

# Market Feasibility Analysis

Scarlett Oaks  
200 Old Chapin Road  
Lexington, Lexington County, South Carolina 29072

*Prepared For*

Ms. Tanya Eastwood  
Greystone Affordable Housing Initiatives  
4025 Lake Boone Trail, Suite 209  
Raleigh, North Carolina 27607-2986

*Effective Date*

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*Job Reference Number*

12-509 JW/PB



155 E. Columbus Street, Suite 220  
Pickerington, Ohio 43147  
Phone: (614) 833-9300  
Bowennational.com

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

Development Name: Scarlett Oaks Total # Units: 40  
 Location: 200 Old Chapin Road, Lexington, South Carolina 29072 # LIHTC Units: 40  
 PMA Boundary: Augusta Highway, State Route 6 and Saluda River to the north; Interstate 26 to the east; Edmund Highway and Bush Berry Road to the south; and Calks Ferry Road to the west.  
 Development Type: Family X Older Persons Farthest Boundary Distance to Subject: 12.6 miles

**RENTAL HOUSING STOCK (found on page H-13)**

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	17	2,448	80	96.7%
Market-Rate Housing	8	1,838	70	96.2%
Assisted/Subsidized Housing not to include LIHTC	3	188	0	100.0%
<b>LIHTC (All that are stabilized)*</b>	<b>6</b>	<b>422</b>	<b>10</b>	<b>97.6%</b>
Stabilized Comps**	3	296	7	97.6%
Non-stabilized Comps	-	-	-	-

\*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
40	One-Br.	1.0	625	\$553	\$660	\$1.06	16.21%	\$795	\$0.99
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
				\$	\$	\$	%	\$	\$
<b>*Gross Potential Rent Monthly</b>				<b>\$22,120</b>	<b>\$26,400</b>		<b>16.21%</b>		

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

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

	2000		2012		2015	
Renter Households	872	17.1%	1,737	18.0%	2,002	18.1%
Income-Qualified Renter HHs (LIHTC)	-	-	1,246	12.9%	1,414	12.8%
Income-Qualified Renter HHs (MR)	(if applicable)	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	50%	60%	Market-rate	Other: RD	Other: __	Overall
Renter Household Growth		75		168		168
Existing Households (Overburd + Substand)		269		846		846
Homeowner conversion (Seniors)		84		149		149
Other:		0		0		0
Less Comparable/Competitive Supply		0		0		0
<b>Net Income-Qualified Renter Households</b>		<b>428</b>		<b>1,163</b>		<b>1,163</b>

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

Targeted Population	50%	60%	Market-rate	Other: RD	Other: __	Overall
Capture Rate		9.3%		3.4%		3.4%

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

Absorption Rate: 9 to 12 units per month; Absorption period: 3 to 4 months

S-2 RENT CALCULATION WORKSHEET

**Project Name: Scarlett Oaks**

# 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	
40	1 BR	\$553	\$22,120	\$660	\$26,400	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	40		\$22,120		\$26,400	16.21%

## B. PROJECT DESCRIPTION

The Scarlett Oaks apartment property was originally built in 1992 and has operated under the Rural Development 515 (RD 515) and Low-Income Housing Tax Credit (LIHTC) programs since that time. The 40 one-bedroom units target senior households (ages 62 and older) earning up to 60% of Area Median Household Income (AMHI). Of the 40 units, 36 receive Rental Assistance (RA) directly from Rural Development. The RA allows tenants to pay up to 30% of their adjusted gross incomes towards housing costs (collected rent and tenant-paid utilities). The four remaining units are eligible to accept Housing Choice Voucher holders, but do not receive a direct or guaranteed subsidy. There are three voucher holders currently residing at the project. Management reports the project is currently 100.0% occupied and maintains a wait list of approximately two years long.

The proposed Tax Credit renovations of Scarlett Oaks will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the 36 units of RA will be preserved and all units will continue to target households up to 60% of AMHI. The four units operating without Rental Assistance will also continue to target households earning up to 60% of AMHI under Tax Credit guidelines. All renovations are expected to be completed in 2015. A Private Rental Assistance (PRA) subsidy, which will be financed by the developer, will be available to all existing unassisted residents (PRA subsidy not to extend beyond existing residents). The PRA subsidy will allow existing residents to pay current rents. Additional project details follow:

- a. Property Location:** 200 Old Chapin Road  
Lexington, South Carolina 29072  
(Lexington County)
- b. Construction Type:** Rehabilitation of Existing Project
- c. Occupancy Type:** Senior Age 62 and Older
- d. Target Income Group:** 60% of AMHI
- e. Special Needs Population:** None
- f. and h. to j. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent of AMHI	Current Rents*	Proposed Program Rents		
							Collected Rent	Utility Allowance	Gross Rent
40	One-Br.	1.0	Garden	625	60%	\$480-\$686	\$553	\$67	\$620

Source: Greystone Affordable Housing Initiatives; Boyd Management; Bowen National Research, LLC  
 AMHI – Area Median Household Income (Columbia, SC HUD Metro FMR Area)  
 \*RD 515 Basic and Market rents



**g. Number Of Stories/Buildings:** Ten (10) one-story residential buildings and one (1) non-residential buildings

**k. Project-Based Rental Assistance (Existing or Proposed):** 36 units will maintain Rental Assistance after renovations. Private Rental Assistance (PRA) subsidy will be available to all existing unassisted residents to cover any differences between the current rents and the proposed Tax Credit rents. The PRA subsidy will be funded by the developer.

**l. Community Amenities:**

The subject property includes the following community features:

- On-Site Management
- Laundry Facility
- Picnic Area
- Community Room
- Computer Room
- Fitness Center
- Gazebo

**m. Unit Amenities:**

Each unit includes the following amenities:

- Refrigerator with Icemaker
- Electric Range
- Central Air Conditioning
- Carpet
- Microwave Oven
- Window Blinds
- Washer/Dryer Hookups
- Patio
- Emergency Call Buttons
- Security System
- Ceiling Fan

**n. Parking:**

Uncovered, surface parking spaces are available to the subject residents at no additional charge.

**o. Renovations and Current Occupancy:**

The subject project consists of 40 one-bedroom units. Based on information provided by management, the project is 100.0% occupied and maintains a two-year waiting list. The project currently charges basic rent of \$480, with 36 of the 40 units receiving a direct RA subsidy from Rural Development.

Following Tax Credit renovations, all current tenants are expected to income-qualify to remain at the subject project. According to management, the proposed renovations will not require the displacement of any tenant for more than a day. The following is a sample of renovations to be made:

- Replacement of existing flooring
- Replacement of kitchen cabinets and countertops
- Replacement of existing kitchen appliances
- Replacement of plumbing fixtures
- Replacement of lighting fixtures
- Replacement of bathroom cabinets and countertop
- Painting of unit interiors
- Installation of new HVAC
- Re-roofing of buildings
- Upgrade and improve exteriors of buildings
- Landscape improvements to the entrance with new signage (as needed)
- ADA regulations met
- Upgrade sidewalks, dumpster surrounds and landscaping.

**p. Utility Responsibility:**

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

- Electric Heating
- Electric Air Conditioning
- General Electric
- Electric Water Heating
- Electric Cooking

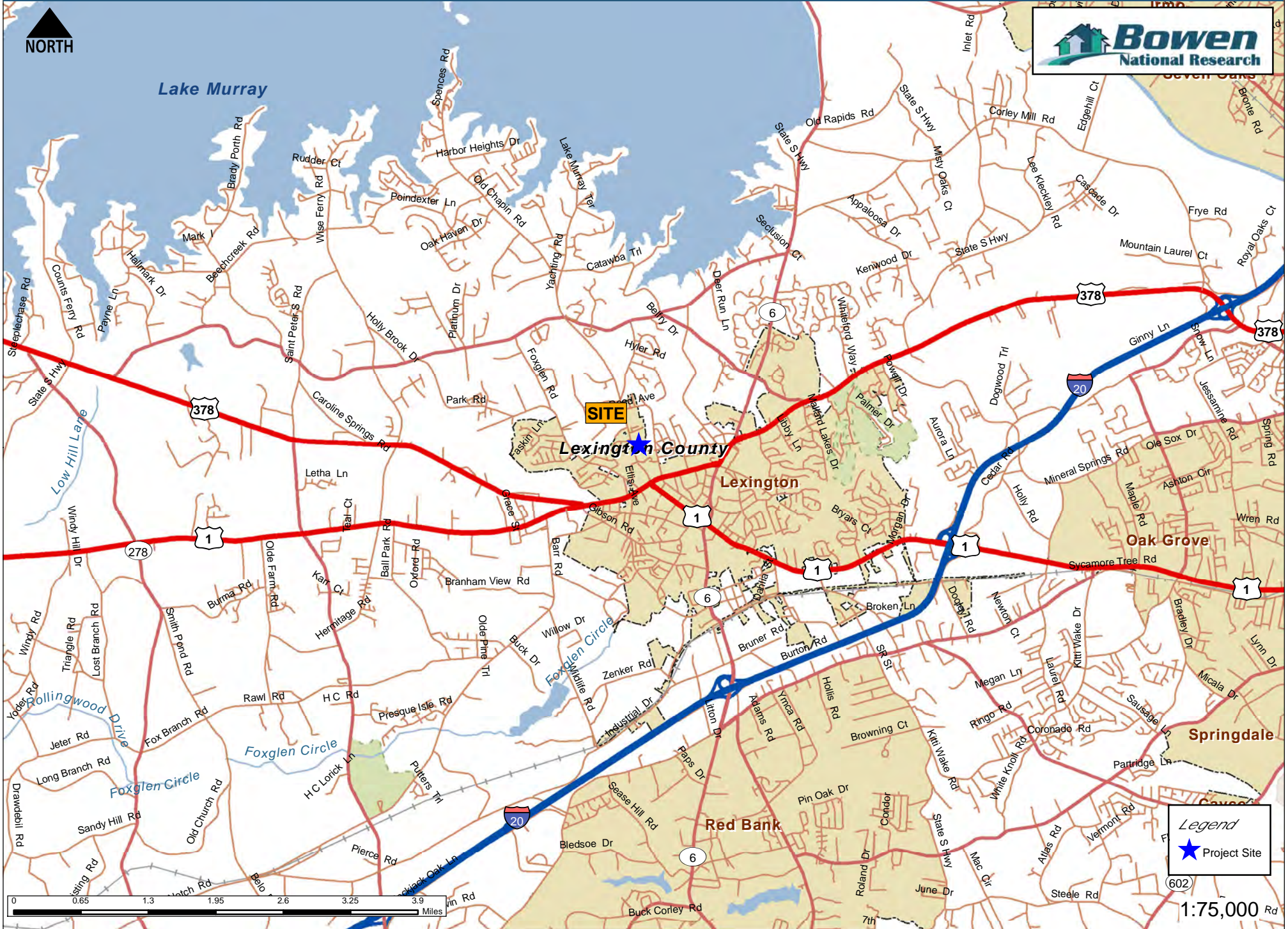
A state map and an area map are on the following pages.







# Lexington, SC: Surrounding Area



Legend  
★ Project Site

1:75,000

## C. SITE DESCRIPTION AND EVALUATION

### 1. SITE INSPECTION DATE

Bowen National Research personally inspected the subject site during the week of December 10, 2012. The following is a summary of our site evaluation, including an analysis of the site's proximity to community services.

### 2. SITE DESCRIPTION AND SURROUNDING LAND USES

The subject site is located on the eastside of Old Chapin Road in the northern portion of Lexington. Located within Lexington County, Lexington is approximately 12.0 miles west of Columbia, South Carolina and approximately 63.0 miles northeast of Augusta, Georgia. Following is a description of surrounding land uses:

<b>North -</b>	Adjacent north of the site is the Morningside assisted living facility and a small family physician office, both of which are considered to be in good condition. Continuing north of the site along Old Chapin Road is Waverly Place, a condominium community in good condition.
<b>East -</b>	The site is bordered on the east by densely wooded terrain and a ravine. Further east are single-family homes.
<b>South -</b>	Adjacent to the site on the south are the Churchwood Apartments, a 48-unit Rural Development 515 family property in good condition. Continuing south of site along Old Chapin Road are several single-family homes in good condition and the Ivy Park commercial strip. Located approximately 0.8 mile south of site is Lexington's primary commercial corridor along Columbia Avenue/West Main Street.
<b>West -</b>	The site is bordered on the west by two lane Old Chapin Road. Across Old Chapin Road is Deepwood Estates, a three-story retirement facility in excellent condition. Further west are single-family homes and undeveloped land.

The subject site is primarily surrounded by additional residential dwellings, of which the majority is senior-restricted living. This provides a familiar atmosphere to the targeted population. All of the surrounding land uses are in good to excellent condition. Overall, the subject site fits well with the surrounding land uses, which is evidenced by the its 100.0% occupancy and wait list.



### 3. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

Community Services	Name	Driving Distance From Site (Miles)
Major Highway(s)	U.S. Highway 1/378 State Route 6	0.4 South 1.1 East
Public Bus Stop	N/A	N/A
Major Employers/ Employment Centers	Lexington Medical Center Lexington County Schools Apex Tool Group	0.8 Southwest 1.3 East 4.1 South
Convenience Store	Valero/Mega Stop	0.8 East
Grocery	Food Lion	0.7 South
Discount Department Store	Dollar General Kmart	0.8 South 0.9 Southwest
Shopping Center/Mall	Village Shopping Center Lexington Town Square	0.6 Southeast 0.7 South
Hospital	Doctor's Care Lexington Medical Center	0.5 South 0.8 Southwest
Police	Lexington Police Department	1.1 Southeast
Fire	Lexington County Fire Station #10	0.4 South
Post Office	U.S. Post Office	0.7 South
Bank	Wells Fargo BB&T	0.4 Southeast 0.6 Southeast
Recreational Facilities	Lexington Leisure Center Lexington Square	0.6 South 1.1 Southeast
Gas Station	Valero/Mega Stop	0.8 East
Pharmacy	Rite Aid Walgreen's	0.4 Southeast 0.5 Southeast
Restaurant	Firehouse Subs Flight Deck Restaurant Rush's	0.3 Southeast 0.3 Southeast 0.4 Southeast
Senior Center	Lexington Senior Center	0.6 South
Library	Lexington County Public Library	2.1 Southeast
Church	St. Paul Baptist Church	0.6 South

The subject site is located within close proximity of various shopping opportunities. Community services within 1.0 mile include shopping centers, a grocery store, pharmacies, restaurants, discount department stores, gas stations/convenience stores, banks and a post office.

Both Doctor's Care and Lexington Medical Center are located within 0.8 miles of the subject site. The Lexington County Recreation & Aging Commission operates the Lexington Leisure Center which features recreational activities for all ages, as well as an activity center and senior center for aging adults. They also provide bus transportation for seniors who may be in need. This facility is located within 0.6 miles of the site on Park Road.

#### 4. SITE PHOTOGRAPHS

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

# SITE PHOTOGRAPHS



Site signage



Site entryway



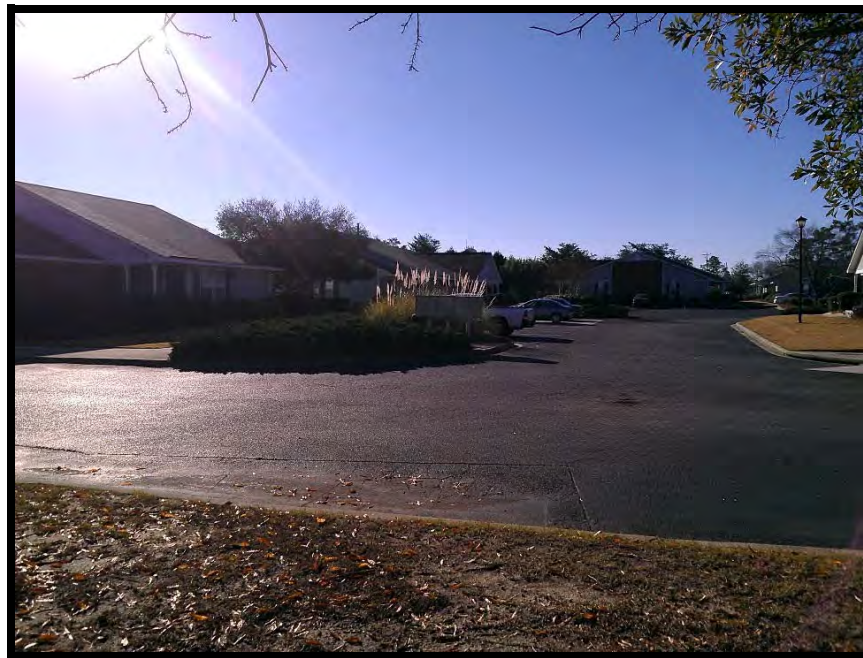
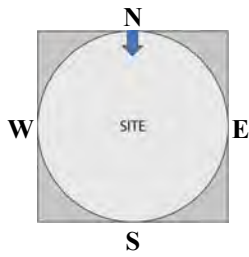


