y	(\$5)				
27	Clubhouse/ Meeting Rooms	Y/Y	\$10	Y/N	\$5	N/N	\$10				
28	Pool/ Recreation Areas	F	(\$10)	P/F/MT	(\$13)	N	\$5				
29	Computer Center	Y	\$3	N	\$3	N	\$3				
30	Picnic Area	Y	\$3	N	\$3	N	\$3				
31	Playground	Y	\$3	N	\$3	N	\$3				
32	Storage	Y	\$5	N	\$5	N	\$5				
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/E					
34	Cooling (in rent?/ type)	N/E		N/E		N/E					
35	Cooking (in rent?/ type)	N/E		N/E		N/E					
36	Hot Water (in rent?/ type)	N/E		N/E		N/E					
37	Other Electric	N		N		N					
38	Cold Water/ Sewer	N/N		N/N		N/N					
39	Trash/Recycling	Y/N		Y/N	\$11	Y/N					
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	9	3	8	4	12	3				
41	Sum Adjustments B to D	\$84	(\$20)	\$45	(\$56)	\$83	(\$15)				
42	Sum Utility Adjustments			\$11							
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$64	\$104	\$0	\$112	\$68	\$98				
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$794		\$790		\$768					
45	Adj Rent/Last rent		109%		100%		110%				
46	Estimated Market Rent	\$785	\$0.63	← Estimated Market Rent/ Sq. Ft							

Rent Comparability Grid

Unit Type → **FOUR BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Cypress Mill, LLC		Creekside		Stonecrest Apts.		Woodland Estates					
Lockhart Lane		1230 Overbrook Dr.		102 Stonecrest Ln.		218 Woodland Rd.					
Gaffney, SC		Gaffney, SC		Gaffney, SC		Gaffney, SC					
Data on Subject		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj	
A. Rents Charged		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj	
1	\$ Last Rent / Restricted?	\$730		\$790		\$700					
2	Date Surveyed	Nov-12		Nov-12		Nov-12					
3	Rent Concessions	None		None		None					
4	Occupancy for Unit Type	88%		100%		100%					
5	Effective Rent & Rent/ sq. ft	\$730	0.65	\$790	0.54	\$700	0.58				
B. Design, Location, Condition		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj	
6	Structure / Stories	TH/2		WU/3		WU/1,2					
7	Yr. Built/Yr. Renovated	2014	1974/2007 \$23	2008 \$6		1997 \$17					
8	Condition /Street Appeal	E		G \$15		G \$15					
9	Neighborhood	G		G		G					
10	Same Market?	Yes		Yes		Yes					
C. Unit Equipment/ Amenities		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj	
11	# Bedrooms	4	3 \$50	3 \$50		3 \$50					
12	# Baths	2.5	1.5 \$30	2 \$15		2 \$15					
13	Unit Interior Sq. Ft.	1400	1131 \$39	1475 (\$11)		1200 \$29					
14	Balcony/ Patio/Sun Room	Y	Y	Y		N \$5					
15	AC: Central/ Wall	C	C	C		C					
16	Range/ refrigerator	R/F	R/F	R/F		R/F					
17	Microwave/ Dishwasher	Y/Y	N/Y \$5	N/Y \$5		N/Y \$5					
18	Washer/Dryer	HU/L	HU/L	HU/L		HU \$5					
19	Floor Coverings	C	C	C		C					
20	Window Coverings	B	B	B		B					
21	Intercom/Security System	N/N	N/N	N/N		N/N					
22	Garbage Disposal	N	Y (\$5)	Y (\$5)		Y (\$5)					
23	Ceiling Fans	Y	Y	OPT/\$40		Y					
D Site Equipment/ Amenities		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj	
24	Parking (\$ Fee)	LOT/\$0	LOT/\$0	LOT/\$0		LOT/\$0					
25	On-Site Management	N	Y (\$5)	Y (\$5)		Y (\$5)					
26	Security Gate	N	N	N		Y (\$5)					
27	Clubhouse/ Meeting Rooms	Y/Y	N/N \$10	Y/N \$5		N/N \$10					
28	Pool/ Recreation Areas	F	P/F (\$10)	P/F/MT (\$13)		N \$5					
29	Computer Center	Y	N \$3	N \$3		N \$3					
30	Picnic Area	Y	N \$3	N \$3		N \$3					
31	Playground	Y	N \$3	N \$3		N \$3					
32	Storage	Y	N \$5	N \$5		N \$5					
E. Utilities		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj		Data \$ Adj	
33	Heat (in rent?/ type)	N/E	N/G	N/E		N/E					
34	Cooling (in rent?/ type)	N/E	N/E	N/E		N/E					
35	Cooking (in rent?/ type)	N/E	N/E	N/E		N/E					
36	Hot Water (in rent?/ type)	N/E	N/G	N/E		N/E					
37	Other Electric	N	N	N		N					
38	Cold Water/ Sewer	N/N	N/N	N/N		N/N					
39	Trash/Recycling	Y/N	Y/N	N/N \$11		Y/N					
F. Adjustments Recap		Pos Neg		Pos Neg		Pos Neg		Pos Neg		Pos Neg	
40	# Adjustments B to D	10	3	10	4	14	3				
41	Sum Adjustments B to D	\$171	(\$20)	\$110	(\$34)	\$170	(\$15)				
42	Sum Utility Adjustments			\$11							
		Net Gross		Net Gross		Net Gross		Net Gross		Net Gross	
43	Net/ Gross Adjmts B to E	\$151	\$191	\$87	\$155	\$155	\$185				
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$881		\$877		\$855					
45	Adj Rent/Last rent		121%		111%		122%				
46	Estimated Market Rent	\$870	\$0.62	← Estimated Market Rent/ Sq. Ft							

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

Based on the preceding Rent Comparability Grids, it was determined that the current achievable market rent for units similar to the subject development are \$680 for a two-bedroom unit, \$785 for a three-bedroom unit and \$870 for a four-bedroom unit.