Typical building

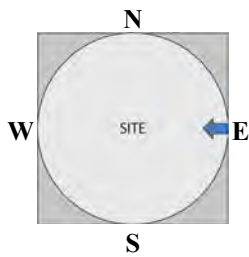


Site interior

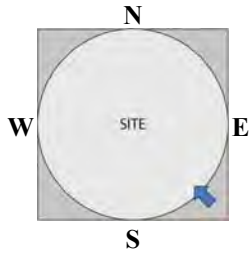




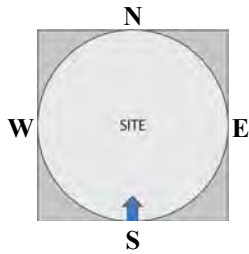
View of site from the north



View of site from the east

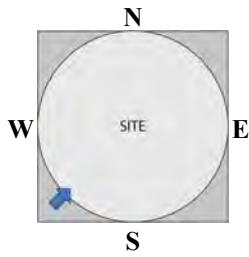


View of site from the southeast

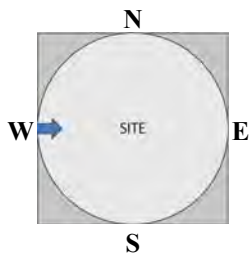


View of site from the south

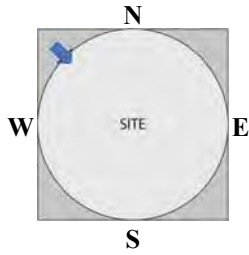




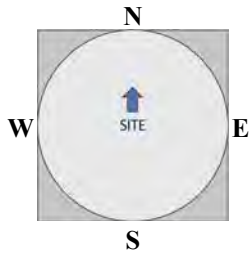
View of site from the southwest



View of site from the west

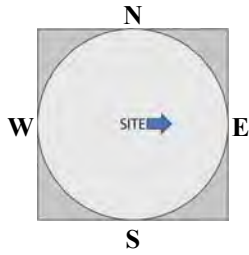


View of site from the northwest

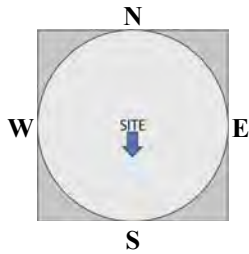


North view from site



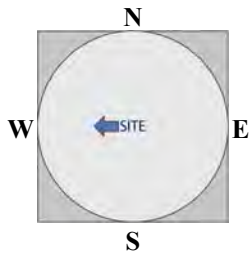


East view from site



South view from site





West view from site



Streetscape north on Old Chapin Road





Streetscape south on Old Chapin Road



Community room



Typical living area

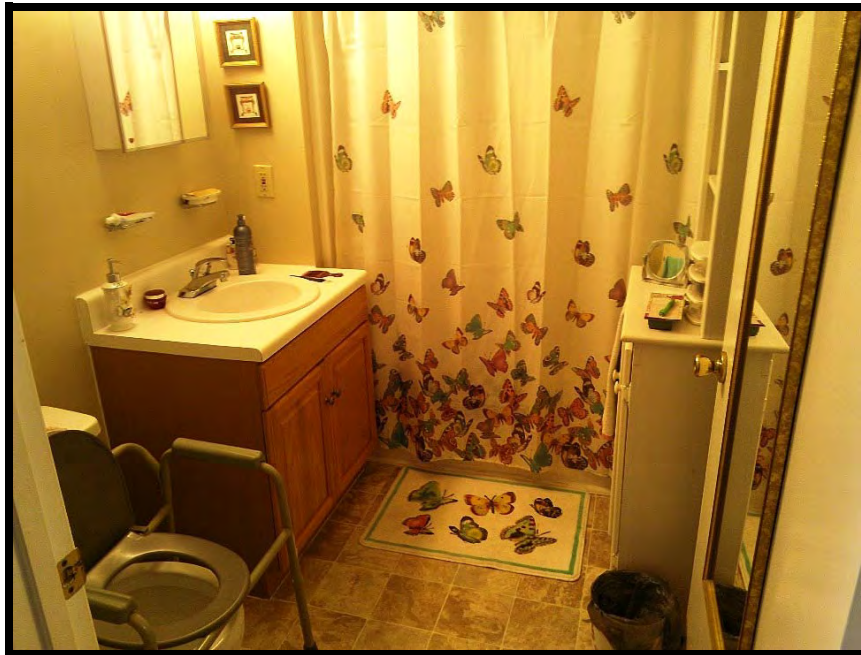


Typical kitchen





Typical bedroom



Typical bathroom

**5. SITE AND COMMUNITY SERVICES MAPS**

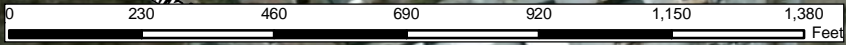
Maps of the subject site and relevant community services follow.



# Lexington, SC: Site Neighborhood



NORTH



*Legend*

 Project Site

Image Date: 02-26-2010

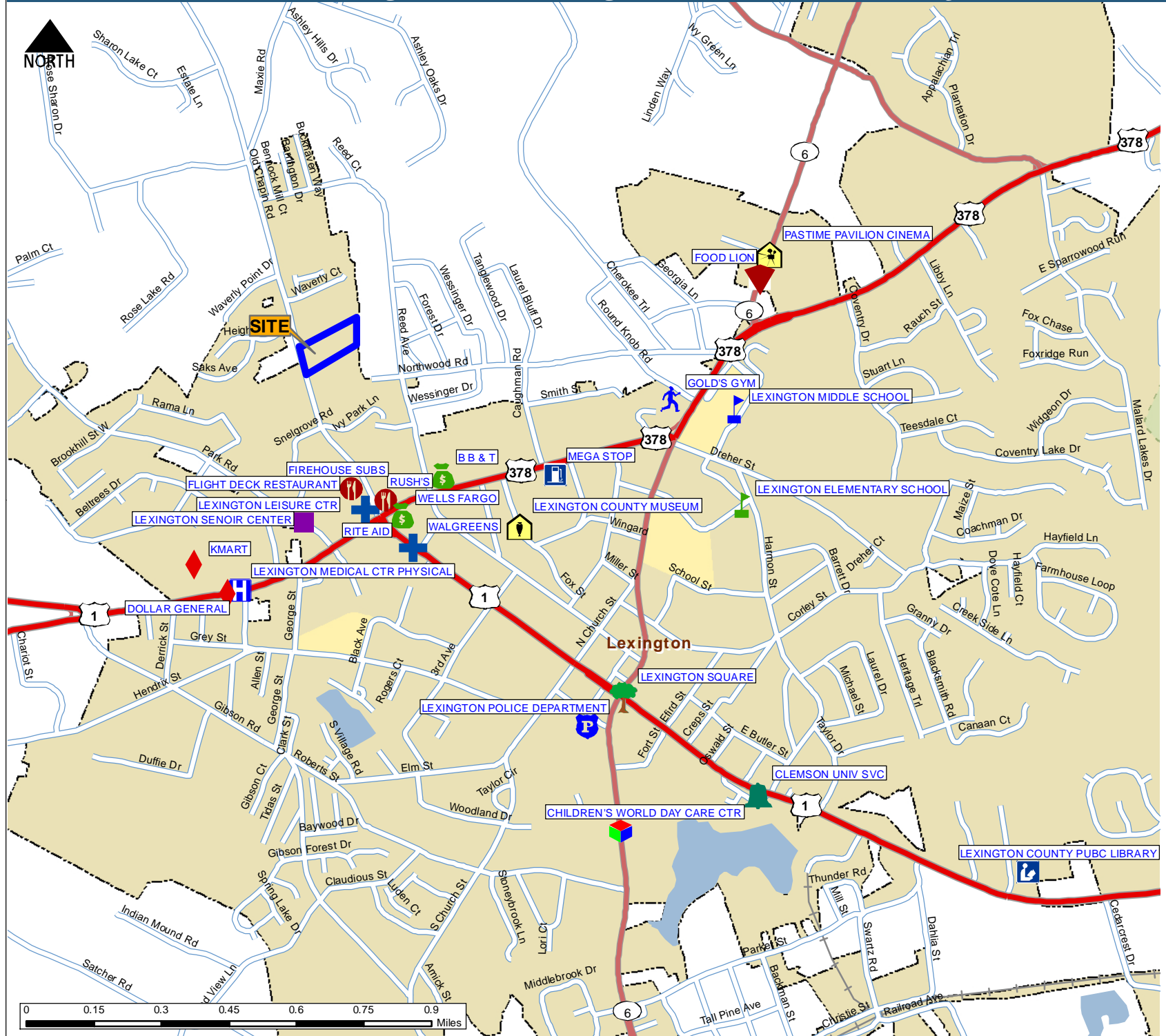
1 inch = 333 feet



# Lexington, SC: Neighborhood Community Services

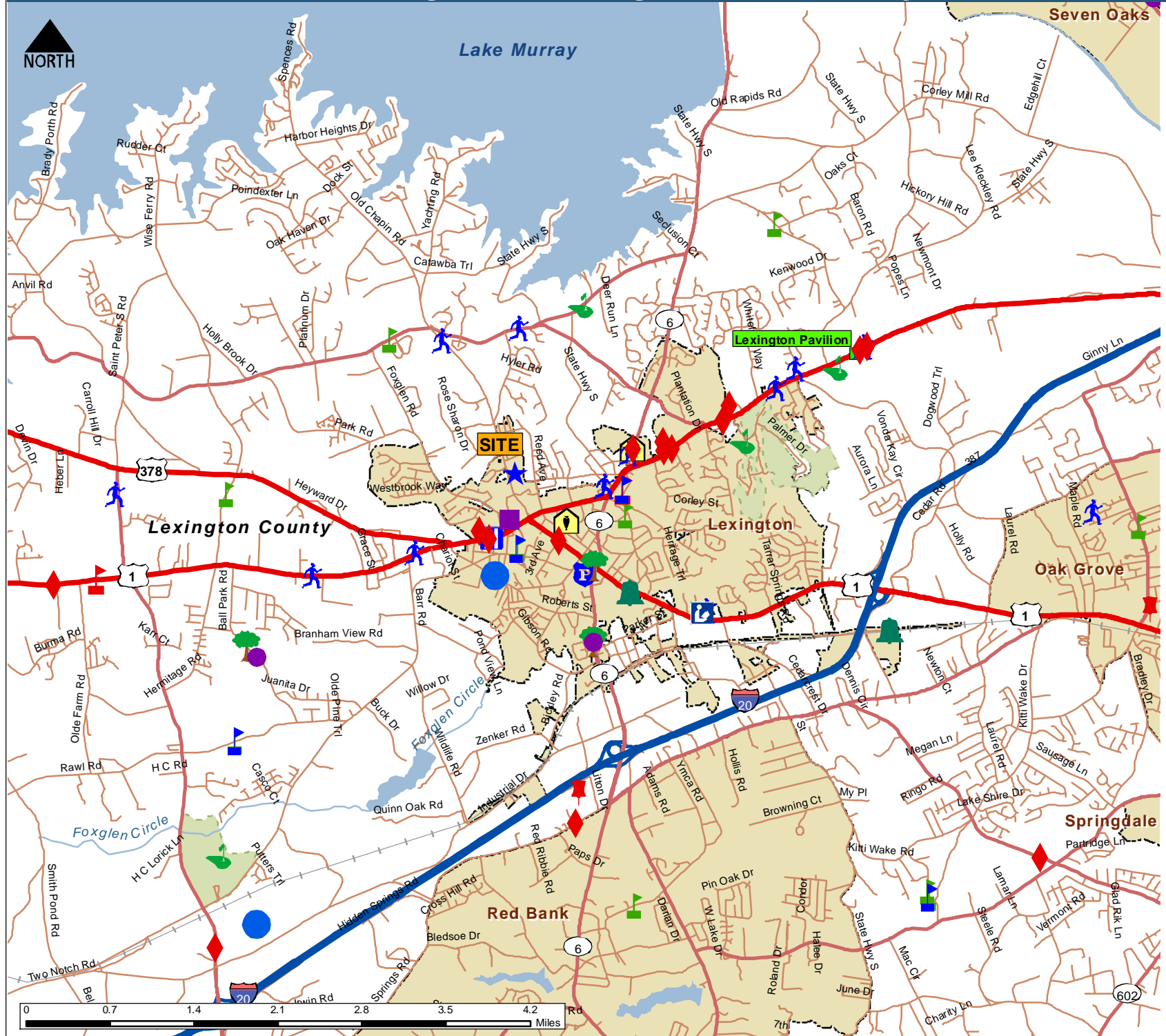


- ### Legend
- Project Site
  - bank
  - child care
  - cinema
  - elementary school
  - fitness center
  - grocery
  - gas
  - hospital services
  - library
  - middle school
  - museum
  - park
  - pharmacy
  - police
  - restaurant
  - senior services
  - shopping
  - university/college





# Lexington, SC: Regional Community Services



**Legend**

- Project Site
- entertainment
- cinema
- elementary school
- fitness center
- golf
- high school
- hospital services
- library
- middle school
- museum
- park
- rec./community center
- senior services
- shopping
- university/college
- emplmnt. ctr. (<5,000)

**Shopping Center**

**Gross Leasable Area**

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

1:70,000

## 6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

The subject site is adjacent to Old Chapin Road, a secondary roadway in Lexington. According to local planning and zoning officials, no significant road construction or infrastructure improvements are planned for the immediate neighborhood.

## 7. CRIME ISSUES

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

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

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

Total crime risk (103) for the Site PMA is comparable to the national average with an overall personal crime index of 118 and a property crime index of 110. Total crime risk (117) for Lexington County is above the national average with indexes for personal and property crime of 132 and 127, respectively.

	Crime Risk Index	
	Site PMA	Lexington County
<b>Total Crime</b>	<b>103</b>	<b>117</b>
<b>Personal Crime</b>	<b>118</b>	<b>132</b>
Murder	91	107
Rape	112	111
Robbery	64	76
Assault	139	164
<b>Property Crime</b>	<b>110</b>	<b>127</b>
Burglary	124	148
Larceny	116	129
Motor Vehicle Theft	72	82

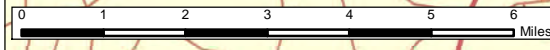
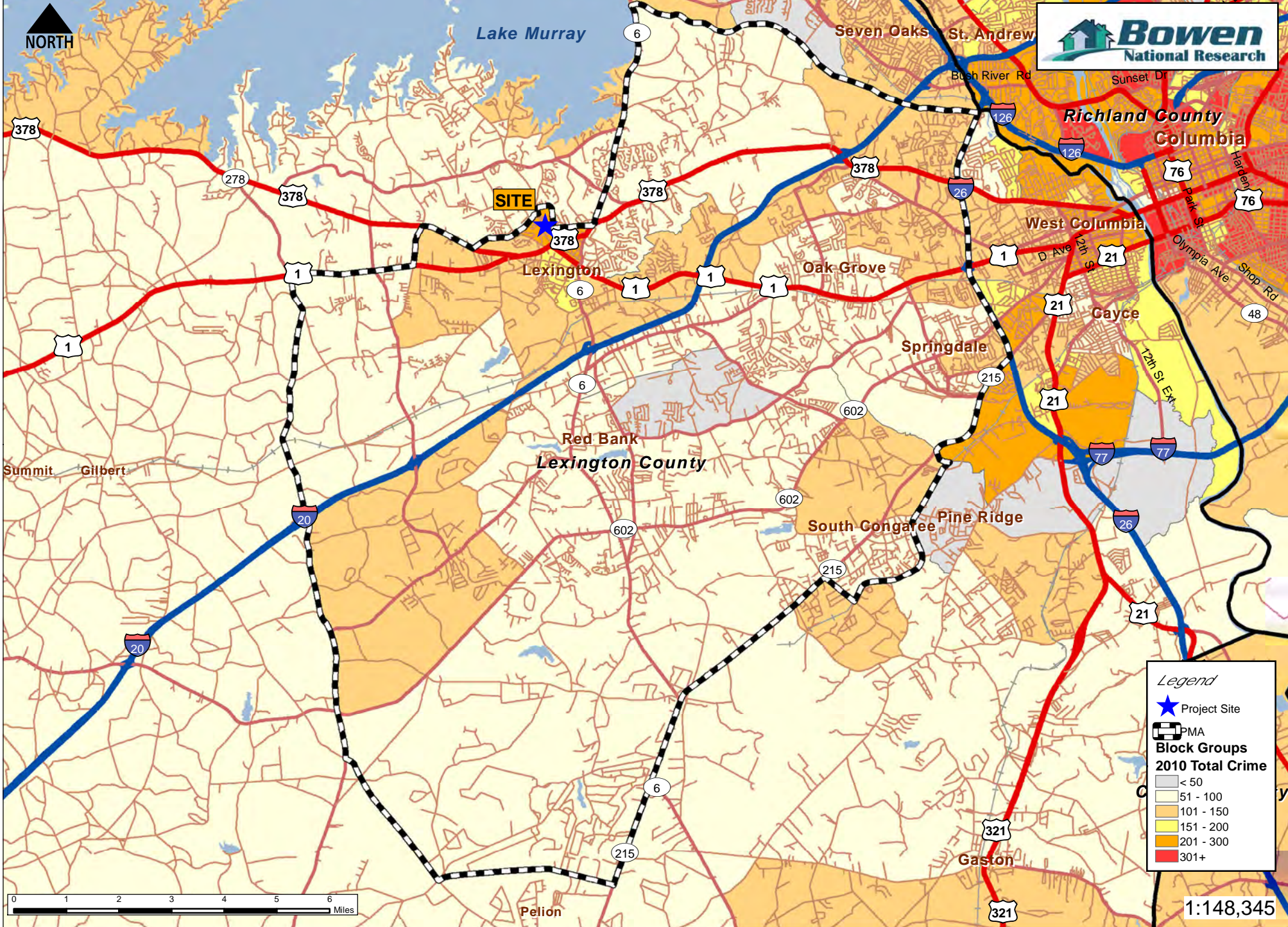
Source: Applied Geographic Solutions

Although the total crime risk for the Lexington Site PMA is slightly above the national average, interviews with management at nearby rental communities and the personal observations of our analyst revealed that despite the higher than average crime risk, the subject site neighborhood is considered relatively safe. The subject site has not been impacted by crime, as evidenced by its 100% occupancy rate and wait list.

A map illustrating crime risk is on the following page.