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

Bedroom Type	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
Two-Bedroom	\$330 (50%)	\$680	51.47%
	\$345 (60%)		49.26%
Three-Bedroom	\$400 (50%)	\$785	49.04%
	\$410 (60%)		47.77%
Four-Bedroom	\$425 (60%)	\$870	51.14%
Weighted Average			49.07%

The proposed collected Tax Credit rents represent market rent advantages between 47.77% and 51.47%. Typically, Tax Credit rents should represent market rent advantages of at least 10.0% in order to be considered a value in most markets. Therefore, it is likely that all of the proposed units at the subject project will be viewed as a significant value within the Site PMA.

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

1. Rents for each property are reported as collected rents. This is the actual rent paid by tenants and does not consider tenant-paid utilities. The rent reported is typical and does not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1974 and 2008. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.

8. It is anticipated that the subject project will have an excellent appearance, once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
11. All of the selected properties have two- and three-bedroom units. For those projects lacking four-bedroom units, we have used the three-bedroom units and made adjustments to reflect the difference in the number of bedrooms offered.
12. The number of bathrooms offered at each of the selected properties varies. We have made adjustments of \$15 per half bathroom to reflect the difference in the number of bathrooms offered at the competitive properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar basis, we have used 25% of the average for this adjustment.
- 14.- 23. The proposed subject project will offer a unit amenity package that is competitive with the selected properties. We have made, however, adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The proposed project offers a superior project amenities package. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. The subject project includes trash collection in the rent. We have made adjustments to reflect the differences in utility responsibility at each selected property as needed. The utility adjustments were based on the local Housing Authority's utility cost estimates.

9. AFFORDABLE HOUSING IMPACT

As previously noted, affordable projects will compete with the subject project. The anticipated occupancy rates of the existing subsidized and non-subsidized Tax Credit developments during the first year of occupancy at the subject development follow:

Map I.D.	Project Name	Current Occupancy Rate	Anticipated Occupancy Rate Through 2014
8	Fairfield Apts.	98.3%	95.0%+
9	Huntington Square Apts.	93.8%	93.0%+
10	Iveywood Park Apts.	86.5%	90.0%+
11	Lockhart Lane Apts.	100.0%	95.0%+
13	Peachtree Apts.	100.0%	95.0%+
15	Ryan Park Apts.	100.0%	95.0%+
20	White Oak Apts.	100.0%	95.0%+

While there are seven LIHTC projects in the market, most also operate under the Rural Development 515 program, some of which offer units with Rental Assistance. As a result, the competitive overlap of these particular projects is minimal. The only LIHTC project not also operating under the RD 515 program is Iveywood Park Apartments. This project is a general occupancy project and will likely directly compete with the subject project. Based on our demand estimates, there appears to be sufficient support for the proposed subject project and Iveywood Park Apartments to operate concurrently and successfully. We do not anticipate the subject project having an adverse impact on the existing affordable housing supply.

10. OTHER HOUSING OPTIONS (BUY VERSUS RENT)

According to ESRI, the median home value within the Site PMA was \$91,379. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a \$91,379 home is \$651, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$91,379
Mortgaged Value = 95% of Median Home Price	\$86,810
Interest Rate - Bankrate.com	6.0%
Term	30
Monthly Principal & Interest	\$520
Estimated Taxes and Insurance*	\$130
Estimated Monthly Mortgage Payment	\$651

*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$330 to \$425 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is at least \$226 greater than the cost of renting at the proposed subject development, depending on unit size. While it is possible that some residents would be able to afford the monthly payments required to own a home, the number of tenants who would also be able to afford the down payment on such a home is considered minimal. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

11. HOUSING VOIDS

With the exception of selected projects within the market-rate and non-subsidized Tax Credit rental housing segments, the overall market is performing well. However, it should be noted that the non-subsidized Tax Credit occupancy rate of 86.5% is attributed to recent move-outs at the one existing non-subsidized Tax Credit project within the Gaffney market. Further, as previously noted, based on Bowen National Research's knowledge of the Gaffney rental housing market, this non-subsidized Tax Credit property typically operates at or above a 93.0% occupancy rate. In fact, this LIHTC property was recently resurveyed, February 25, 2013, and has improved to 89.6% occupancy. Regardless, the affordable rental housing segment within the Gaffney market is strong, with only 17 vacant units among the 950 total Tax Credit and government-subsidized units in the Site PMA. These vacant units represent only a 1.8% overall vacancy rate among the affordable housing supply. As such, there appears to be a need in the market for additional affordable rental housing. The proposed subject project will include a total of 44 general-occupancy units targeting households at 50% and 60% of AMHI. Therefore, it is expected that the subject project will help fill part of the housing void that exists in the market.

As shown in the demographic section of this report, the Gaffney Site PMA is expected to have growth among its population and household bases. With this modest, but positive, demographic growth in the market, the demand for housing will increase. It is of note, that renter households are projected to increase between 2012 and 2015, further increasing the demand for rental housing. Given that there are currently no rental units under construction or planned for the market, the proposed project will help fill a need in the market that is currently being unmet and that is expected to increase over the foreseeable future.

I. INTERVIEWS

The following are summaries of interviews conducted with various government and private sector individuals:

According to a representative with the South Carolina Regional Housing Authority Region 1, there are approximately 160 Housing Choice Voucher holders within the housing authority's jurisdiction and 100 people currently on the waiting list for additional Vouchers. The waiting list is currently closed and is anticipated to open again in September 2013. Annual turnover of persons in the Voucher program was estimated to be 10 households. This reflects the continuing need for Housing Choice Voucher assistance. Further, this representative with the South Carolina Housing Authority Region 1, Section 8 department believes there is a need in the area for additional affordable housing. The representative further stated that HUD recently raised their payment standard in Cherokee County and now is a good time for additional affordable housing, as voucher holders can now afford to live in income based housing that they couldn't afford before because the assistance amount was too low.

According to a representative with the Gaffney Building Department, there is a need for additional affordable housing in the Gaffney area. Further, this representative believes the need will become greater in the next few years due to the fact that the area will begin building a new nuclear power plant within the next year, as the time limit on their existing nuclear power plant is due to expire. The new plant is anticipated to be an eight to ten year project and will require many employees to construct the facility.

Leigh Ann Snuggs is the Relocation and Tourism Project Manager at the Gaffney Visitors Center. Ms. Snuggs feels that the affordable rental housing that currently exists in the Gaffney area is of sub-standard quality and is in need of repair. As such, Ms. Snuggs believes there to be a need for additional, more attractive, higher quality affordable rental housing within the Gaffney area.

J. RECOMMENDATIONS

The proposed subject project will offer the lowest Tax Credit rents in the market and have comprehensive amenity packages, superior unit sizes (square feet) and a competitive number of bathrooms. Further, the proposed project will offer the only four-bedroom Tax Credit units in the market, which will likely create an additional marketing advantage. As such, we do not have any recommendations for changes or modifications to the proposed subject project.

Based on the findings contained in this report, it is our opinion that a market exists for the proposed Cypress Mill apartment project in Gaffney, South Carolina. This assumes the project is developed as outlined in this report.

K. SIGNED STATEMENT REQUIREMENT

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

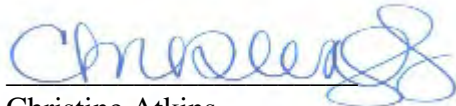
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L. Qualifications

The Company

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

The Staff

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

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

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

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

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

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

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

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

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

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

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

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

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

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

M. Methodologies, Disclaimers & Sources

This market feasibility analysis complies with the requirements established by the South Carolina State Housing Finance and Development Authority (SCSHFDA) and conforms to the standards adopted by the National Council of Housing Market Analysts (NCHMA). These standards include the acceptable definitions of key terms used in market studies for affordable housing projects and model standards for the content of market studies for affordable housing projects. The standards are designed to enhance the quality of market studies and to make them easier to prepare, understand and use by market analysts and end users.

1. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

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

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

- A detailed demographic and socioeconomic evaluation
 - Interviews with area planners, realtors and other individuals who are familiar with area growth patterns
 - A drive-time analysis for the site
 - Personal observations of the field analyst
- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by an evaluation of the unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the proposed property.
- Two types of directly comparable properties are identified through the field survey. They include other Section 42 LIHTC developments and market-rate developments that offer unit and project amenities similar to those of the proposed development. An in-depth evaluation of these two property types provides an indication of the potential of the proposed development.

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

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

2. REPORT LIMITATIONS

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

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

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

3. SOURCES

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

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

ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

GAFFNEY, SOUTH CAROLINA

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

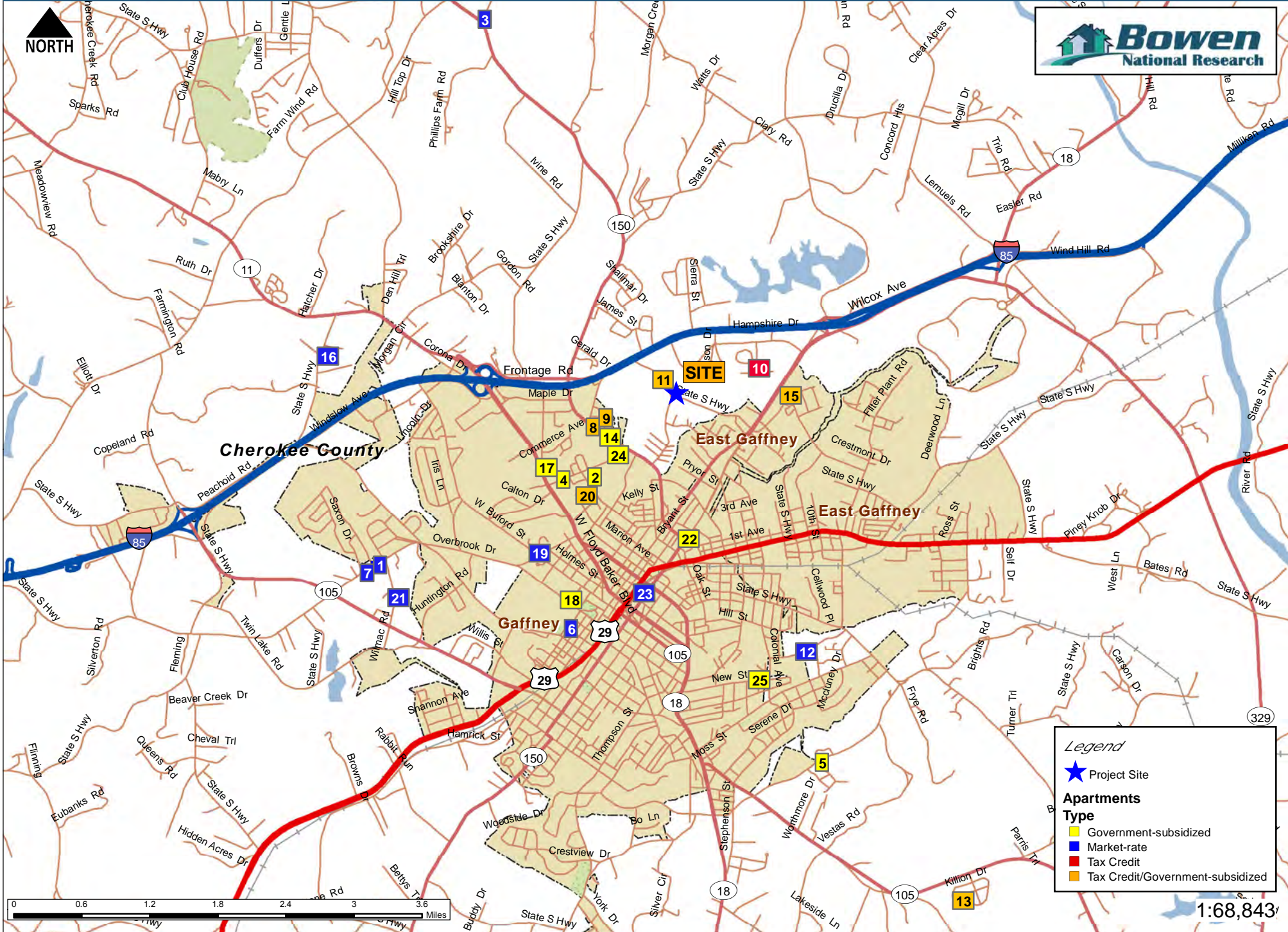
The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