# Lexington, SC: 2010 Crime Risk



1:148,345



**8. ACCESS AND VISIBILITY**

Scarlett Oaks Apartments is located on 200 Old Chapin Road, a secondary roadway with light to moderate traffic patterns. Visibility of the site is slightly obstructed by the surrounding land uses along Old Chapin Road, however, signage is available. Access to the site is considered good as residents/visitors are not expected to incur significant traffic delays due to the generally light traffic. The subject site is within 1.1 miles of State Route 6 and U.S. Highways 1 and 378, major commercial corridors in Lexington.

**9. VISIBLE OR ENVIRONMENTAL ISSUES**

There are power lines that extend through the entirety of the subject site on the south which are within falling distance of the site. A ravine and rugged terrain exists east of site; however, a fence does exist. These factors have not had an adverse impact on the site's marketability, as it is 100.0% occupied with a wait list.

**10. OVERALL SITE CONCLUSIONS**

The subject site's neighborhood is considered to be appealing and has easy and immediate access to major thoroughfares and local community services. The surrounding land uses predominantly consist of senior-oriented housing which is consistent with the subject site. Visibility is slightly obstructed by the surrounding land uses; however, signage is available. Access to the site is convenient as it is within close proximity to State Route 6, as well as U.S. Highways 1 and 378, which are main arterial roadways within Lexington. The site is within 1.0 mile of most shopping, recreation, entertainment opportunities. Social services and public safety services are all within 1.5 miles of the site. Overall, we consider the site's location and proximity to community services to have a positive effect on its continued marketability.

## D. PRIMARY MARKET AREA DELINEATION

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to originate. The Lexington, South Carolina Site PMA was determined through interviews with the subject site manager 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 Lexington, South Carolina PMA includes Lexington, western portions of West Columbia and the surrounding unincorporated areas of Lexington County, South Carolina. The general boundaries of the Lexington PMA include Augusta Highway, State Route 6 and Saluda River to the north; Interstate 26 to the east; Edmund Highway and Bush Berry Road to the south; and Calks Ferry Road to the west. The Census Tracts that comprise the Site PMA include:

205.06	205.07	206.02	207.03
209.06	209.07	209.08	210.09
210.14	210.17	210.18	210.19
210.20	210.23	210.24	210.28
210.29	210.30	210.31	210.32
210.33	210.34	9801.00	

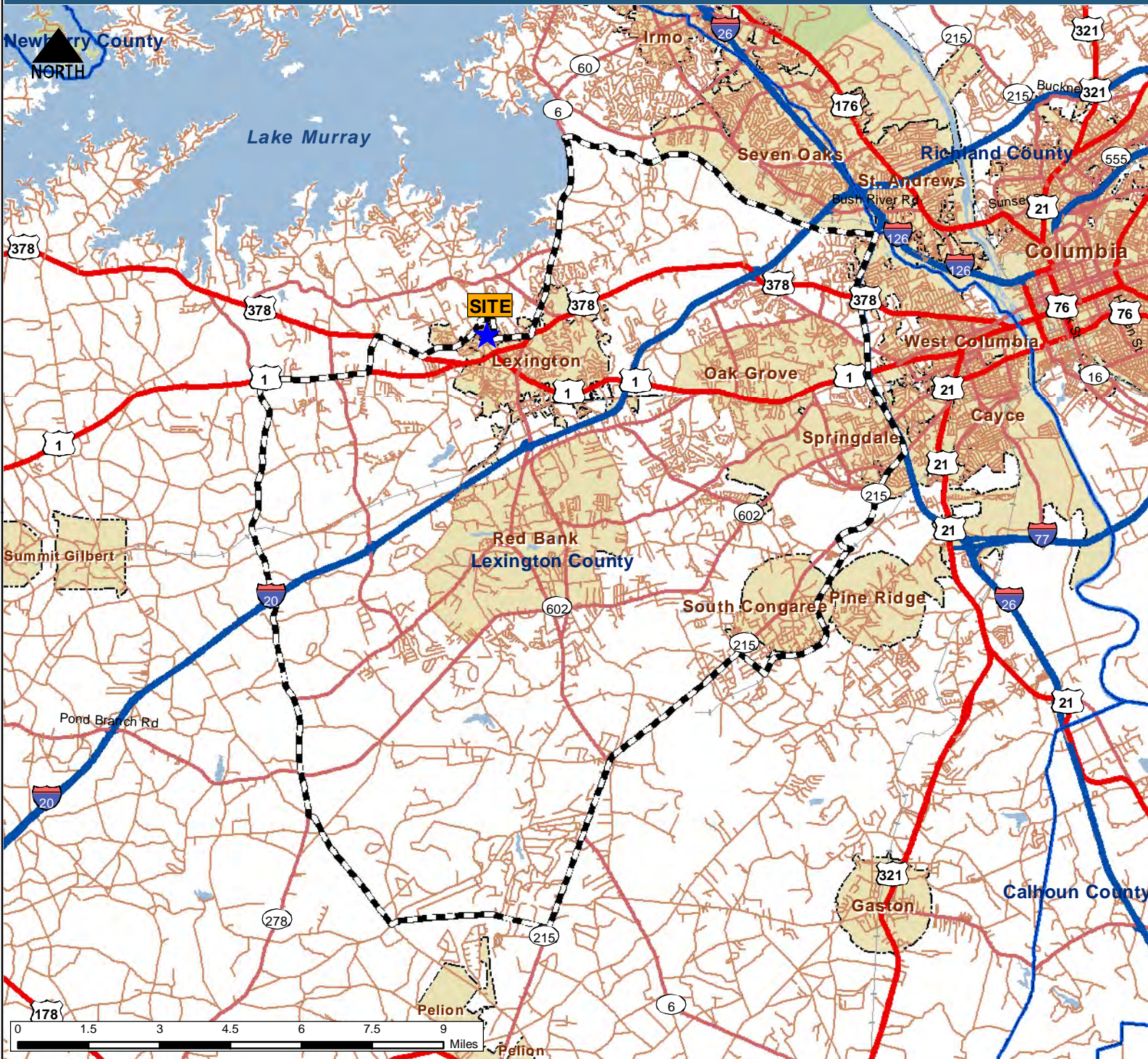
Ashley Bennett is the property manager of Scarlett Oaks Apartments (subject site) and was able to provide some insight into the tenant support area for the site. She noted that despite there being a unique mix of long time residents and out of state residents at the subject site, she stated that the majority of tenant support for Scarlett Oaks originates from the Lexington area. She noted that it is rare for her to get applications or inquiries from residents in the denser urban areas such as West Columbia and Columbia because residents wishing to live in those areas will generally stay in those areas. However, the Lexington area is rapidly growing and she notices residents, senior and family, moving into the area from across the state and even out of state on a regular basis.

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

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





# Lexington, SC: Primary Market Area



**Primary Market Area Information**  
 Area: 138.36 Sq. Miles  
 County in PMA: Lexington  
 2011 Estimated Population: 100,199  
 2011 Total Households: 38,777  
 2011 Median Household Inc.: \$51,695

*Legend*

-  Project Site
-  PMA

1:186,365



## E. MARKET AREA ECONOMY

### 1. EMPLOYMENT BY INDUSTRY

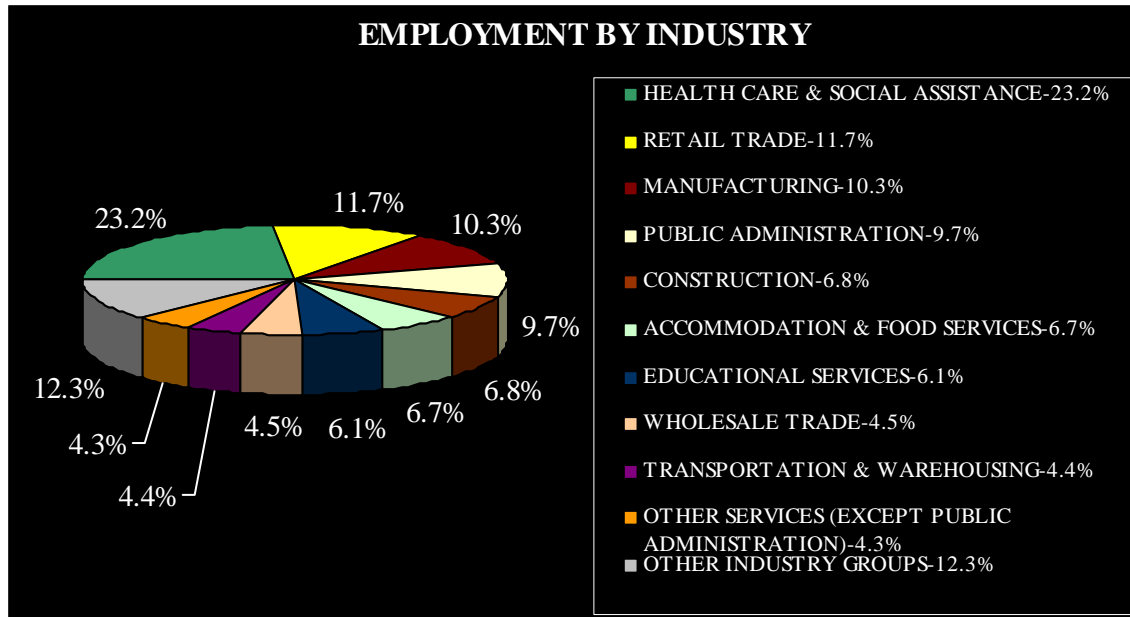
The labor force within the Lexington Site PMA is based primarily in three sectors. Health Care & Social Assistance (which comprises 23.2%), Retail Trade and Manufacturing comprise over 45% of the Site PMA labor force. Employment in the Lexington Site PMA, as of 2012, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	16	0.4%	66	0.1%	4.1
Mining	2	0.1%	10	0.0%	5.0
Utilities	5	0.1%	174	0.4%	34.8
Construction	438	12.2%	3,034	6.8%	6.9
Manufacturing	145	4.1%	4,590	10.3%	31.7
Wholesale Trade	191	5.3%	2,028	4.5%	10.6
Retail Trade	561	15.7%	5,246	11.7%	9.4
Transportation & Warehousing	82	2.3%	1,948	4.4%	23.8
Information	43	1.2%	368	0.8%	8.6
Finance & Insurance	204	5.7%	856	1.9%	4.2
Real Estate & Rental & Leasing	164	4.6%	1,308	2.9%	8.0
Professional, Scientific & Technical Services	233	6.5%	1,141	2.6%	4.9
Management of Companies & Enterprises	2	0.1%	17	0.0%	8.5
Administrative, Support, Waste Management & Remediation Services	176	4.9%	918	2.1%	5.2
Educational Services	75	2.1%	2,718	6.1%	36.2
Health Care & Social Assistance	318	8.9%	10,369	23.2%	32.6
Arts, Entertainment & Recreation	64	1.8%	458	1.0%	7.2
Accommodation & Food Services	188	5.3%	2,987	6.7%	15.9
Other Services (Except Public Administration)	458	12.8%	1,935	4.3%	4.2
Public Administration	130	3.6%	4,327	9.7%	33.3
Nonclassifiable	81	2.3%	156	0.3%	1.9
Total	3,576	100.0%	44,654	100.0%	12.5

\*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 Columbia Metropolitan Statistical Area (MSA) are compared with those of South Carolina in the following table:

Typical Wage by Occupation Type		
Occupation Type	Columbia MSA	South Carolina
Management Occupations	\$94,400	\$93,520
Business and Financial Occupations	\$57,640	\$58,280
Computer and Mathematical Occupations	\$65,980	\$63,170
Architecture and Engineering Occupations	\$69,780	\$70,990
Community and Social Service Occupations	\$38,580	\$38,470
Art, Design, Entertainment and Sports Medicine Occupations	\$40,220	\$41,560
Healthcare Practitioners and Technical Occupations	\$67,020	\$64,930
Healthcare Support Occupations	\$26,130	\$25,000
Protective Service Occupations	\$31,780	\$32,480
Food Preparation and Serving Related Occupations	\$19,370	\$19,790
Building and Grounds Cleaning and Maintenance Occupations	\$22,650	\$22,300
Personal Care and Service Occupations	\$23,450	\$23,040
Sales and Related Occupations	\$32,910	\$30,830
Office and Administrative Support Occupations	\$32,590	\$31,180
Construction and Extraction Occupations	\$35,730	\$35,720
Installation, Maintenance and Repair Occupations	\$41,010	\$39,920
Production Occupations	\$31,820	\$33,930
Transportation and Moving Occupations	\$30,160	\$29,540

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



Most annual blue-collar salaries range from \$19,370 to \$41,010 within the MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$70,964. It is important to note that most occupational types within the MSA have similar typical wages compared with the State of South Carolina's typical wages. The proposed project will target senior households with incomes generally below \$30,000. The area employment base has a significant number of income-appropriate occupations from which the subject project will be able to continue to draw renter support.

**3. AREA'S LARGEST EMPLOYERS**

The ten largest employers within Lexington County comprise a total of 14,162 employees. These employers are summarized as follows:

Business	Business Type	Total Employed
Lexington Medical Center	Healthcare	5,200
SCANA Corporation	Utilities	2,485
Michelin Tire Corp.	Tire Manufacturing	1,750
Amick Farms	Manufacturing	1,700
Shaw Industries	Manufacturing	600
Southeastern Freight Lines	Transportation and Warehousing	587
Lexington County	Government	525
Apex Tool Group	Manufacturing	500
Harsco Track Technologies	Manufacturing	415
CMC Steel	Iron & Steel Mill	400
<b>Total</b>		<b>14,162</b>

Source: Central SC Records and Reference USA

According to a representative with the Lexington County Economic Development Department, there are several positive factors impacting the county's economy which are summarized as follows:

- Time Warner Cable announced plans to expand its operations in Lexington County early this year. The \$24 million investment is expected to generate 644 new jobs over the next year.
- Avtec Inc., a communications technology company, announced plans to invest in a new facility within the county in May 2012. This \$6.1 million investment is expected to generate 25 new jobs.
- On April 10, 2012, Michelin North America, Inc. announced that the company will expand its Earthmover tire production, a \$750 million investment expected to generate 500 new jobs.
- In October 2011, Nephron Pharmaceuticals Corporation announced that they will locate its new operations in Lexington County. The \$313 million investment is expected to generate 707 new jobs.

- In January 2010, Akebono Brake Corporation announced a new facility will be located in Lexington County. Over the next five years, \$35.6 million will be invested and 283 jobs will be generated.

Despite the amount of growth in the county, there have been company layoffs and closures as well. The latest closures/layoffs according to WARN Announcements are as follows:

WARN Notices				
Company	Location	Date of Notice	Jobs Impacted	Closure/Layoff
First American Cash Advance	West Columbia	3/9/2012	2	Closure
Ansaldo STS USA	Batesburg	8/30/2012	150	Layoff
Easy Gardener	Batesburg	7/13/2012	25	Closure
Central Labels	Chapin	12/31/2012	65	Closure

#### 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.

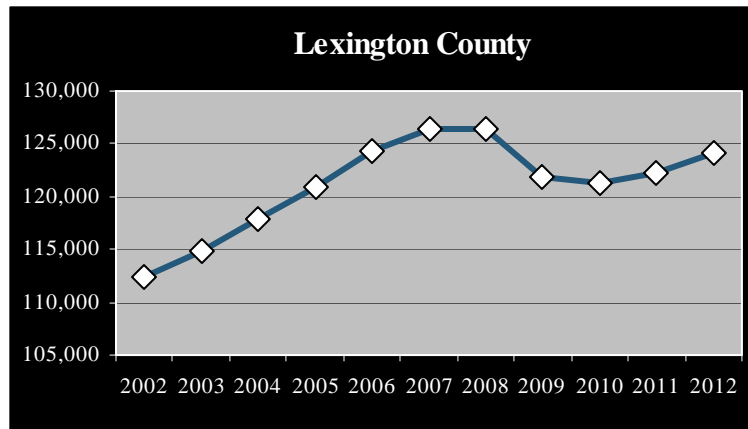
Excluding 2012, the employment base has declined by 3.3% over the past five years in Lexington County, less than the South Carolina state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Lexington County, South Carolina and the United States:

Year	Total Employment					
	Lexington County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2002	112,429	-	1,826,240	-	137,936,674	-
2003	114,913	2.2%	1,854,419	1.5%	138,386,944	0.3%
2004	117,855	2.6%	1,888,050	1.8%	139,988,842	1.2%
2005	120,937	2.6%	1,922,367	1.8%	142,328,023	1.7%
2006	124,387	2.9%	1,970,912	2.5%	144,990,053	1.9%
2007	126,420	1.6%	2,010,252	2.0%	146,397,529	1.0%
2008	126,407	0.0%	2,000,582	-0.5%	146,068,824	-0.2%
2009	121,822	-3.6%	1,903,146	-4.9%	140,721,369	-3.7%
2010	121,293	-0.4%	1,909,414	0.3%	140,483,185	-0.2%
2011	122,185	0.7%	1,935,885	1.4%	141,748,955	0.9%
2012*	124,052	1.5%	1,954,238	0.9%	141,772,241	0.0%

Source: Department of Labor; Bureau of Labor Statistics

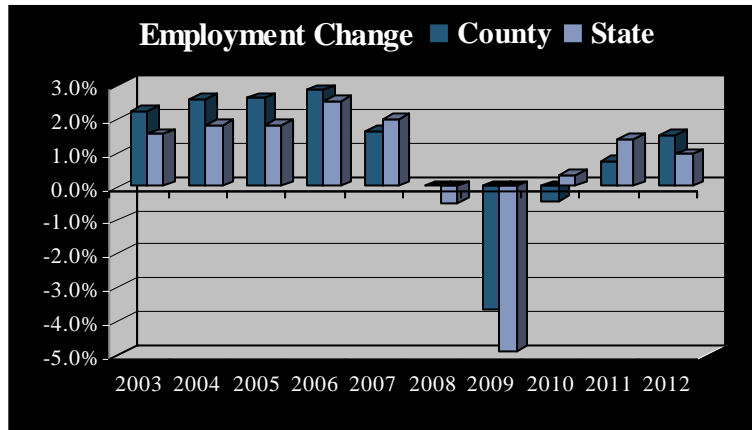
\*Through October



As the preceding illustrates, the Lexington County employment base declined from 2007 to 2010; however, the county has experienced growth over the preceding two years.



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

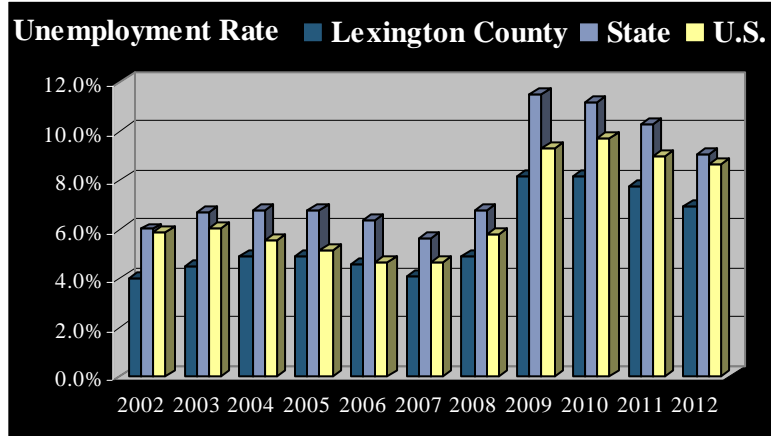


Unemployment rates for Lexington County, South Carolina and the United States are illustrated as follows:

Year	Unemployment Rate		
	Lexington County	South Carolina	United States
2002	4.0%	6.0%	5.8%
2003	4.5%	6.7%	6.0%
2004	4.9%	6.8%	5.6%
2005	4.9%	6.8%	5.2%
2006	4.6%	6.4%	4.7%
2007	4.1%	5.6%	4.7%
2008	4.9%	6.8%	5.8%
2009	8.2%	11.5%	9.3%
2010	8.2%	11.2%	9.7%
2011	7.8%	10.3%	9.0%
2012*	6.9%	9.0%	8.7%

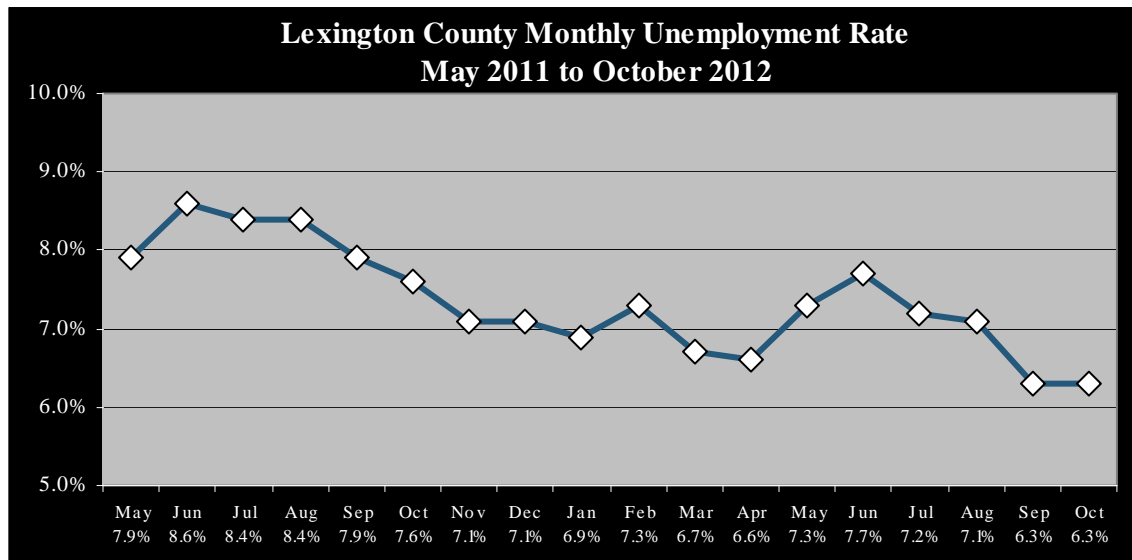
Source: Department of Labor, Bureau of Labor Statistics

\*Through October



The unemployment rate in Lexington County has ranged between 4.0% and 8.2%, well below the state average since 2002. It should be noted that the unemployment rate increased by four percentage points between 2007 and 2010, which is consistent with trends experienced by much of the nation associated with the national recession. Since 2010, the unemployment rate has consistently declined and was 6.9% in 2012 (through October).

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



While the county has experienced fluctuations in unemployment over the past 18 months, it has generally trended downward and has been at an 18-month low during the last two reported months.

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 Lexington County.

In-Place Employment Lexington County			
Year	Employment	Change	Percent Change
2002	82,154	-	-
2003	83,212	1,058	1.3%
2004	86,025	2,813	3.4%
2005	88,490	2,465	2.9%
2006	91,893	3,403	3.8%
2007	95,877	3,984	4.3%
2008	98,210	2,333	2.4%
2009	92,789	-5,421	-5.5%
2010	92,978	189	0.2%
2011	94,523	1,545	1.7%
2012*	94,743	220	0.2%

Source: Department of Labor, Bureau of Labor Statistics

\*Through March

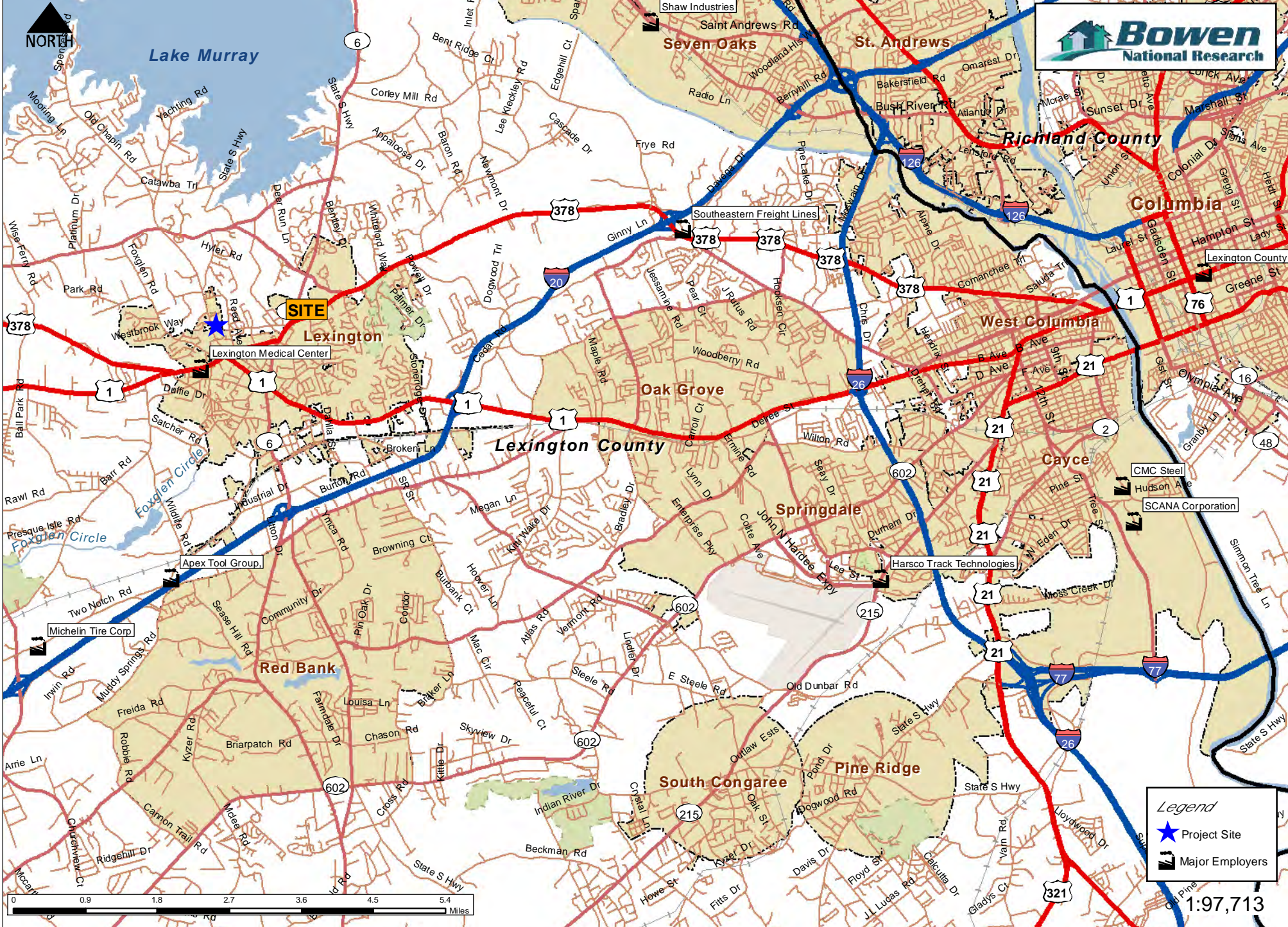
Data for 2011, the most recent year that year-end figures are available, indicates in-place employment in Lexington County to be 77.4% of the total Lexington County employment. This means that Lexington County has more employed persons leaving the county for daytime employment than those who work in the county. A high share of employed persons leaving the county for employment could have an adverse impact on residency with increasing energy costs. However, since the subject development is age-restricted, this is not expected to be a significant factor on the project's continued marketability.

## 5. EMPLOYMENT CENTERS MAP

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



# Lexington, SC: Major Employers





## 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	38,304	84.2%
Carpooled	4,940	10.9%
Public Transit	106	0.2%
Walked	570	1.3%
Motorcycle	44	0.1%
Bicycle	13	0.0%
Other Means	246	0.5%
Worked at Home	1,247	2.7%
Total	45,471	100.0%

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

Over 84% of all workers drove alone, 10.9% carpooled and only 0.2% used public transportation.

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

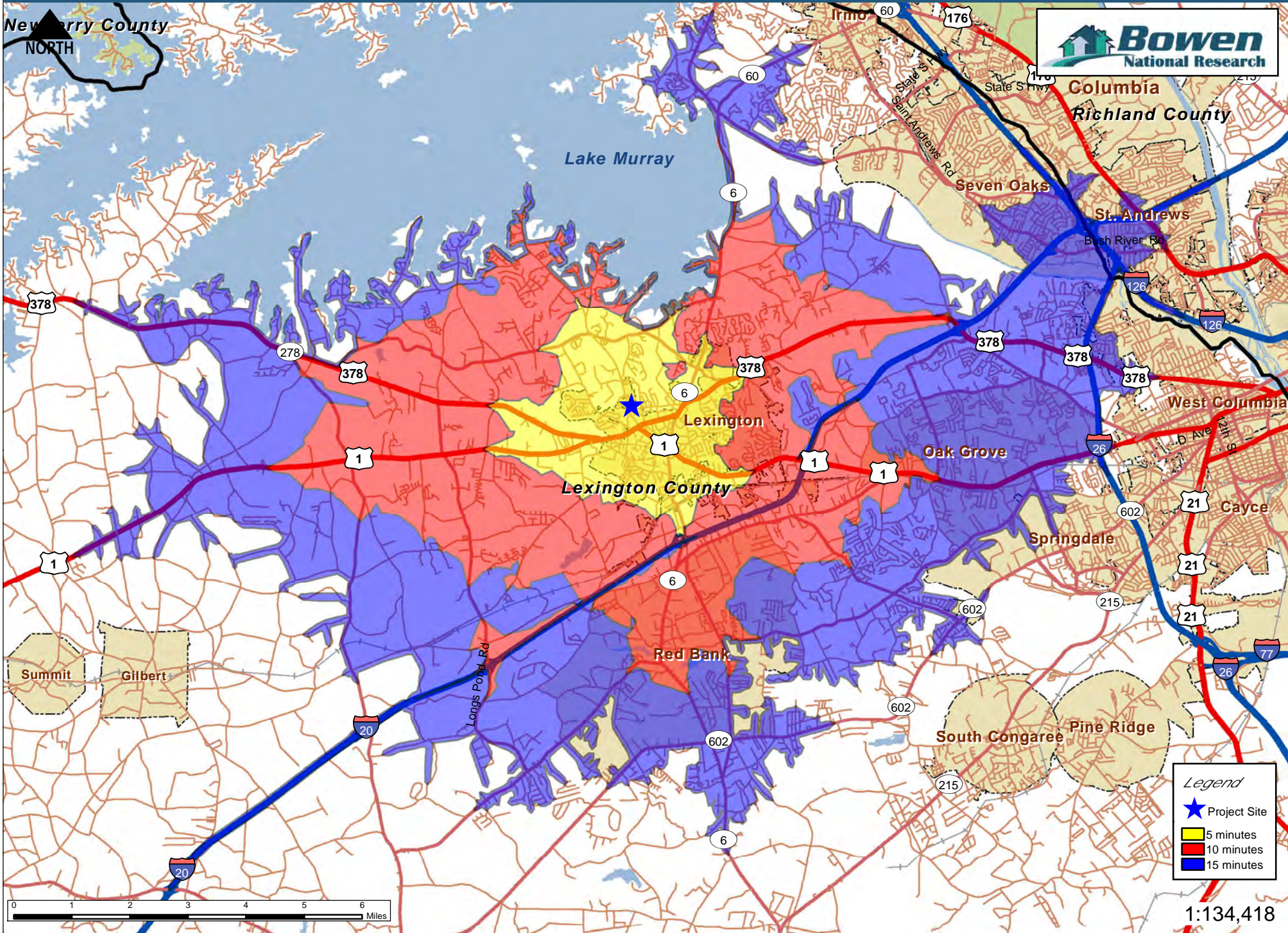
Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	9,403	20.7%
15 to 29 Minutes	20,314	44.7%
30 to 44 Minutes	10,167	22.4%
45 to 59 Minutes	2,322	5.1%
60 or More Minutes	2,018	4.4%
Worked at Home	1,247	2.7%
Total	45,471	100.0%

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

The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 15-minute drive to most of the area's largest employers, which should continue to contribute to the project's marketability, even though many of the current and potential residents may be retired. A drive-time map for the subject site is on the following page.



# Lexington, SC: Drive Time from Site



**Legend**  
★ Project Site  
5 minutes  
10 minutes  
15 minutes

1:134,418



## **7. ECONOMIC FORECAST AND HOUSING IMPACT**

The Lexington County economy began to experience a downturn in 2007, which is consistent with economic trends experienced by much of the nation during the national recession. From 2007 to 2010, the county economy lost 5,127 jobs, which equates to just over 4% of the employment base. It should also be noted that the unemployment rate increased by four percentage points during this time period. On a positive note, the county's economy has been experiencing job growth and a declining unemployment rate since 2010. This indicates that the local economy is well within the stages of recovery, which is evidenced by the various business expansions and job additions experienced within the county over the past two years. Overall, we believe the area economy will create a stable environment for affordable housing.

## F. COMMUNITY DEMOGRAPHIC DATA

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

### 1. POPULATION TRENDS

#### a. Total Population

The Site PMA population bases for 1990, 2000, 2012 (estimated) and 2015 (projected) are summarized as follows:

	Year			
	1990 (Census)	2000 (Census)	2012 (Estimated)	2015 (Projected)
Population	51,827	71,625	102,443	109,176
Population Change	-	19,798	30,818	6,733
Percent Change	-	38.2%	43.0%	6.6%

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

The Lexington Site PMA population base increased by 19,798 between 1990 and 2000. This represents a 38.2% increase over the 1990 population, or an annual rate of 3.3%. Between 2000 and 2012, the population increased by 30,818, or 43.0%. It is projected that the population will increase by 6,733, or 6.6%, between 2012 and 2015.

Based on the 2000 Census, the population residing in group-quarters is represented by 1.9% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	1,326	1.9%
Population not in Group Quarters	70,299	98.1%
Total Population	71,625	100.0%

Source: 2000 Census; 2010 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	20,678	28.9%	28,628	27.9%	30,556	28.0%	1,928	6.7%
20 to 24	3,783	5.3%	5,866	5.7%	5,757	5.3%	-110	-1.9%
25 to 34	11,496	16.1%	15,105	14.7%	16,231	14.9%	1,126	7.5%
35 to 44	13,229	18.5%	15,221	14.9%	15,837	14.5%	617	4.1%
45 to 54	9,952	13.9%	14,723	14.4%	14,840	13.6%	117	0.8%
55 to 64	6,023	8.4%	11,614	11.3%	12,887	11.8%	1,273	11.0%
65 to 74	3,613	5.0%	6,884	6.7%	8,250	7.6%	1,367	19.9%
75 & Over	2,851	4.0%	4,402	4.3%	4,818	4.4%	415	9.4%
Total	71,625	100.0%	102,443	100.0%	109,176	100.0%	6,733	6.6%

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

Most of the growth in the market is among those ages 55 and older. This will have a positive impact on the demand for senior housing in the market.

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

The subject project is restricted to seniors age 62 and older. Of the estimated 102,443 people in the Lexington Site PMA in 2012, 11,286 are age 65 and older. This age cohort is projected to increase by 1,782 (15.8%) between 2012 and 2015. The non-elderly population in 2012, those under the age of 65, totals 91,157 people which is approximately 89.0% of the total population in 2012. Senior household growth between 2012 and 2015 is significant and the 11,286 senior households represent a good base of support for the subject project.