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

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

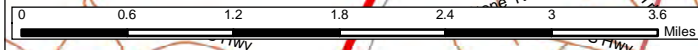
Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties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

Gaffney, SC: Apartment Locations



Legend

- Project Site
- Apartments Type**
- Government-subsidized
- Market-rate
- Tax Credit
- Tax Credit/Government-subsidized



1:68,843

MAP IDENTIFICATION LIST - GAFFNEY, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	Andrea Place	MRR	B	1978	10	1	90.0%	3.1
2	Beltline Courts	GSS	C	1975	62	0	100.0%	1.2
3	Commons at Cross Station	MRR	B+	2011	12	0	100.0%	4.5
4	Christopher Lynn Estates	GSS	B+	1995	45	0	100.0%	1.3
5	Connecticut Village	GSS	C-	1973	104	0	100.0%	4.0
6	Oliver Court Apts.	MRR	B-	1985	48	0	100.0%	2.2
7	Creekside	MRR	A-	1974	92	7	92.4%	3.2
8	Fairfield Apts.	TGS	B	1980	60	1	98.3%	1.1
9	Huntington Square Apts.	TGS	B-	1982	48	3	93.8%	1.0
10	Iveywood Park Apts.	TAX	A-	1997	96	13	86.5%	1.6
11	Lockhart Lane Apts.	TGS	B-	1990	32	0	100.0%	0.3
12	Magnolia Ridge Apts.	MRR	B-	1972	83	12	85.5%	2.7
13	Peachtree Apts.	TGS	B-	1975	28	0	100.0%	5.7
14	Redwood Village	GSS	B-	1983	51	0	100.0%	0.9
15	Ryan Park Apts.	TGS	B-	1989	48	0	100.0%	1.1
16	Stonecrest Apts.	MRR	B+	2008	114	4	96.5%	3.5
17	Town and Country Apts.	GSS	C+	1987	30	0	100.0%	1.6
18	Westwind Village I & II	GSS	B-	1990	84	0	100.0%	2.0
19	Westwood Apts.	MRR	B	1989	166	35	78.9%	1.9
20	White Oak Apts.	TGS	B+	1980	50	0	100.0%	1.3
21	Woodland Estates	MRR	B	1997	48	1	97.9%	3.4
22	Limestone Court	GSS	C-	1951	98	0	100.0%	1.3
23	Limestone Lofts	MRR	A	2009	5	1	80.0%	1.7
24	Granard Court	GSS	C+	1951	58	0	100.0%	0.9
25	Colonial Heights	GSS	C+	1981	56	0	100.0%	2.7

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	9	578	61	89.4%	1
TAX	1	96	13	86.5%	0
TGS	6	266	4	98.5%	0
GSS	9	588	0	100.0%	0

Total units does not include units under construction.

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

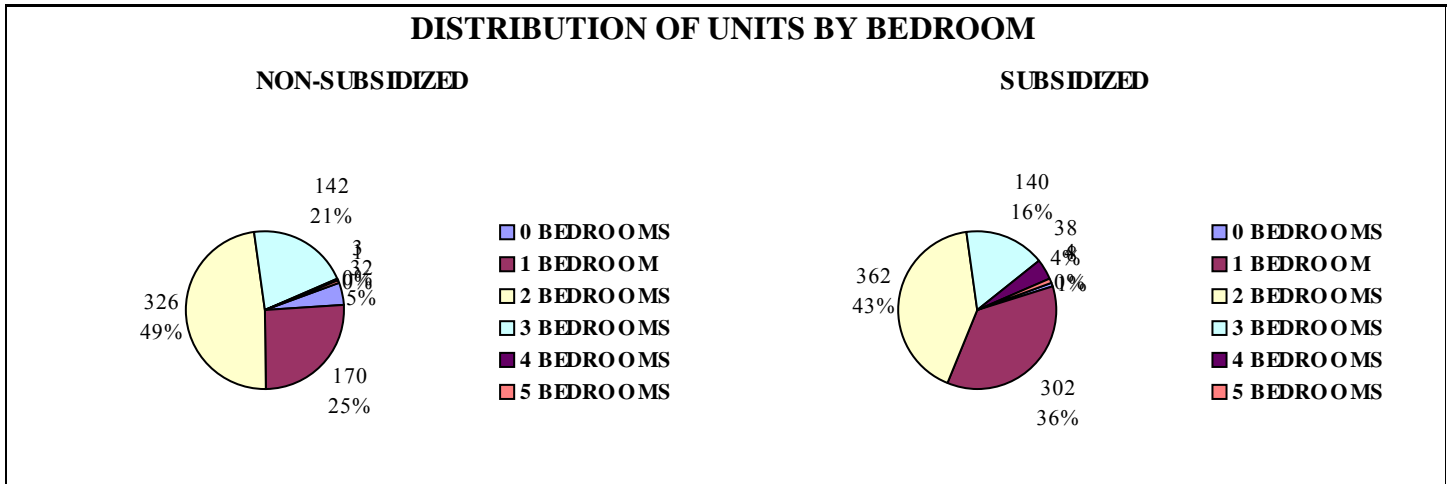
* - Drive Distance (Miles)

Survey Date: December 2012



DISTRIBUTION OF UNITS - GAFFNEY, SOUTH CAROLINA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
0	1	32	5.5%	8	25.0%	\$650
1	1	170	29.4%	21	12.4%	\$616
2	1	145	25.1%	20	13.8%	\$741
2	1.5	75	13.0%	1	1.3%	\$770
2	2	58	10.0%	3	5.2%	\$871
3	1	20	3.5%	3	15.0%	\$748
3	1.5	8	1.4%	1	12.5%	\$937
3	2	66	11.4%	4	6.1%	\$958
4	2	3	0.5%	0	0.0%	\$906
5	2	1	0.2%	0	0.0%	\$1,332
TOTAL		578	100.0%	61	10.6%	
1 UNITS UNDER CONSTRUCTION						
TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
2	1.5	48	50.0%	12	25.0%	\$719
3	2	48	50.0%	1	2.1%	\$853
TOTAL		96	100.0%	13	13.5%	
TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	80	30.1%	0	0.0%	N.A.
2	1	80	30.1%	1	1.3%	N.A.
2	1.5	98	36.8%	3	3.1%	N.A.
3	1.5	8	3.0%	0	0.0%	N.A.
TOTAL		266	100.0%	4	1.5%	
GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
0	1	8	1.4%	0	0.0%	N.A.
1	1	222	37.8%	0	0.0%	N.A.
2	1	148	25.2%	0	0.0%	N.A.
2	1.5	36	6.1%	0	0.0%	N.A.
3	1	93	15.8%	0	0.0%	N.A.
3	1.5	39	6.6%	0	0.0%	N.A.
4	1	20	3.4%	0	0.0%	N.A.
4	1.5	16	2.7%	0	0.0%	N.A.
4	2	2	0.3%	0	0.0%	N.A.
5	1	4	0.7%	0	0.0%	N.A.
TOTAL		588	100.0%	0	0.0%	
GRAND TOTAL		1,528	-	78	5.1%	

DISTRIBUTION OF UNITS - GAFFNEY, SOUTH CAROLINA



SURVEY OF PROPERTIES - GAFFNEY, SOUTH CAROLINA

1 Andrea Place			
	Address 106 Brittney Rd. Gaffney, SC 29341	Phone (864) 489-5105 (Contact in person)	Total Units 10
	Year Built 1978 Comments Year built & square footage estimated	Contact Emily	Vacancies 1 Occupied 90.0% Floors 1,2 Quality Rating B
			Waiting List None
2 Beltline Courts			
	Address 125 Beltline Rd. Gaffney, SC 29341	Phone (864) 489-3193 (Contact in person)	Total Units 62
	Year Built 1975 Comments Public Housing	Contact Penny	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating C
			Waiting List 196 households
3 Commons at Cross Station			
	Address 159 School Rd. Gaffney, SC 29341	Phone (864) 489-5105 (Contact in person)	Total Units 12
	Year Built 2011 Comments Square footage estimated by contact	Contact Emily	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B+
			Waiting List None
4 Christopher Lynn Estates			
	Address 269 Beltline Rd. Gaffney, SC 29341	Phone (864) 902-0480 (Contact in person)	Total Units 45
	Year Built 1995 Comments HUD Section 8 & HUD Section 202 PRAC	Contact Penny	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B+ Senior Restricted (62+) Waiting List
			1 household
5 Connecticut Village			
	Address 409 E. Junior High Rd. Gaffney, SC 29340	Phone (864) 489-7632 (Contact in person)	Total Units 104
	Year Built 1973 Comments HUD Section 8; One 3-br manager unit not included in total	Contact Detric	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating C-
			Waiting List 5 households

Project Type

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

Survey Date: December 2012

SURVEY OF PROPERTIES - GAFFNEY, SOUTH CAROLINA

6 Oliver Court Apts.			
	Address 506 S. Oliver St. Gaffney, SC 29341	Phone (864) 489-8702 (Contact in person)	Total Units 48
	Year Built 1985 Comments HCV (17 units); Higher rent on 2-br unit have new carpet; Square footage estimated	Contact Marilee	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B-
Waiting List None			
7 Creekside			
	Address 1230 Overbrook Dr. Gaffney, SC 29341	Phone (864) 487-5757 (Contact in person)	Total Units 92
	Year Built 1974 Renovated 2007 Comments Does not accept HCV; Townhomes have electric heat	Contact Kerrick	Vacancies 7 Occupied 92.4% Floors 2,3 Quality Rating A-
Waiting List None			
8 Fairfield Apts.			
	Address 100 Fairfield Dr. Gaffney, SC 29341	Phone (864) 487-5724 (Contact by phone)	Total Units 60
	Year Built 1980 Renovated 1995 Comments 60% AMHI; RD 515, has RA (36 units); HCV (5-10 units)	Contact Trish	Vacancies 1 Occupied 98.3% Floors 1 Quality Rating B
Waiting List None			
9 Huntington Square Apts.			
	Address 100 Huntington Square Dr. Gaffney, SC 29340	Phone (864) 489-3551 (Contact in person)	Total Units 48
	Year Built 1982 Renovated 2009 Comments 60% AMHI; RD 515, no RA; HCV (11 units)	Contact Jennifer	Vacancies 3 Occupied 93.8% Floors 2 Quality Rating B-
Waiting List 1 & 3-br: 3 HH			
10 Iveywood Park Apts.			
	Address 112 Martin Ln. Gaffney, SC 29341	Phone (864) 488-0093 (Contact in person)	Total Units 96
	Year Built 1997 Comments 50% & 60% AMHI; HOME Funds (10 units at 50% AMHI); HCV (20 units); Typical 2-br 60% rent is \$545	Contact Crystal	Vacancies 13 Occupied 86.5% Floors 2 Quality Rating A-
Rent Special Reported 2-br 60% AMHI rent discounted			
Waiting List None			