**d. Special Needs Population**

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

**2. HOUSEHOLD TRENDS**

**a. Total Households**

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

	Year			
	1990 (Census)	2000 (Census)	2012 (Estimated)	2015 (Projected)
Households	18,726	27,313	39,674	42,377
Household Change	-	8,586	12,361	2,703
Percent Change	-	45.8%	45.3%	6.8%
Household Size	2.74	2.57	2.55	2.55

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





Within the Lexington Site PMA, households increased by 8,586 (45.8%) between 1990 and 2000. Between 2000 and 2012, households increased by 12,361 or 45.3%. By 2015, there will be 42,377 households, an increase of 2,703 households, or 6.8% over 2012 levels. This is an increase of approximately 901 households annually over the next three years.

**b. Household by Tenure**

Households by tenure for the general population, as well as those ages 55 and older are distributed as follows:

Tenure	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	21,795	79.8%	29,877	75.3%	32,018	75.6%
Renter-Occupied	5,518	20.2%	9,797	24.7%	10,359	24.4%
Total	27,313	100.0%	39,674	100.0%	42,377	100.0%

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

Tenure - Age 55+	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	6,529	85.1%	12,246	83.7%	13,816	83.5%
Renter-Occupied	1,147	14.9%	2,393	16.3%	2,733	16.5%
Total	7,676	100.0%	14,639	100.0%	16,549	100.0%

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

Tenure - Age 62+	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	4,241	82.9%	7,894	82.0%	9,058	81.9%
Renter-Occupied	872	17.1%	1,737	18.0%	2,002	18.1%
Total	5,113	100.0%	9,631	100.0%	11,060	100.0%

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

In 2012, generally, occupied senior units were comprised of about 17% renters with the balance consisting of homeowners.

**c. Households by Income**

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

Household Income	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	1,635	6.0%	2,300	5.8%	2,418	5.7%
\$10,000 to \$19,999	2,687	9.8%	3,362	8.5%	3,522	8.3%
\$20,000 to \$29,999	3,411	12.5%	4,436	11.2%	4,661	11.0%
\$30,000 to \$39,999	3,809	13.9%	4,919	12.4%	5,174	12.2%
\$40,000 to \$49,999	3,162	11.6%	4,371	11.0%	4,668	11.0%
\$50,000 to \$59,999	3,193	11.7%	3,815	9.6%	4,067	9.6%
\$60,000 to \$74,999	3,694	13.5%	5,264	13.3%	5,579	13.2%
\$75,000 to \$99,999	3,476	12.7%	5,584	14.1%	6,020	14.2%
\$100,000 to \$124,999	1,133	4.1%	3,016	7.6%	3,306	7.8%
\$125,000 to \$149,999	493	1.8%	1,187	3.0%	1,357	3.2%
\$150,000 to \$199,999	300	1.1%	747	1.9%	849	2.0%
\$200,000 & Over	319	1.2%	673	1.7%	758	1.8%
Total	27,313	100.0%	39,674	100.0%	42,377	100.0%
Median Income	\$46,685		\$51,178		\$51,834	

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

In 2000, the median household income was \$46,685. This increased by 9.6% to \$51,178 in 2012. By 2015, it is projected that the median household income will be \$51,834, an increase of 1.3% over 2012.

The distribution of older adult (age 55+) and elderly (age 62+) households are summarized as follow:

Household Income Age 55+	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	850	11.1%	1,304	8.9%	1,429	8.6%
\$10,000 to \$19,999	1,212	15.8%	1,871	12.8%	2,045	12.4%
\$20,000 to \$29,999	1,137	14.8%	2,038	13.9%	2,284	13.8%
\$30,000 to \$39,999	1,020	13.3%	1,793	12.2%	2,035	12.3%
\$40,000 to \$49,999	853	11.1%	1,667	11.4%	1,899	11.5%
\$50,000 to \$59,999	766	10.0%	1,369	9.4%	1,565	9.5%
\$60,000 to \$74,999	711	9.3%	1,651	11.3%	1,870	11.3%
\$75,000 to \$99,999	541	7.1%	1,364	9.3%	1,580	9.5%
\$100,000 to \$124,999	259	3.4%	709	4.8%	825	5.0%
\$125,000 to \$149,999	140	1.8%	351	2.4%	402	2.4%
\$150,000 to \$199,999	81	1.1%	268	1.8%	316	1.9%
\$200,000 & Over	105	1.4%	255	1.7%	299	1.8%
Total	7,676	100.0%	14,639	100.0%	16,549	100.0%
Median Income	\$36,262		\$41,883		\$42,533	

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

Household Income Age 62+	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	743	14.5%	1,119	11.6%	1,235	11.2%
\$10,000 to \$19,999	1,049	20.5%	1,572	16.3%	1,736	15.7%
\$20,000 to \$29,999	897	17.5%	1,629	16.9%	1,853	16.8%
\$30,000 to \$39,999	709	13.9%	1,292	13.4%	1,506	13.6%
\$40,000 to \$49,999	492	9.6%	1,096	11.4%	1,281	11.6%
\$50,000 to \$59,999	418	8.2%	822	8.5%	964	8.7%
\$60,000 to \$74,999	317	6.2%	820	8.5%	965	8.7%
\$75,000 to \$99,999	219	4.3%	562	5.8%	667	6.0%
\$100,000 to \$124,999	81	1.6%	289	3.0%	343	3.1%
\$125,000 to \$149,999	62	1.2%	129	1.3%	152	1.4%
\$150,000 to \$199,999	46	0.9%	131	1.4%	159	1.4%
\$200,000 & Over	78	1.5%	170	1.8%	199	1.8%
Total	5,113	100.0%	9,631	100.0%	11,060	100.0%
Median Income	\$28,514		\$33,834		\$34,689	

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

**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 and owner household income by household size for 2000, 2012 and 2015 for the Lexington Site PMA for those ages 55 and older and separately for those ages 62 and older:

Renter Households Age 55+	2000 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	271	23	3	11	2	310
\$10,000 to \$19,999	254	57	0	1	0	312
\$20,000 to \$29,999	111	56	29	0	5	200
\$30,000 to \$39,999	63	35	5	4	12	119
\$40,000 to \$49,999	17	39	0	0	0	56
\$50,000 to \$59,999	39	21	5	1	10	76
\$60,000 to \$74,999	15	13	1	4	1	33
\$75,000 to \$99,999	7	8	2	3	0	20
\$100,000 to \$124,999	6	6	2	2	0	16
\$125,000 to \$149,999	1	1	0	0	0	2
\$150,000 to \$199,999	1	0	0	0	0	1
\$200,000 & Over	2	0	1	0	0	3
Total	786	259	47	26	29	1,147

Source: Ribbon Demographics; ESRI; Urban Decision Group



Renter Households Age 55+	2012 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	471	43	3	13	3	533
\$10,000 to \$19,999	511	87	1	0	0	600
\$20,000 to \$29,999	252	130	62	2	14	460
\$30,000 to \$39,999	140	57	11	5	24	238
\$40,000 to \$49,999	60	74	0	0	0	134
\$50,000 to \$59,999	86	45	11	7	17	166
\$60,000 to \$74,999	45	33	7	8	2	96
\$75,000 to \$99,999	36	30	6	8	2	82
\$100,000 to \$124,999	19	15	3	4	1	42
\$125,000 to \$149,999	12	9	1	1	0	24
\$150,000 to \$199,999	5	2	1	0	0	8
\$200,000 & Over	7	2	2	0	0	11
Total	1,645	527	109	49	64	2,393

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households Age 55+	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	520	50	4	14	4	591
\$10,000 to \$19,999	566	95	1	1	0	663
\$20,000 to \$29,999	290	146	75	2	17	530
\$30,000 to \$39,999	164	65	13	6	30	278
\$40,000 to \$49,999	70	85	0	0	0	155
\$50,000 to \$59,999	103	52	13	9	20	197
\$60,000 to \$74,999	52	38	8	9	4	110
\$75,000 to \$99,999	45	37	7	9	2	99
\$100,000 to \$124,999	26	18	4	5	1	54
\$125,000 to \$149,999	15	11	3	2	0	30
\$150,000 to \$199,999	7	3	1	1	0	11
\$200,000 & Over	9	2	3	0	0	14
Total	1,865	601	133	57	77	2,733

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Households Age 55+	2000 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	419	104	14	2	1	541
\$10,000 to \$19,999	563	303	29	4	1	900
\$20,000 to \$29,999	381	486	56	14	0	937
\$30,000 to \$39,999	233	546	99	14	9	901
\$40,000 to \$49,999	144	552	66	26	8	797
\$50,000 to \$59,999	74	426	155	25	9	690
\$60,000 to \$74,999	63	423	136	39	15	677
\$75,000 to \$99,999	43	324	116	27	11	522
\$100,000 to \$124,999	18	152	56	10	7	244
\$125,000 to \$149,999	11	83	32	8	4	138
\$150,000 to \$199,999	6	54	16	1	3	80
\$200,000 & Over	9	67	19	4	3	102
Total	1,965	3,521	797	175	71	6,529

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Households Age 55+	2012 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	603	141	20	3	3	770
\$10,000 to \$19,999	860	371	34	6	0	1,271
\$20,000 to \$29,999	720	738	94	23	2	1,578
\$30,000 to \$39,999	473	858	204	10	10	1,556
\$40,000 to \$49,999	293	1,049	129	46	16	1,533
\$50,000 to \$59,999	155	701	280	53	15	1,203
\$60,000 to \$74,999	149	876	393	84	53	1,555
\$75,000 to \$99,999	124	748	309	71	30	1,282
\$100,000 to \$124,999	62	389	166	29	20	667
\$125,000 to \$149,999	28	198	75	16	10	327
\$150,000 to \$199,999	22	155	58	12	12	260
\$200,000 & Over	22	156	50	7	8	244
Total	3,510	6,382	1,812	362	180	12,246

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Households Age 55+	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	655	154	23	3	2	838
\$10,000 to \$19,999	949	391	35	7	1	1,383
\$20,000 to \$29,999	814	805	108	25	3	1,755
\$30,000 to \$39,999	529	968	238	11	11	1,757
\$40,000 to \$49,999	321	1,201	148	54	19	1,744
\$50,000 to \$59,999	182	782	322	64	18	1,369
\$60,000 to \$74,999	167	983	445	97	68	1,759
\$75,000 to \$99,999	143	851	363	86	38	1,481
\$100,000 to \$124,999	73	442	198	36	23	771
\$125,000 to \$149,999	29	225	88	19	11	371
\$150,000 to \$199,999	28	179	70	13	14	304
\$200,000 & Over	26	180	61	8	9	284
Total	3,916	7,163	2,099	421	217	13,816

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households Age 62+	2000 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	252	22	0	0	0	274
\$10,000 to \$19,999	192	45	0	0	0	238
\$20,000 to \$29,999	92	41	30	0	5	168
\$30,000 to \$39,999	45	20	5	0	11	81
\$40,000 to \$49,999	11	13	0	0	0	25
\$50,000 to \$59,999	38	14	5	1	0	59
\$60,000 to \$74,999	10	3	0	1	1	15
\$75,000 to \$99,999	3	1	0	0	0	4
\$100,000 to \$124,999	3	2	0	0	0	5
\$125,000 to \$149,999	1	0	0	0	0	1
\$150,000 to \$199,999	1	0	0	0	0	1
\$200,000 & Over	1	0	0	0	0	1
Total	651	162	40	2	17	872

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households Age 62+	2012 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	416	41	0	0	0	457
\$10,000 to \$19,999	379	67	0	0	0	446
\$20,000 to \$29,999	204	85	61	0	12	362
\$30,000 to \$39,999	100	36	11	0	25	172
\$40,000 to \$49,999	48	30	0	0	0	78
\$50,000 to \$59,999	81	31	11	7	7	137
\$60,000 to \$74,999	23	6	3	2	2	37
\$75,000 to \$99,999	14	4	2	2	2	25
\$100,000 to \$124,999	6	2	0	1	1	11
\$125,000 to \$149,999	5	1	0	0	0	6
\$150,000 to \$199,999	2	0	0	0	0	3
\$200,000 & Over	4	1	0	0	0	5
Total	1,281	305	89	13	49	1,737

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households Age 62+	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	461	47	1	0	0	509
\$10,000 to \$19,999	427	75	0	0	0	502
\$20,000 to \$29,999	239	98	74	0	15	426
\$30,000 to \$39,999	120	42	14	0	30	206
\$40,000 to \$49,999	58	35	0	0	0	92
\$50,000 to \$59,999	97	36	14	9	8	163
\$60,000 to \$74,999	25	7	4	4	4	43
\$75,000 to \$99,999	17	5	3	3	2	29
\$100,000 to \$124,999	8	3	1	1	1	14
\$125,000 to \$149,999	6	1	0	0	0	7
\$150,000 to \$199,999	4	1	0	0	0	5
\$200,000 & Over	5	1	0	0	0	6
Total	1,467	350	110	16	60	2,002

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Households Age 62+	2000 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	379	78	12	0	0	469
\$10,000 to \$19,999	525	260	23	4	0	812
\$20,000 to \$29,999	308	364	43	14	0	729
\$30,000 to \$39,999	127	427	74	0	0	628
\$40,000 to \$49,999	52	390	16	0	8	467
\$50,000 to \$59,999	54	212	64	26	4	360
\$60,000 to \$74,999	40	201	37	11	12	301
\$75,000 to \$99,999	24	140	37	6	8	215
\$100,000 to \$124,999	12	50	10	0	3	76
\$125,000 to \$149,999	7	40	12	1	1	61
\$150,000 to \$199,999	3	33	5	1	3	45
\$200,000 & Over	7	51	14	3	1	77
Total	1,539	2,247	347	67	41	4,241

Source: Ribbon Demographics; ESRI; Urban Decision Group



Owner Households Age 62+	2012 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	536	107	19	0	1	662
\$10,000 to \$19,999	784	311	25	6	0	1,126
\$20,000 to \$29,999	613	563	70	21	0	1,267
\$30,000 to \$39,999	274	676	170	0	0	1,120
\$40,000 to \$49,999	117	835	50	0	16	1,018
\$50,000 to \$59,999	118	364	138	54	10	685
\$60,000 to \$74,999	93	470	152	29	38	782
\$75,000 to \$99,999	67	333	96	19	22	538
\$100,000 to \$124,999	35	166	58	6	14	278
\$125,000 to \$149,999	18	74	22	3	5	123
\$150,000 to \$199,999	14	82	25	2	5	129
\$200,000 & Over	18	107	31	5	5	166
Total	2,687	4,088	857	145	116	7,894

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Households Age 62+	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	584	120	21	1	0	726
\$10,000 to \$19,999	871	331	26	7	0	1,234
\$20,000 to \$29,999	700	621	82	23	0	1,427
\$30,000 to \$39,999	321	778	201	0	0	1,300
\$40,000 to \$49,999	131	977	61	0	20	1,189
\$50,000 to \$59,999	142	416	166	65	13	801
\$60,000 to \$74,999	108	543	185	35	51	922
\$75,000 to \$99,999	78	390	119	23	27	638
\$100,000 to \$124,999	41	193	73	7	15	329
\$125,000 to \$149,999	20	88	27	4	6	146
\$150,000 to \$199,999	18	96	33	2	6	155
\$200,000 & Over	21	122	39	6	6	193
Total	3,035	4,675	1,032	172	143	9,058

Source: Ribbon Demographics; ESRI; Urban Decision Group

Population and households have experienced positive growth between 2000 and 2012. The trends are projected to remain very positive, with population increasing by 6,733 (6.6%) and households increasing by 2,703 (6.8%) between 2012 and 2015. Further, households age 62 and older are expected to increase by 1,429 (14.8%) between 2012 and 2015. Renter households age 62 and older are expected to increase by 265 during this same three-year period. This projected growth is expected to increase the demand for age-restricted rental units over the next couple of years.

## G. PROJECT-SPECIFIC DEMAND ANALYSIS

The subject project currently operates under the income and rent requirements of the RD Section 515 program. As the project will be renovated with Tax Credit financing, it will follow the same household eligibility requirements that are currently in effect. Regardless, we have provided various demand scenarios that evaluate the depth of continued support for the project under the RD 515 program and in the unlikely event the project had to operate exclusively under the LIHTC program.

### 1. INCOME RESTRICTIONS

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

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

The subject site is within the Columbia, SC HUD Metro FMR Area, which has a four-person median household income of \$60,400 for 2013. The subject property will be restricted to households with incomes of up to 60% of AMHI. The following table summarizes the maximum allowable income by household size at 60% of AMHI.

Household Size	Maximum Allowable Income
	60%
One-Person	\$25,800
Two-Person	\$29,460

The one-bedroom units at the subject site are expected to house up to two-person households. As such, the maximum allowable income at the subject site is \$29,460.

### 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 gross rent of \$620. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$7,440. Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$18,600.

Since 36 of the subject’s 40 units operate with Rental Assistance that require tenants to pay 30% of their adjusted gross income towards housing costs, some households could have little or no income and still reside at the subject project. Therefore, we have also evaluated support for the subject’s RD 515 units with Rental Assistance using \$0 as the minimum income.

Based on the preceding analyses, the income-appropriate ranges required for residency at the subject project are included in the following table:

Unit Type	Income Range	
	Minimum	Maximum
RD 515 (Limited To 60% Of AMHI) with RA	\$0	\$29,460
Tax Credit (Limited To 60% Of AMHI)	\$18,600	\$29,460

RA- Rental Assistance

### 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 2000 and 2010 Census data (as available), ACS 5 year estimates or demographic estimates provided by reputable companies. All data in tables should be projected from the same source.*



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

Based on the 2011 ACS 5-Year Estimates Table B25074 Gross Rent as a Percentage of Household Income, 64.5% of senior renter households earning between \$0 and \$29,460 within Lexington County are rent overburdened. A total of 48.3% of senior renter households earning between \$18,600 and \$29,460 are rent overburdened. These percentages have been included in our demand analysis.