Project Type

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

Survey Date: December 2012

SURVEY OF PROPERTIES - GAFFNEY, SOUTH CAROLINA






11 Lockhart Lane Apts.			
	Address 473 Lockhart Ln. Gaffney, SC 29341	Phone (864) 487-9277 (Contact in person)	Total Units 32
	Year Built 1990 Comments 60% AMHI; RD 515, has RA (5 units); HCV (5 units); Square footage estimated	Contact Nikki	Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B-
			Waiting List 7 households
12 Magnolia Ridge Apts.			
	Address 266 Goldmine Springs Rd. Gaffney, SC 29340	Phone (864) 489-0692 (Contact in person)	Total Units 83
	Year Built 1972 Renovated 2008 Comments HCV (approx. 5 units); Typical rents: 0-br \$339, 2-br \$485 & 3-br \$515; One unit previously used for storage being renovated for occupancy; Vacancies are due to previous management & season	Contact Earl	Vacancies 12 Occupied 85.5% Floors 1,2 Quality Rating B-
Rent Special Reported 0-br, 2-br & 3-br rents discounted			Waiting List None
13 Peachtree Apts.			
	Address 100 Killion Dr. Gaffney, SC 29340	Phone (704) 357-6000 (Contact by phone)	Total Units 28
	Year Built 1975 Renovated 1990 Comments 60% AMHI; RD 515, has RA (28 units); Square footage estimated	Contact Kathy	Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B-
			Waiting List 15 households
14 Redwood Village			
	Address 100 Redwood Cir. Gaffney, SC 29341	Phone (864) 487-3312 (Contact in person)	Total Units 51
	Year Built 1983 Comments HUD Section 8; Square footage estimated	Contact Shelby	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B-
			Waiting List 160 households
15 Ryan Park Apts.			
	Address 400 Bonner Lake Rd. Gaffney, SC 29340	Phone (864) 489-8126 (Contact by phone)	Total Units 48
	Year Built 1989 Comments 60% AMHI; RD 515, has RA (24 units); HCV (10 units)	Contact Kerry	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B-
			Waiting List 3 households

Project Type

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

Survey Date: December 2012

SURVEY OF PROPERTIES - GAFFNEY, SOUTH CAROLINA





16 Stonecrest Apts.			
	Address 102 Stonecrest Ln. Gaffney, SC 29341	Phone (864) 488-2224 (Contact in person)	Total Units 114
	Year Built 2008	Contact Logan	Vacancies 4
	Comments Does not accept HCV; Small 1 & 2-br units have patio; Large 1, 2 & all 3-br units have sunroom		Occupied 96.5%
			Floors 3
			Quality Rating B+
			Waiting List None
17 Town and Country Apts.			
	Address 106 Ellis Ferry Ave. Gaffney, SC 29341	Phone (864) 487-7088 (Contact in person)	Total Units 30
	Year Built 1987	Contact Shelby	Vacancies 0
	Comments HUD Section 202; Square footage estimated		Occupied 100.0%
			Floors 2
			Quality Rating C+
			Senior Restricted (62+) Waiting List 100 households
18 Westwind Village I & II			
	Address 521-523 W. Montgomery St. Gaffney, SC 29341	Phone (864) 487-3272 (Contact in person)	Total Units 84
	Year Built 1990	Contact Tammy	Vacancies 0
	Comments RD 515, has RA (84 units); Phase II built in 1992 & has ceiling fans (40 units)		Occupied 100.0%
			Floors 1
			Quality Rating B-
			Senior Restricted (62+) Waiting List 13 households
19 Westwood Apts.			
	Address 1022 W. Buford St. Gaffney, SC 29341	Phone (864) 487-2167 (Contact in person)	Total Units 166
	Year Built 1989	Contact Stacy	Vacancies 35
	Comments HCV (4 units); Studio units are furnished & include all utilities; Vacancies attributed to nearby construction project near completion & many workers were tenants		Occupied 78.9%
			Floors 2
			Quality Rating B
	Rent Special Reported rents discounted		Waiting List None
20 White Oak Apts.			
	Address 100 White Oak Dr. Gaffney, SC 29341	Phone (843) 662-1771 (Contact in person)	Total Units 50
	Year Built 1980 Renovated 1994	Contact Tammy	Vacancies 0
	Comments 60% AMHI; RD 515, has RA (36 units); HCV (6 units); 2- br units have washer/dryer hookups		Occupied 100.0%
			Floors 1,2
			Quality Rating B+
			Waiting List 2-br: 3 households

Project Type

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

Survey Date: December 2012

SURVEY OF PROPERTIES - GAFFNEY, SOUTH CAROLINA

21 Woodland Estates			
	Address 218 Woodland Rd. Gaffney, SC 29341	Phone (864) 838-3830 (Contact in person)	Total Units 48
	Year Built 1997	Contact Joseph	Vacancies 1
	Comments Does not accept HCV; 3-br have attached garages		Occupied 97.9%
			Floors 1,2
			Quality Rating B
			Waiting List None
22 Limestone Court			
	Address 940 N. Limestone St. Gaffney, SC 29341	Phone (864) 489-1042 (Contact in person)	Total Units 98
	Year Built 1951	Contact Penny	Vacancies 0
	Comments Public Housing; Waitlist maintained by the housing authority; Square footage estimated		Occupied 100.0%
			Floors 1
			Quality Rating C-
			Waiting List 196 households
23 Limestone Lofts			
	Address 400 N. Limestone St. Gaffney, SC 29341	Phone (864) 489-2244 (Contact in person)	Total Units 5
	Year Built 2009	Contact Glenda	Vacancies 1
	Comments Does not accept HCV; 1st floor retail; Historic, built around 1940		Occupied 80.0%
			Floors 2
			Quality Rating A
			Waiting List None
24 Granard Court			
	Address 524 W. Rutledge Ave. Gaffney, SC 29341	Phone (864) 489-3193 (Contact in person)	Total Units 58
	Year Built 1951	Contact Penny	Vacancies 0
	Comments Public Housing; Waitlist maintained by the housing authority; Square footage estimated		Occupied 100.0%
			Floors 1
			Quality Rating C+
			Waiting List 196 households
25 Colonial Heights			
	Address 630 Colonial Ave. Gaffney, SC 29341	Phone (864) 488-1085 (Contact in person)	Total Units 56
	Year Built 1981	Contact Penny	Vacancies 0
	Comments Public Housing; Waitlist maintained by the housing authority; Square footage estimated by mgmt.		Occupied 100.0%
			Floors 1
			Quality Rating C+
			Waiting List 95 households