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

Based on the 2011 ACS 5-Year Estimates Table B25016, 3.4% of all households within the county were living in substandard housing (lacking complete indoor plumbing and overcrowded households/1+ persons per room).

- 3) **Elderly Homeowners likely to convert to rentership:** *The Authority recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. A narrative of the steps taken to arrive at this demand figure should be included.*

The subject project is located in a relatively rural area of South Carolina. As a result, we anticipate that 5.0% of senior homeowners will consider the subject project as a housing alternative. Therefore, we used a 5.0% homeowner conversion rate in our capture rate estimates.

- 4) **Other:** *Please note, the Authority does not, in general, consider household turnover rates other than those of elderly to be an accurate determination of market demand. However, if an analyst firmly believes that demand exists which is not being captured by the above methods, she/he may be allowed to consider this information in their analysis. The analyst may also use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under-built or over-built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted from the demand analysis described above.*

#### 4. **METHODOLOGY**

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

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

#### 5. **DEMAND/CAPTURE RATE CALCULATIONS**

Within the Site PMA, there are no affordable housing projects that 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. As such, no units were included in the following demand estimates.

The following table provides our capture rate estimates by program type:

Demand Component	Percent of Median Household Income			
	RD 515 Age 62+ with RA (\$0 - \$29,460)	RD 515 Age 62+ without RA (\$18,600 - \$29,460)	RD 515 Age 62+ Overall (\$0 - \$29,460)	Tax Credit Only Age 55+ (\$18,600 - \$29,460)
Demand From New Renter Households (Age- And Income-Appropriate)	1,414 - 1,246 = 168	473 - 405 = 68	1,414 - 1,246 = 168	594 - 519 = 75
+				
Demand From Existing Households (Rent Overburdened)	1,246 X 64.5% = 804	405 X 48.3% = 196	1,246 X 64.5% = 804	519 X 48.3% = 251
+				
Demand From Existing Households (Renters In Substandard Housing)	1,246 X 3.4% = 42	405 X 3.4% = 14	1,246 X 3.4% = 42	519 X 3.4% = 18
+				
Demand From Existing Households (Senior Homeowner Conversion)	2,987 X 5.0% = 149	1,356 X 5.0% = 68	2,987 X 5.0% = 149	1,671 X 5.0% = 84
=				
Total Demand	1,163	346	1,163	428
-				
Supply (Directly Comparable Units Built And/Or Funded Since 2012)	0	0	0	0
=				
Net Demand	1,163	346	1,163	428
Proposed Units	36	4	40	40
Capture Rate	3.1%	1.2%	3.4%	9.3%

RA – Rental Assistance

As proposed, the subject project will maintain its subsidy and will require a capture rate of 3.4%. Based on the current occupancy of the project and the overall market, the 3.4% capture rate is considered low and achievable. Further, the subject project is 100.0% occupied and all tenants are anticipated to income-qualify post renovations. Therefore, the effective capture rate is 0.0%.

In the unlikely event the subject project were to lose its project-based subsidy, the capture rate would be 9.3%. This capture rate illustrates that there will be a good base of households to draw support from if the Rental Assistance was ever lost.

Based on the distribution of persons per household age 55 and older and the share of age-restricted 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	70%
Two-Bedroom	30%
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:

Rural Development - Units Targeting 60% Of AMHI (1,163 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 (70%)	814	0	814	40	4.9%
Two-Bedroom (30%)	349	0	349	N/A	N/A

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

Tax Credit - Units Targeting 60% Of AMHI (428 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 (70%)	300	0	300	40	13.3%
Two-Bedroom (30%)	128	0	128	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 each scenario range from 4.9% to 13.3%. The required capture rate for the units as proposed, as well as for the units to operate exclusively under the LIHTC program are considered low and achievable, especially based on the fact that all affordable age-restricted rental housing alternatives within the market are 100.0% occupied and maintain waiting lists.

## 6. ABSORPTION PROJECTIONS

All 40 of the subject units are occupied with the project maintaining a two-year waiting list. It is anticipated that none of the current tenants will move from the project following renovations. Furthermore, it is important to note that the renovations at the subject site will not necessitate the displacement of current residents. Therefore, few if any of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 40 subject units will be vacated and that all units will have to be re-rented (assuming Rental Assistance is preserved). We also assume the absorption period at the site begins as soon as the first renovated units are available for occupancy. We also assume that initial renovated units at the site will be available for rent sometime in 2015, though the actual completion time may be earlier.

It is our opinion that the 40 units at the subject site will reach a stabilized occupancy of 93.0% within three to four months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of nine to twelve units per month. Our absorption projections assume that no other age-restricted projects targeting a similar income group will be developed during the projection period and that the renovations will be completed as outlined in this report. These absorption projections also assume that the Rental Assistance will be maintained. Should Rental Assistance not be secured, the 40 LIHTC units at the subject site would have a slightly extended absorption period based on the proposed collected rents, amenities and achievable market rents. Therefore, we would anticipate the rehabilitated units would reach a stabilized occupancy rate of 93.0% within approximately five to six months. This assumes an average monthly absorption of six to seven units per month.

The realistic absorption period for this project will be less than one month as most tenants are expected to remain at the project and continue to pay up to 30% of their adjusted gross income towards housing costs, as the Private Rental Assistance provided by the developer to current tenants will prevent tenants from experiencing rent increases.

## H. RENTAL HOUSING ANALYSIS (SUPPLY)

### 1. COMPETITIVE DEVELOPMENTS

We identified three Low-Income Housing Tax Credit (LIHTC) properties within the Lexington Site PMA that are either age-restricted or offer one-bedroom units that are likely appealing to the elderly population. Two additional projects, Fern Hall (Map I.D. 16) and Town & Country Apartments (Map I.D. 17), operate under the LIHTC program; however, Fern Hall does not offer one-bedroom units and Town & Country Apartments is a Rural Development 515 property with Rental Assistance on all units. Therefore, these properties are not considered comparable to the subject project. Given the lack of age-restricted LIHTC housing in the market, we have also identified and surveyed two additional age-restricted projects outside of the Site PMA, but within the region. All of these properties target households with incomes up to 50% and/or 60% of Area Median Household Income (AMHI) and are considered comparable properties, though only the one age-restricted property within the Site PMA is considered competitive.

These five LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility for projects within the Site PMA 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
<b>Site</b>	<b>Scarlett Oaks Apartments</b>	<b>1992 / 2015</b>	<b>40</b>	<b>100.0%</b>	<b>-</b>	<b>2 Years</b>	<b>Seniors 62+; 60% AMHI &amp; RD 515</b>
2	Pebble Creek Senior Apts.	2011	48	100.0%	2.3 Miles	6-12 Months	Seniors 55+; 50% & 60% AMHI
6	Chimney Ridge Apts. I & II	1996	200	96.5%	3.3 Miles	None	Families; 60% AMHI
14	Fern Hall Crossing	2008	48	100.0%	7.0 Miles	20-30 H.H.	Families; 50% & 60% AMHI
901	Wardlaw Apts.	1927 / 1999	66	97.0%	14.1 Miles	None	Seniors 55+; 50% & 60% AMHI
902	Avalon Place	2005	72	95.8%	19.8 Miles	None	Seniors 55+; 50% & 60% AMHI

OCC. – Occupancy

H.H. – Households

900 Map I.D. series located outside of Site PMA

The five LIHTC projects have a combined occupancy rate of 97.2%, indicating high demand for affordable housing in the region. It is important to note that the one age-restricted LIHTC project within the market, Pebble Creek Senior Apartments (Map I.D. 2), is 100.0% occupied with a six to twelve-month waiting list. This indicates that pent-up demand exists for additional age-restricted affordable rental housing in the market.



The newest LIHTC project, Pebble Creek Senior Apartments (Map I.D. 2), was completed in March of 2011. The project became 100.0% occupied in October 2011, yielding an average absorption rate of approximately seven units per month, which is considered a relatively quick absorption rate. This further provides evidence of the high demand that exists for additional high quality age-restricted affordable rental housing in the market.

The gross rents for the five 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
		Studio	One-Br.	Two-Br.	Three-Br.	
<b>Site</b>	<b>Scarlett Oaks Apartments</b>	-	<b>\$620/60% (40)</b>	-	-	-
2	Pebble Creek Senior Apts.	-	-	\$749/50% (24) \$849/60% (24)	-	None
6	Chimney Ridge Apts. I & II	-	\$780/60% (64)	\$916/60% (104)	\$1,054/60% (32)	None
14	Fern Hall Crossing	-	\$697/50% (4)	\$810/50% (10) \$971/60% (10)	\$915/50% (12) \$1,096/60% (12)	None
901	Wardlaw Apts.	\$613/50% (2)	\$665/50% (54)	\$902/60% (10)	-	None
902	Avalon Place	-	\$645/50% (24) \$769/60% (24)	\$780/50% (12) \$851/60% (12)	-	None

900 Map I.D. series located outside of Site PMA

The proposed subject gross rents will be the lowest priced LIHTC units targeting similar income levels within the market and region. As such, the proposed gross rents will provide the project with a competitive advantage, if the subject site had to operate exclusively under the LIHTC program. Regardless, it is expected to retain Rental Assistance on 36 out of the 40 units, allowing residents to pay up to 30% of their adjusted gross income towards housing costs. As such, the subject project represents an even greater value to current and future residents within the Site PMA.

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

Map I.D.	Project Name	Number of Vouchers
2	Pebble Creek Senior Apts.	10
6	Chimney Ridge Apts. I & II	15-20
14	Fern Hall Crossing	8
901	Wardlaw Apts.	15
902	Avalon Place	10

900 Map I.D. series located outside of Site PMA

As the preceding table illustrates, approximately 58 to 63 units are occupied by voucher holders out of the total of 434 units, comprising 13.3% to 14.5% of the total comparable LIHTC units in the region. When considering the comparable LIHTC units in the market, 11.1% to 12.8% of the total units are occupied by voucher holders. As such, this illustrates that the gross rents charged at the comparable LIHTC projects in the market and region are achievable.

According to a representative with the South Carolina Housing Finance and Development Authority (oversees Clarendon, Colleton, Dorchester, Fairfield, Kershaw, Lee and Lexington counties), there are approximately 820 voucher holders within their jurisdiction. There are approximately 270 households on the waiting list. The waiting list is closed and it is unknown when it will reopen. This reflects the continuing need for Housing Choice Voucher assistance.

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

2

## Pebble Creek Senior Apts.

2.3 miles to site



**Address** 136 Library Hill Ln.  
Lexington, SC 29072

**Phone** (803) 520-6481 **Contact** Lynn

**Total Units** 48 **Vacancies** 0 **Percent Occupied** 100.0%

**Project Type** Tax Credit

**Year Open** 2011 **Floors** 3

**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** 6-12 months

**Quality Rating** A **Neighborhood Rating** B+

**Remarks** 50% & 60% AMHI; HCV (approx.10 units); Opened 3/2011, 100% occupied 10/2011, no preleasing

### Features and Utilities

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

**Unit Amenities** Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, E-Call Button

**Project Amenities** On-site Management, Laundry Facility, Club House, Meeting Room, Elevator, Game Room

### Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	24	0	905 to 947	\$0.71 - \$0.75	\$677	60%
2	2	G	24	0	905 to 947	\$0.61 - \$0.64	\$577	50%



**6 Chimney Ridge Apts. I & II**

3.3 miles to site



<b>Address</b>	300 Palmetto Park Blvd. Lexington, SC 29072		
<b>Phone</b>	(803) 356-8000	<b>Contact</b>	April
<b>Total Units</b>	200	<b>Vacancies</b>	7
		<b>Percent Occupied</b>	96.5%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	1996	<b>Floors</b>	3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	A
<b>Remarks</b>	60% AMHI; HCV (approx.15-20 units)		

**Features and Utilities**

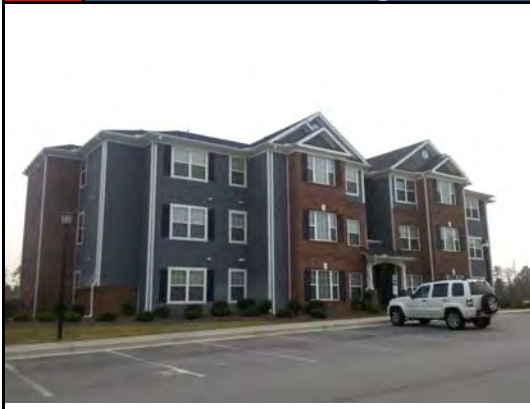
<b>Utilities</b>	Landlord pays Water, Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Fitness Center, Playground, Sports Court, Lake, Security Gate, Computer Lab, Picnic Area

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	64	2	698 to 750	\$0.86 - \$0.92	\$642	60%
2	2	G	104	3	1000	\$0.74	\$744	60%
3	2	G	32	2	1100	\$0.77	\$844	60%

**14 Fern Hall Crossing**

7.0 miles to site



<b>Address</b>	600 Fern Hall Dr. Lexington, SC 29073		
<b>Phone</b>	(803) 359-3705	<b>Contact</b>	Michael
<b>Total Units</b>	48	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2008	<b>Floors</b>	3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	20-30 households		
<b>Quality Rating</b>	B+	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	50% & 60% AMHI; HCV (approx. 8 units); Shares waitlist with Fern Hall; Offers basic cable package for \$35/month		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds, Sunroom
<b>Project Amenities</b>	On-site Management, Laundry Facility, Meeting Room, Playground, Computer Lab

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	4	0	879	\$0.55	\$480	50%
2	2	G	10	0	1157	\$0.62	\$720	60%
2	2	G	10	0	1157	\$0.48	\$559	50%
3	2	G	12	0	1315	\$0.61	\$807	60%
3	2	G	12	0	1315	\$0.48	\$626	50%

**901 Wardlaw Apts.**

14.1 miles to site



<b>Address</b>	1003 Elmwood Ave. Columbia, SC 29201		
<b>Phone</b>	(803) 779-7471	<b>Contact</b>	Cindy
<b>Total Units</b>	66	<b>Vacancies</b>	2
		<b>Percent Occupied</b>	97.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	1927	<b>Renovated</b>	1999
		<b>Floors</b>	2, 3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	50% & 60% AMHI; HCV (15 units); Square footage estimated		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Water, Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Range, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Intercom, Blinds, E-Call Button
<b>Project Amenities</b>	On-site Management, Meeting Room, Elevator, Picnic Area

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
0	1	G	2	0	418	\$1.22	\$511	50%
1	1	G	54	2	560 to 625	\$0.84 - \$0.94	\$527	50%
2	1	G	10	0	700 to 728	\$1.00 - \$1.04	\$730	60%



**902 Avalon Place**

19.8 miles to site



<b>Address</b>	1030 Atlas Rd. Columbia, SC 29209		
<b>Phone</b>	(803) 783-1101	<b>Contact</b>	Lynne
<b>Total Units</b>	72	<b>Vacancies</b>	3
		<b>Percent Occupied</b>	95.8%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2005	<b>Floors</b>	2,3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking, Carports		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A-	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	50% & 60% AMHI; HCV (10 units)		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Water, Sewer, Trash, Cable
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Intercom, Blinds, E-Call Button
<b>Project Amenities</b>	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Storage, Elevator, Computer Lab, Social Services, Gazebo

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	24	3	640	\$1.02	\$651	60%
1	1	G	24	0	640	\$0.82	\$527	50%
2	1	G	12	0	840	\$0.83	\$699	60%
2	1	G	12	0	840	\$0.75	\$628	50%

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

		Square Footage			
Map I.D.	Project Name	Studio	One-Br.	Two-Br.	Three-Br.
Site	<b>Scarlett Oaks Apartments</b>	-	<b>625</b>	-	-
2	Pebble Creek Senior Apts.	-	-	905 - 947	-
6	Chimney Ridge Apts. I & II	-	698 - 750	1,000	1,100
14	Fern Hall Crossing	-	879	1,157	1,315
901	Wardlaw Apts.	418	560 - 625	700 - 728	-
902	Avalon Place	-	640	840	-
		Number of Baths			
Map I.D.	Project Name	Studio	One-Br.	Two-Br.	Three-Br.
Site	<b>Scarlett Oaks Apartments</b>	-	<b>1.0</b>	-	-
2	Pebble Creek Senior Apts.	-	-	2.0	-
6	Chimney Ridge Apts. I & II	-	1.0	2.0	2.0
14	Fern Hall Crossing	-	1.0	2.0	2.0
901	Wardlaw Apts.	1.0	1.0	1.0	-
902	Avalon Place	-	1.0	1.0	-

The unit sizes and number of bathrooms at the subject project are within the range of sizes offered at the LIHTC projects within the region. As all LIHTC projects are maintaining high occupancy rates, this illustrates that the subject unit sizes are appropriately positioned within the region. This is further evidenced by the subject site's 100.0% occupancy and wait list.

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

# COMPARABLE PROPERTIES AMENITIES - LEXINGTON, SE

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	B	X	S	
◆ 2	X	X	X	X	X	X	X		C		X		X					X	S	
◆ 6	X	X		X	X		X		C		X		X				B		S	
◆ 14	X	X	X	X	X	X	X		C		X		X				B		S	Sunroom
◆ 901	X	X					X		C	X	X				X	B	X	S		
◆ 902	X	X	X	X	X	X	X		C		X	X	X		X	B	X	C S		

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				
◆ 2		X	X	X	X							X								Game Room
◆ 6	X	X		X		X		X		V		X	X			X				
◆ 14		X	X		X			X					X							
◆ 901		X			X							X				X				
◆ 902		X	X		A	X					X	X		X	X		X			Gazebo

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

X - All Units
S - Some Units
O - Optional

<b>Window Treatments</b>
B - Blinds
C - Curtains
D - Drapes

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

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

<b>Floor Covering</b>
C - Carpet
H - Hardwood
V - Vinyl
W - Wood
T - Tile

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



The amenity packages that will be included at the subject site are considered generally similar to the amenities found at the comparable Tax Credit projects within the region. The project will be one of the few LIHTC projects to offer a picnic area and a fitness center, which will provide the project with a slight competitive advantage.