Project Type

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

Survey Date: December 2012

COLLECTED RENTS - GAFFNEY, SOUTH CAROLINA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1			\$580				\$675		
3				\$725					
6		\$475					\$525 to \$550		
7		\$555	\$630			\$555	\$630	\$730	
10			\$391 to \$499	\$459 to \$595					
12	\$300	\$385	\$459	\$490	\$610				
16		\$535 to \$585	\$640 to \$690	\$790					
19	\$499	\$425	\$510	\$599					
21			\$475	\$700			\$550		
23		\$600	\$800		\$1200				

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

Survey Date: December 2012

PRICE PER SQUARE FOOT - GAFFNEY, SOUTH CAROLINA

STUDIO UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
12	Magnolia Ridge Apts.	1	470	\$440	\$0.94
19	Westwood Apts.	1	288	\$650	\$2.26
ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
6	Oliver Court Apts.	1	580	\$655	\$1.13
7	Creekside	1	708 to 806	\$703	\$0.87 to \$0.99
12	Magnolia Ridge Apts.	1	720	\$565	\$0.78
16	Stonecrest Apts.	1	708 to 833	\$726 to \$776	\$0.93 to \$1.03
19	Westwood Apts.	1	512	\$616	\$1.20
23	Limestone Lofts	1	1000	\$679	\$0.68
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
1	Andrea Place	2	960 to 1020	\$811 to \$906	\$0.84 to \$0.89
6	Oliver Court Apts.	1.5	1000	\$745 to \$770	\$0.75 to \$0.77
7	Creekside	1	964	\$806	\$0.84
		1.5	1014	\$806	\$0.79
12	Magnolia Ridge Apts.	1	860	\$679	\$0.79
16	Stonecrest Apts.	2	904 to 1029	\$871 to \$921	\$0.90 to \$0.96
19	Westwood Apts.	1	768	\$741	\$0.96
21	Woodland Estates	1 to 1.5	900	\$695	\$0.77
		1.5 to 2	900 to 1100	\$770	\$0.70 to \$0.86
23	Limestone Lofts	1	1200	\$904	\$0.75
10	Iveywood Park Apts.	1.5	921	\$611 to \$719	\$0.66 to \$0.78
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Commons at Cross Station	2	1200	\$920	\$0.77
7	Creekside	1.5	1131	\$937	\$0.83
12	Magnolia Ridge Apts.	1	1000	\$748	\$0.75
16	Stonecrest Apts.	2	1475	\$1059	\$0.72
19	Westwood Apts.	2	960	\$868	\$0.90
21	Woodland Estates	2	1200	\$958	\$0.80
10	Iveywood Park Apts.	2	1151	\$717 to \$853	\$0.62 to \$0.74
FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
12	Magnolia Ridge Apts.	2	1160	\$906	\$0.78

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

Survey Date: December 2012

PRICE PER SQUARE FOOT - GAFFNEY, SOUTH CAROLINA

FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
23	Limestone Lofts	2	4000	\$1332	\$0.33

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

Survey Date: December 2012

AVERAGE GROSS RENT PER SQUARE FOOT - GAFFNEY, SOUTH CAROLINA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.07	\$0.88	\$0.77
TOWNHOUSE	\$0.87	\$0.78	\$0.83

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.00	\$0.72	\$0.68
TOWNHOUSE	\$0.00	\$0.00	\$0.00

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.07	\$0.85	\$0.74
TOWNHOUSE	\$0.87	\$0.78	\$0.83

TAX CREDIT UNITS - GAFFNEY, SOUTH CAROLINA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
9	Huntington Square Apts.	8	628	1	60%	\$397 - \$480
11	Lockhart Lane Apts.	8	600	1	60%	\$409 - \$599
15	Ryan Park Apts.	16	700	1	60%	\$420 - \$474
20	White Oak Apts.	24	625	1	60%	\$444 - \$505
8	Fairfield Apts.	24	600	1	60%	\$457 - \$576
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
10	Iveywood Park Apts.	23	921	1.5	50%	\$391
11	Lockhart Lane Apts.	24	975	1.5	60%	\$445 - \$639
20	White Oak Apts.	26	872	1.5	60%	\$463 - \$564
15	Ryan Park Apts.	32	900	1	60%	\$465 - \$579
9	Huntington Square Apts.	32	880	1.5	60%	\$466 - \$549
8	Fairfield Apts.	36	875	1	60%	\$482 - \$653
10	Iveywood Park Apts.	25	921	1.5	60%	\$499
13	Peachtree Apts.	12	785	1	60%	\$625 - \$768
13	Peachtree Apts.	16	900	1.5	60%	\$655 - \$768
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
10	Iveywood Park Apts.	23	1151	2	50%	\$459
9	Huntington Square Apts.	8	1026	1.5	60%	\$482 - \$565
10	Iveywood Park Apts.	25	1151	2	60%	\$595

QUALITY RATING - GAFFNEY, SOUTH CAROLINA

MARKET-RATE PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	1	5	20.0%		\$679	\$904		
A-	1	92	7.6%		\$703	\$806	\$937	
B+	2	126	3.2%		\$726	\$871	\$1,059	
B	3	224	16.5%	\$650	\$616	\$741	\$868	
B-	2	131	9.2%	\$440	\$565	\$679	\$748	\$906