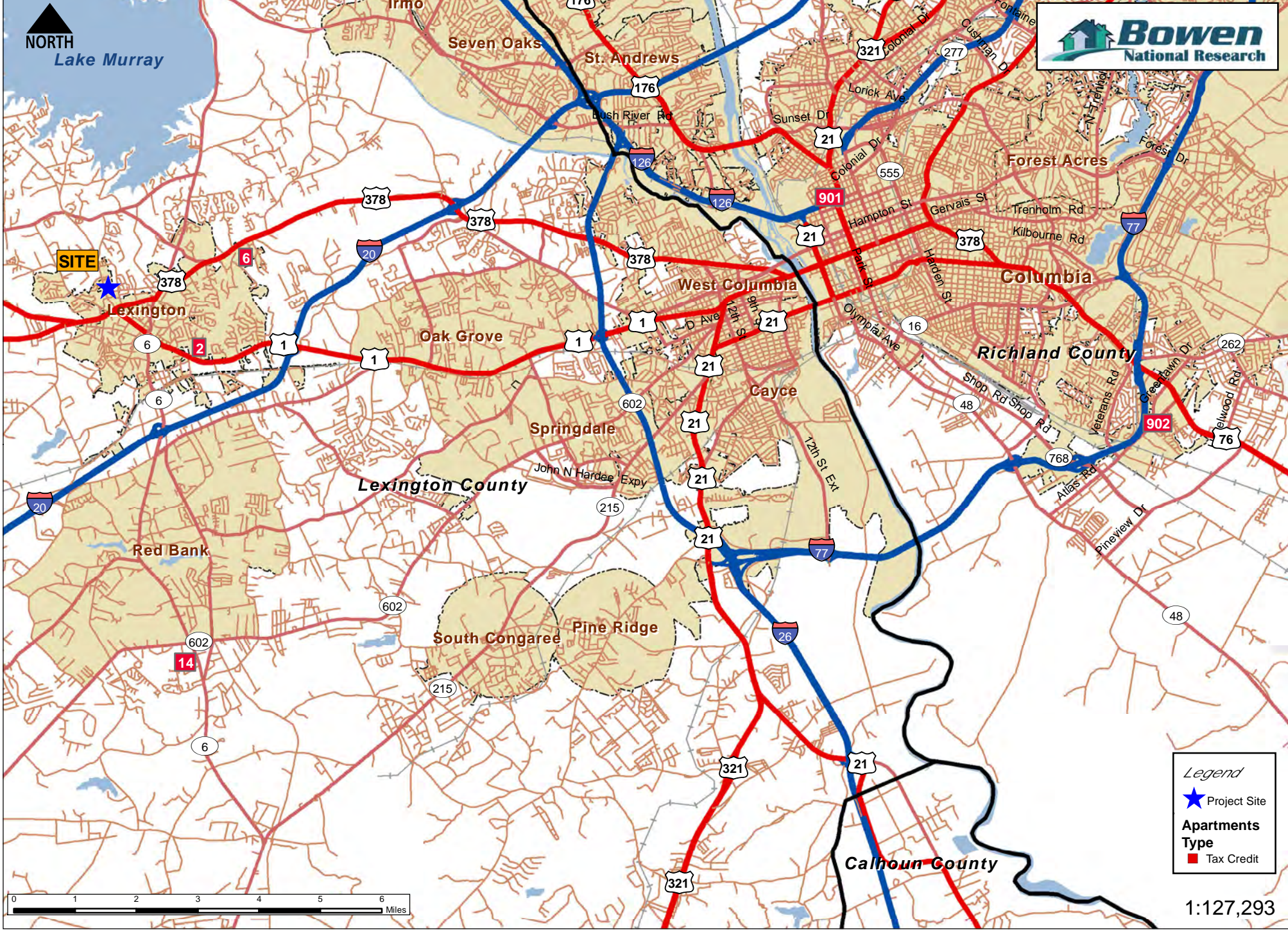
Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the subject development will be slightly superior with these properties. Further, it is anticipated that the subject project will have an improved quality and an attractive aesthetic appeal following renovations. As such, the proposed renovations are expected to significantly enhance the subject site's competitive position in the market.

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

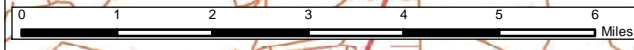
A map illustrating the location of the comparable properties we surveyed is on the following page.



# Lexington, SC: Comparable LIHTC Property Locations



NORTH  
Lake Murray



*Legend*

- ★ Project Site
- Apartment Type
- Tax Credit

1:127,293



### 3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Lexington 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	27,313	93.1%	39,674	93.9%
Owner-Occupied	21,795	79.8%	29,877	75.3%
Renter-Occupied	5,518	20.2%	9,797	24.7%
Vacant	2,035	6.9%	2,590	6.1%
Total	29,348	100.0%	42,264	100.0%

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

Based on a 2012 update of the 2000 Census, of the 42,264 total housing units in the market, 6.1% were vacant. In 2012, it was estimated that homeowners occupied 75.3% of all occupied housing units, while the remaining 24.7% were occupied by renters. The share of renters is considered moderate and the 9,797 renter households represent a good base of potential renters in the market for the subject development.

We identified and personally surveyed 17 conventional housing projects containing a total of 2,448 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 96.7%, a good rate for rental housing. Among these projects, 12 are non-subsidized (market-rate and Tax Credit) projects containing 2,174 units. These non-subsidized units are 96.5% occupied. The remaining five projects contain 274 government-subsidized units, which are 98.9% occupied.

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

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	8	1,838	70	96.2%
Tax Credit	4	336	7	97.9%
Tax Credit/Government-Subsidized	2	86	3	96.5%
Government-Subsidized	3	188	0	100.0%
Total	17	2,448	80	96.7%

All of the rental housing segments are performing well, with all operating above an occupancy rate of 96.0%.



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

Market-rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	494	26.9%	14	2.8%	\$1,012
Two-Bedroom	1.0	214	11.6%	8	3.7%	\$1,191
Two-Bedroom	1.5	185	10.1%	11	5.9%	\$827
Two-Bedroom	2.0	687	37.4%	26	3.8%	\$1,087
Three-Bedroom	2.0	258	14.0%	11	4.3%	\$1,300
<b>Total Market-rate</b>		<b>1,838</b>	<b>100.0%</b>	<b>70</b>	<b>3.8%</b>	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	68	20.2%	2	2.9%	\$780
Two-Bedroom	2.0	188	56.0%	3	1.6%	\$916
Three-Bedroom	2.0	80	23.8%	2	2.5%	\$1,054
<b>Total Tax Credit</b>		<b>336</b>	<b>100.0%</b>	<b>7</b>	<b>2.1%</b>	-

The market-rate units are 96.2% occupied and the Tax Credit units are 97.9% occupied. As the preceding table illustrates, the non-subsidized Tax Credit one-bedroom units are 97.1% occupied. This indicates that these units have been well received in the market and bodes well for the continued marketability for the subject project's one-bedroom units. It should also be noted that the median gross LIHTC rents are significantly lower than the median gross market-rate rents. As such, LIHTC projects likely represent a significant value when compared with market-rate rental alternatives in the Site PMA.

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

Year Built	Projects	Units	Vacancy Rate
Before 1970	0	0	0.0%
1970 to 1979	1	227	6.2%
1980 to 1989	0	0	0.0%
1990 to 1999	1	200	3.5%
2000 to 2004	3	479	1.7%
2005	0	0	0.0%
2006	0	0	0.0%
2007	2	448	4.9%
2008	3	468	4.1%
2009	0	0	0.0%
2010	1	304	2.3%
2011	1	48	0.0%
2012*	0	0	0.0%
Total	12	2,174	3.5%

\*As of December

Over 10% of all apartments surveyed were built prior to 1980. These older apartments have a vacancy rate of 6.2%, higher than the overall market. Approximately 1,747, or over 80%, of the total conventional units surveyed have been added to the market since 2000. These newer apartments have a vacancy rate of 2.6%, lower than the overall market. Nonetheless, all properties broken out by year built are maintaining vacancy rates below 7%, which is considered low. This illustrates that all projects surveyed, regardless of year built, have been well received within the market.

As noted previously in this section, the market's newest product, Pebble Creek Senior Apartments (Map I.D. 2), began leasing units in March 2011. The project became 100.0% occupied in October 2011, yielding an absorption rate of approximately seven units per month. This is considered to be relatively quick absorption rate.

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

Bedroom Type	Gross Rent			Units (Share) with Rents Above Proposed Rents
	Proposed Subject	Existing Rentals		
		Median	Range	
One-Bedroom	\$620-60%	\$939	\$683 - \$1,262	562 (100.0%)

All of the rents of the existing rentals in the market are above the proposed rents at the subject site. As such, the subject site will be perceived as a substantial value to future residents in the unlikely event that the Rental Assistance was discontinued on the 36 units. The appropriateness of the proposed rents is evaluated in detail in the Achievable Market Rent Analysis section of this report.

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

Market-rate			
Quality Rating	Projects	Total Units	Vacancy Rate
A+	1	278	4.7%
A	6	1,381	4.1%
A-	1	179	0.0%
Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	2	248	2.8%
B+	1	48	0.0%
B	1	40	0.0%

Vacancies are the highest among properties with ratings of an “A” or higher. However, these projects have a collective vacancy rate of 4.0%, which is considered low. It should be noted that all properties were considered to have a quality rating of a “B” or above which is considered a good quality rating. Regardless, all non-subsidized projects are performing well within the market.

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 Lexington Site PMA is on the following page.



**\*\*INSERT APARTMENT MAP (THIS INCLUDES ALL PROPERTIES SURVEYED)\*\*** ....same map as used in the field survey

## **5. & 6. PLANNED AND PROPOSED DEVELOPMENTS**

Based on our interviews with local building and planning representatives, it was determined that there are plans for an elderly rental community on 5608 Wescott Road in Columbia, within the unincorporated areas of Lexington County. Connolly Development is the developer of this 48-unit project which is expected to be complete in the spring of 2013. It should be noted, however, that this project is approximately 0.8 miles north of the Site PMA and will generally pull support from a different area from the subject project. As such, these units were not factored into our demand analysis.

## **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 three comparable LIHTC projects within the Site PMA that have received Tax Credit funding. In addition, we identified a total of eight projects offering market-rate units in the market. Since the project is and will continue to be subsidized following Tax Credit renovations, tenants residing in the 36 out of the 40 units (90%) with RA will continue to pay up to 30% of their gross adjusted income towards housing costs. As such, none of the market-rate projects are considered both economically and conceptually comparable. The three stabilized comparable Tax Credit projects identified in the Site PMA are detailed on the following page.

Stabilized Comparable Tax Credit Projects					
Map I.D.	Project Name	Year Built/Renovated	Project Type	Total Units	Occupancy Rate
Site	Scarlett Oaks Apts.	1992/2015	TC	40	-
2	Pebble Creek Senior Apts.	2011	TC	48	100.0%
6	Chimney Ridge Apts. I & II	1996	TC	200	96.5%
14	Fern Hall Crossing	2008	TC	48	100.0%
Total				296	97.6%

TGS – Tax Credit/Government-Subsidized  
TC – Tax Credit

The overall occupancy rate of the three stabilized comparable Tax Credit projects identified in the Site PMA is 97.6%.

## 8. MARKET RENT ADVANTAGE

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

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

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

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



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

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	<b>Scarlett Oaks Apartments</b>	<b>1992 / 2015</b>	<b>40</b>	<b>100.0%</b>	<b>40 (100.0%)</b>	-	-
3	Lexington Place	1974 / 1994	227	93.8%	24 (91.7%)	185 (94.1%)	18 (94.4%)
5	Cedar Crest Apts.	2007	170	94.7%	34 (94.1%)	102 (95.1%)	34 (94.1%)
9	Reserve at Mill Landing	2001	260	96.9%	76 (97.4%)	156 (96.8%)	28 (96.4%)
10	Lullwater at Saluda Pointe	2007	278	95.3%	46 (95.7%)	186 (95.2%)	46 (95.7%)
15	Thornhill Apts.	2001	179	100.0%	40 (100.0%)	110 (100.0%)	29 (100.0%)

Occ. – Occupancy

The five selected market-rate projects have a combined total of 1,114 units with an overall occupancy rate of 96.1%. None of the comparable properties has an occupancy rate below 93.8%. This is a good rate for rental housing and demonstrates that these comparable properties have been well received within the market.

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

**Rent Comparability Grid**

Unit Type → **ONE BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>		<b>Comp #5</b>	
Scarlett Oaks		Lexington Place		Cedar Crest Apts.		Reserve at Mill Landing		Lullwater at Saluda Pointe		Thornhill Apts.	
200 Old Chapin Rd.		901 Rob Roy Ct.		5455 Augusta Rd.		809 E. Main St.		101 Saluda Pointe Dr.		5470 Augusta Rd.	
Lexington, SC		West Columbia, SC		Lexington, SC		Lexington, SC		Lexington, SC		Lexington, SC	
<b>A.</b>	<b>Rents Charged</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$545		\$722		\$685		\$795		\$695	
2	Date Surveyed	Dec-12		Dec-12		Dec-12		Dec-12		Dec-12	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	92%		94%		97%		96%		100%	
5	Effective Rent & Rent/ sq. ft	\$545	0.78	\$722	1.05	\$685	0.96	\$795	0.99	\$695	0.82
<b>B.</b>	<b>Design, Location, Condition</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	R/1		WU/2	\$5	WU/3	\$5	WU/2,3	\$5	WU/3,4	\$5
7	Yr. Built/Yr. Renovated	1992/2015		1974/1994	\$20	2007	(\$3)	2001	\$3	2007	(\$3)
8	Condition/Street Appeal	G		G		E	(\$15)	E	(\$15)	E	(\$15)
9	Neighborhood	G		G		E	(\$10)	G		E	(\$10)
10	Same Market?			Yes		Yes		Yes		Yes	
<b>C.</b>	<b>Unit Equipment/ Amenities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	625	(\$17)	700	(\$17)	685	(\$14)	716	(\$21)	801	(\$40)
14	Balcony/ Patio	Y		Y		Y		Y		Y	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y	\$5	N/Y	\$5	Y/Y		Y/Y	\$5	N/Y	\$5
18	Washer/Dryer	HU/L	\$10	L	\$10	HU/L		HU/L	(\$25)	W/D	(\$25)
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/E-Call Buttons	N/Y	\$5	N/N	\$5	N/N	\$5	N/N	\$5	N/N	\$5
22	Garbage Disposal	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
23	Ceiling Fans	Y	\$5	N	\$5	Y	\$5	N	\$5	Y	\$5
<b>D.</b>	<b>Site Equipment/ Amenities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Gate	N		N		Y	(\$5)	N		N	
27	Clubhouse/ Meeting Rooms	N/Y		Y/N		Y/N		N/N	\$5	Y/N	
28	Pool/ Recreation Areas	F/G	(\$2)	P	(\$2)	P/F/MT	(\$10)	P/F	(\$7)	P/F	(\$7)
29	Computer Center	Y	\$3	N	\$3	N	\$3	Y		N	\$3
30	Picnic Area	Y	\$3	N	\$3	N	\$3	Y	\$3	N	\$3
31	Library	N		N		N		N		N	
32	Social Services	N		N		N		N		N	
<b>E.</b>	<b>Utilities</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/G		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/G		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y		Y/Y	\$79	N/N	\$79	Y/Y	\$79	N/N	\$79
39	Trash /Recycling	Y/N		Y/N		Y/N		Y/N		Y/N	
<b>F.</b>	<b>Adjustments Recap</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>
40	# Adjustments B to D	8	3	4	7	5	4	4	7	5	4
41	Sum Adjustments B to D	\$56	(\$24)	\$16	(\$62)	\$23	(\$48)	\$18	(\$105)	\$21	(\$79)
42	Sum Utility Adjustments			\$79				\$79			
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>
43	Net/ Gross Adjmts B to E	\$32	\$80	\$33	\$157	(\$25)	\$71	(\$8)	\$202	(\$58)	\$100
<b>G.</b>	<b>Adjusted &amp; Market Rents</b>	<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44	Adjusted Rent (5+ 43)	\$577		\$755		\$660		\$787		\$637	
45	Adj Rent/Last rent		106%		105%		96%		99%		92%
46	Estimated Market Rent	\$660	\$1.06	← 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 Grid, it was determined that the current achievable market rent (aka *Conventional Rents for Comparable Units-CRCU*) for units similar to the subject development is \$660 for a one-bedroom unit. The following table compares the proposed collected rent at the subject site with achievable market rent for selected units:

Bedroom Type	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	\$553	\$660	16.21%

Typically, Tax Credit rents should represent at least a 10% market rent advantage to ensure that the project will incur a sufficient flow of tenants. The proposed collected one-bedroom rent represents a market rent advantage of 16.21%. As such, the proposed rent will likely be perceived as a value within the market. It is important to note that 36 of the 40 subject units will retain Rental Assistance. All of the remaining current occupants will be covered by Private Rental Assistance (PRA); therefore, these residents will not experience a rent increase and will not pay the proposed Tax Credit rents. It is expected that only when typical turnover occurs (approximately one per month) will there be a unit to be rented at the proposed Tax Credit rent levels. As such, we do not believe the proposed rents will be difficult to achieve.