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A-	1	96	13.5%			\$719	\$853	

DISTRIBUTION OF UNITS BY QUALITY RATING



YEAR BUILT - GAFFNEY, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	3	185	20	10.8%	185	27.4%
1980 to 1989	2	214	35	16.4%	399	31.8%
1990 to 1999	2	144	14	9.7%	543	21.4%
2000 to 2004	0	0	0	0.0%	543	0.0%
2005	0	0	0	0.0%	543	0.0%
2006	0	0	0	0.0%	543	0.0%
2007	0	0	0	0.0%	543	0.0%
2008	1	114	4	3.5%	657	16.9%
2009	1	5	1	20.0%	662	0.7%
2010	0	0	0	0.0%	662	0.0%
2011	1	12	0	0.0%	674	1.8%
2012**	0	0	0	0.0%	674	0.0%
TOTAL	10	674	74	11.0%	674	100.0 %

YEAR RENOVATED - GAFFNEY, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	0	0	0	0.0%	0	0.0%
2000 to 2004	0	0	0	0.0%	0	0.0%
2005	0	0	0	0.0%	0	0.0%
2006	0	0	0	0.0%	0	0.0%
2007	1	92	7	7.6%	92	52.6%
2008	1	83	12	14.5%	175	47.4%
2009	0	0	0	0.0%	175	0.0%
2010	0	0	0	0.0%	175	0.0%
2011	0	0	0	0.0%	175	0.0%
2012**	0	0	0	0.0%	175	0.0%
TOTAL	2	175	19	10.9%	175	100.0 %

Note: The upper table (Year Built) includes all of the units included in the lower table.

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

** As of December 2012

APPLIANCES AND UNIT AMENITIES - GAFFNEY, SOUTH CAROLINA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	10	100.0%	674
REFRIGERATOR	10	100.0%	674
ICEMAKER	1	10.0%	92
DISHWASHER	8	80.0%	543
DISPOSAL	5	50.0%	362
MICROWAVE	0	0.0%	
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	9	90.0%	669
AC - WINDOW	1	10.0%	5
FLOOR COVERING	10	100.0%	674
WASHER/DRYER	1	10.0%	10
WASHER/DRYER HOOK-UP	7	70.0%	576
PATIO/DECK/BALCONY	5	50.0%	432
CEILING FAN	4	40.0%	354
FIREPLACE	0	0.0%	
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	10	100.0%	674
FURNISHED UNITS	1	10.0%	166
E-CALL BUTTON	0	0.0%	

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

PROJECT AMENITIES - GAFFNEY, SOUTH CAROLINA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	3	30.0%	372
ON-SITE MANAGEMENT	7	70.0%	647
LAUNDRY	7	70.0%	604
CLUB HOUSE	3	30.0%	376
MEETING ROOM	0	0.0%	
FITNESS CENTER	2	20.0%	206
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	4	40.0%	393
COMPUTER LAB	0	0.0%	
SPORTS COURT	0	0.0%	
STORAGE	0	0.0%	
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	1	10.0%	48
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	1	10.0%	114
PICNIC AREA	2	20.0%	144
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

DISTRIBUTION OF UTILITIES - GAFFNEY, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
LANDLORD			
ELECTRIC	1	30	2.0%
GAS	4	274	17.9%
TENANT			
ELECTRIC	18	1,072	70.2%
GAS	2	152	9.9%
			100.0%
COOKING FUEL			
LANDLORD			
ELECTRIC	1	30	2.0%
GAS	4	274	17.9%
TENANT			
ELECTRIC	20	1,224	80.1%
			100.0%
HOT WATER			
LANDLORD			
ELECTRIC	1	30	2.0%
GAS	4	274	17.9%
TENANT			
ELECTRIC	18	1,072	70.2%
GAS	2	152	9.9%
			100.0%
ELECTRIC			
LANDLORD	1	30	2.0%
TENANT	1	5	0.3%
TENANT	23	1,493	97.7%
			100.0%
WATER			
LANDLORD	9	453	29.6%
TENANT	16	1,075	70.4%
			100.0%
SEWER			
LANDLORD	9	453	29.6%
TENANT	16	1,075	70.4%
TRASH PICK-UP			
LANDLORD	21	1,178	77.1%
TENANT	4	350	22.9%
			100.0%

UTILITY ALLOWANCE - GAFFNEY, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$19	\$34		\$20	\$10	\$15	\$7	\$5	\$42	\$21	\$23	\$11	\$20
1	GARDEN	\$27	\$53		\$32	\$14	\$20	\$8	\$6	\$53	\$24	\$24	\$11	\$20
1	TOWNHOUSE	\$27	\$53		\$32	\$14	\$20	\$8	\$6	\$53	\$24	\$24	\$11	\$20
2	GARDEN	\$35	\$72		\$44	\$18	\$25	\$9	\$7	\$64	\$27	\$25	\$11	\$20
2	TOWNHOUSE	\$35	\$72		\$44	\$18	\$25	\$9	\$7	\$64	\$27	\$25	\$11	\$20
3	GARDEN	\$38	\$79		\$48	\$21	\$31	\$10	\$8	\$77	\$31	\$32	\$11	\$20
3	TOWNHOUSE	\$38	\$79		\$48	\$21	\$31	\$10	\$8	\$77	\$31	\$32	\$11	\$20
4	GARDEN	\$41	\$86		\$52	\$24	\$37	\$11	\$9	\$90	\$35	\$39	\$11	\$20
4	TOWNHOUSE	\$41	\$86		\$52	\$24	\$37	\$11	\$9	\$90	\$35	\$39	\$11	\$20

SC-Region 1 (1/2012)

Survey Date: December 2012

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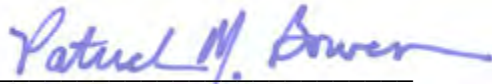


ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

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

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

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<http://www.housingonline.com/MarketStudiesNCAHMA/AboutNCAHMA/tabid/234/Default.aspx>

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

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

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

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

C. CHECKLIST

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

CHECKLIST (Continued)

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

CHECKLIST (Continued)

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