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

1. Rents for each property are reported as collected rents. This is the actual rent paid by tenants and does not consider tenant-paid utilities. The rent reported is typical and does not consider rent concessions or special promotions.
  
6. The subject development consists of one-story residential structures that are typically more appealing to the elderly population. We have made adjustments to reflect the differences in the project design between the subject project and the comparable properties.





7. Upon completion of renovations, the subject project will have an effective age of around 2004. The selected properties were built between 1974 and 2007. As such, we have adjusted the rents at the selected properties by \$1 per year to reflect the age of these properties. Note that one of the comparable properties was built in 1974; however, was extensively renovated in 1994. Therefore, this property was given an effective age of 1984.
8. It is anticipated that the subject project will have an improved quality finished look and an attractive aesthetic appeal following renovations. We have made adjustments for those properties that we consider to have either a superior quality to the subject development.
9. Two of the five properties are located in neighborhoods with different qualities compared to the subject site. As such, we have adjusted the rents at these properties to account for the neighborhood difference.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar bases, we have used 25% of the average for this adjustment.
- 14.-23. The subject project will offer a unit amenity package generally superior to the selected properties. We have made adjustments for features lacking at the comparable properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The subject project offers a comprehensive project amenities package. We have made monetary adjustments to reflect the difference between the subject project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences between the subject project's and the selected properties' utility responsibility. The utility adjustments were based on the local housing authority's utility cost estimates.

## 9. AFFORDABLE HOUSING IMPACT

As previously noted, one of the three affordable projects that are considered comparable within the Site PMA will compete with the subject project. The anticipated occupancy rate of this existing non-subsidized age-restricted Tax Credit development during the first year of occupancy (after renovations) at the subject is illustrated below:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2015
2	Pebble Creek Senior Apts.	100.0%	95.0%+

The subject project and the one competitive development in the Site PMA are all 100.0% occupied. The renovation of the subject project is not anticipated to displace any current tenants and will not add new units to the supply. Further, growth among renter households is projected through 2015. As such, we do not believe the renovation of Scarlett Oaks Apartments will have a tangible impact on the occupancy rate of the one competitive property.

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

According to ESRI, the median home value within the Site PMA was \$131,341. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a \$131,341 home is \$935, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$131,341
Mortgaged Value = 95% of Median Home Price	\$124,774
Interest Rate - Bankrate.com	6.0%
Term	30
Monthly Principal & Interest	\$748
Estimated Taxes and Insurance*	\$187
Estimated Monthly Mortgage Payment	\$935

\*Estimated at 25% of principal and interest

In comparison, the collected one-bedroom Tax Credit rent for the subject property is \$553 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is \$382 greater than the cost of renting a one-bedroom unit at the subject site. It is unlikely that current and potential renters in the area would be able to afford the monthly payments required to own a home and the number of tenants who would also be able to afford the down payment on such a home is considered minimal. In fact, as the proposed subject project targets seniors, we expect some support from elderly homeowners downsizing from their homes and seeking a maintenance free housing alternatives. Therefore, we do not anticipate any competitive impact on of from the homebuyer market.

## 11. HOUSING VOIDS

As previously noted, we identified and surveyed 2,448 conventional units within 17 projects. These totals include market-rate, Low-Income Housing Tax Credit and/or government-subsidized projects. The overall occupancy rate of projects surveyed was a high 96.7%. Further, with only 10 vacant units out of the total of 610 affordable units surveyed (98.4% overall occupancy), there is a clear housing void for affordable housing within the Site PMA. Given the subject project is 100% occupied and maintains a wait list, it is clear that the subject project is meeting a need for affordable housing within the market. The project's wait list indicates that there is pent-up demand for additional affordable housing in the market. We anticipate that the proposed renovations will enhance the project's appeal and add to its marketability.

There are no planned multifamily projects for the Site PMA. Given the projected population and household growth for the market, we anticipate that the demand for housing will increase over the foreseeable future and that the subject project will continue to meet a portion of the demand for affordable housing in the Site PMA.



## I. INTERVIEWS

The following are summaries of interviews conducted with various local sources knowledgeable of the local housing market:

- Ashley Bennett, Site Manager at Scarlett Oaks Apartments, noted that she has received many applications from seniors wishing to relocate to the area to be closer to their working children or family. Also, as the Lexington area continues to grow, she can see this trend continuing. Seniors previously residing in the area as well as seniors relocating will all desire quality affordable housing. The property is 100.0% occupied and maintains a wait list of approximately two years long. This demonstrates the continuing need for affordable age-restricted housing in the Lexington area.
- Ron Phillips, Assistant Director of South Carolina's Voucher Program, which moderates seven counties: Clarendon, Colleton, Dorchester, Fairfield, Kershaw, Lee and Lexington, stated that there is always a need for affordable housing within the region. There are 270 households currently on the waiting list, with an annual turnover rate of approximately 35 households. The wait list for additional vouchers is closed and it is unsure as to when it will reopen. It should be noted that additional funding by HUD has not been granted since 1998. Mr. Phillips explained that he has seen various new LIHTC communities being developed within the region and noted that the majority of them maintain high occupancies. Greatest demand exists for affordable housing geared towards elderly and larger households, as there are not many rental housing options for these households in the central South Carolina region.

## J. RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market exists for the 40 existing units at the subject Scarlett Oaks apartment project in Lexington, South Carolina, assuming it is renovated and operated as detailed in this report. Changes in the project's scope of renovations, rents, amenities or completion date may alter these findings.

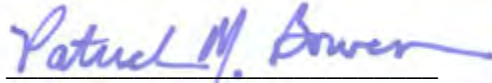
The project will be competitive within the market area in terms of unit amenities and unit sizes, and the proposed rents will be perceived as a significant value in the marketplace. This is demonstrated in Section H. We do not have any recommendations for the subject project.

Given the occupancy rate of affordable developments within the Site PMA, including the subject project's 100% occupancy rate and wait list, the subject project will offer a housing alternative to low-income senior households that is not readily available in the area. As shown in the Project Specific Demand Analysis section of this report, with capture rates ranging from 1.2% to 9.3% of income-qualified senior households in the market, there is sufficient support for the subject development. Therefore, it is our opinion that the subject project will have no impact on the existing Tax Credit developments in the Site PMA.

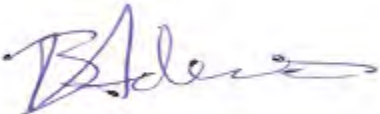
## K. SIGNED STATEMENT REQUIREMENT

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

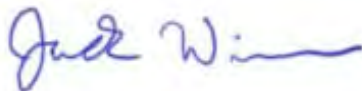
Certified:



Patrick Bowen  
President/Market Analyst  
Bowen National Research  
155 E. Columbus St., Suite 220  
Pickerington, OH 43147  
(614) 833-9300  
[patrickb@bowennational.com](mailto:patrickb@bowennational.com)  
Date: January 14, 2013



Ben Adams  
Market Analyst  
[ben@bowennational.com](mailto:ben@bowennational.com)  
Date: January 14, 2013



Jack Wiseman  
Market Analyst  
[jackw@bowennational.com](mailto:jackw@bowennational.com)  
Date: January 14, 2013



## L. QUALIFICATIONS

### The Company

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

### The Staff

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

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

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

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

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

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

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

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

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

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

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

**Jeff Gibson**, Market Analyst, has been a licensed home inspector (commercial and residential) since 1996. He has worked with city inspectors ensuring proper completion of work to obtain permits and pass inspections as required. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details.

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

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

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

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



## M. METHODOLOGIES, DISCLAIMERS & SOURCES

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

### 1. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

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

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

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

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

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

## **2. REPORT LIMITATIONS**

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

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

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

## **3. SOURCES**

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

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

# ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

## LEXINGTON, 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.

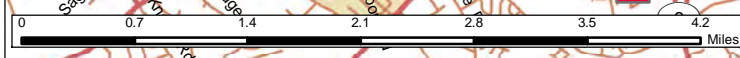
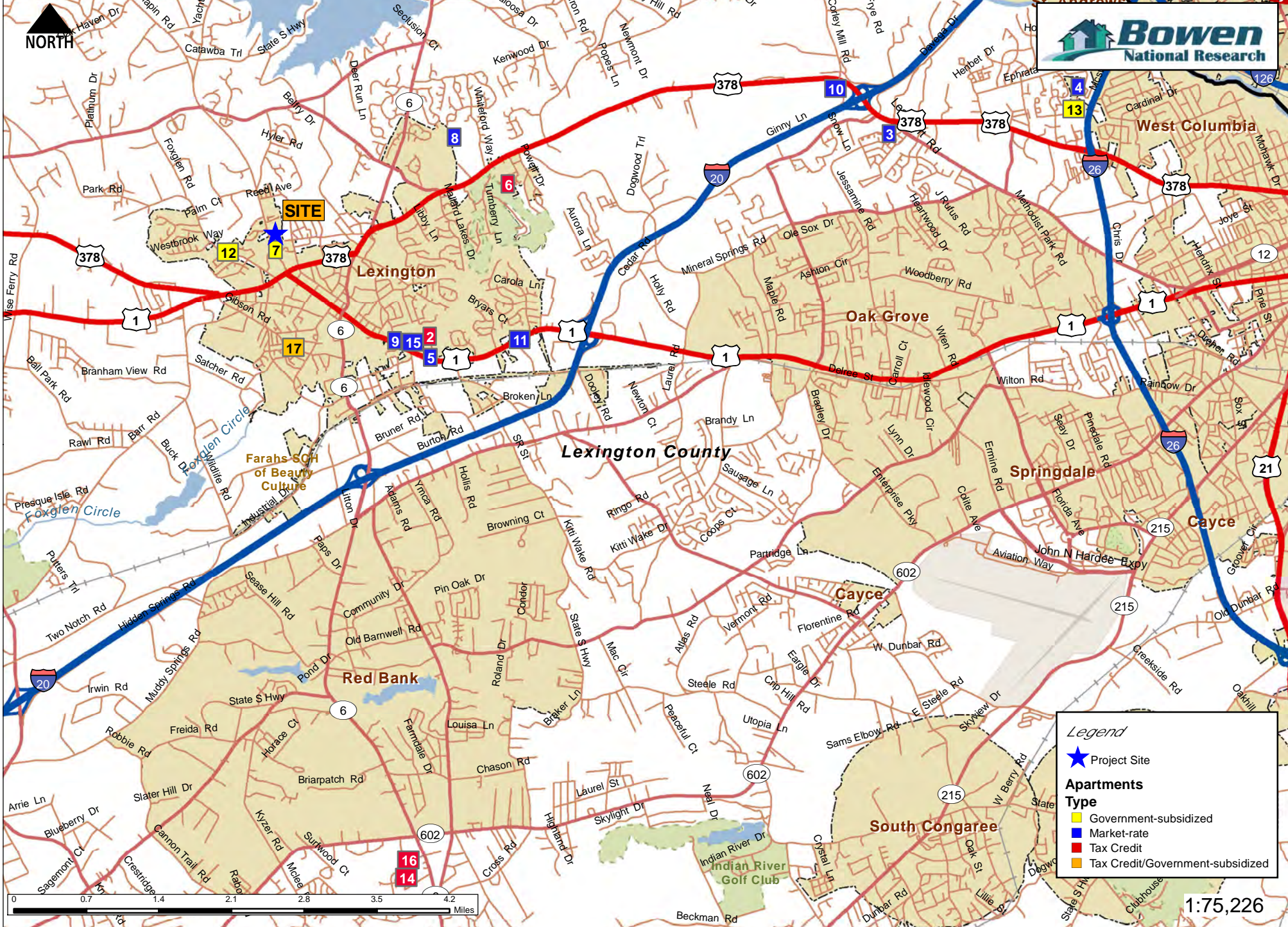


- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).
- A utility allowance worksheet.

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.



# Lexington, SC: Apartment Locations



**Legend**

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

1:75,226



# MAP IDENTIFICATION LIST - LEXINGTON, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	Scarlett Oaks Apts. (Site)	TGS	B+	1996	40	0	100.0%	-
2	Pebble Creek Senior Apts.	TAX	A	2011	48	0	100.0%	2.3
3	Lexington Place	MRR	A	1974	227	14	93.8%	7.2
4	Abberly Village	MRR	A	2010	304	7	97.7%	9.1
5	Cedar Crest Apts.	MRR	A	2007	170	9	94.7%	2.0
6	Chimney Ridge Apts. I & II	TAX	A	1996	200	7	96.5%	3.3
7	Churchwood Apts.	GSS	B+	1986	48	0	100.0%	0.2
8	Overlook at Golden Hills	MRR	A	2008	204	6	97.1%	3.6
9	Reserve at Mill Landing	MRR	A	2001	260	8	96.9%	1.7
10	Lullwater at Saluda Pointe	MRR	A+	2007	278	13	95.3%	6.3
11	Meridian at Lauren Ridge	MRR	A	2008	216	13	94.0%	2.9
12	Park North	GSS	B	1975	84	0	100.0%	0.8
13	Asbury Arms	GSS	B+	1999	56	0	100.0%	9.0
14	Fern Hall Crossing	TAX	B+	2008	48	0	100.0%	7.0
15	Thornhill Apts.	MRR	A-	2001	179	0	100.0%	2.1
16	Fern Hall	TAX	B	2004	40	0	100.0%	6.9
17	Town & Country Apts.	TGS	B-	1980	46	3	93.5%	1.4

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	8	1,838	70	96.2%	0
TAX	4	336	7	97.9%	0
TGS	2	86	3	96.5%	0
GSS	3	188	0	100.0%	0

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

\* - Drive Distance (Miles)

Survey Date: December 2012

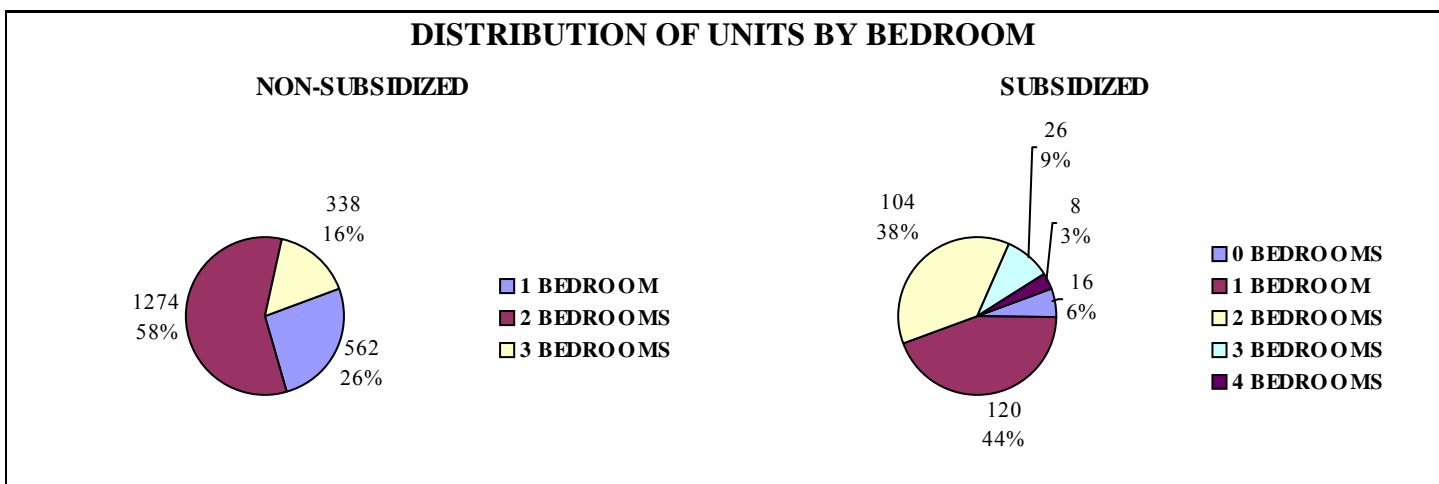
# DISTRIBUTION OF UNITS - LEXINGTON, SOUTH CAROLINA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	494	26.9%	14	2.8%	\$1,012
2	1	214	11.6%	8	3.7%	\$1,191
2	1.5	185	10.1%	11	5.9%	\$827
2	2	687	37.4%	26	3.8%	\$1,087
3	2	258	14.0%	11	4.3%	\$1,300
<b>TOTAL</b>		<b>1,838</b>	<b>100.0%</b>	<b>70</b>	<b>3.8%</b>	

TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	68	20.2%	2	2.9%	\$780
2	2	188	56.0%	3	1.6%	\$916
3	2	80	23.8%	2	2.5%	\$1,054
<b>TOTAL</b>		<b>336</b>	<b>100.0%</b>	<b>7</b>	<b>2.1%</b>	



TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	52	60.5%	0	0.0%	N.A.
2	1.5	34	39.5%	3	8.8%	N.A.
<b>TOTAL</b>		<b>86</b>	<b>100.0%</b>	<b>3</b>	<b>3.5%</b>	

GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
0	1	16	8.5%	0	0.0%	N.A.
1	1	68	36.2%	0	0.0%	N.A.
2	1	70	37.2%	0	0.0%	N.A.
3	2	26	13.8%	0	0.0%	N.A.
4	2	8	4.3%	0	0.0%	N.A.
<b>TOTAL</b>		<b>188</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>2,448</b>	<b>-</b>	<b>80</b>	<b>3.3%</b>	





# SURVEY OF PROPERTIES - LEXINGTON, SOUTH CAROLINA






1 Scarlett Oaks Apts. (Site)			
	<b>Address</b> 200 Old Chapin Rd. Lexington, SC 29072	<b>Phone</b> (803) 951-7396 (Contact in person)	<b>Total Units</b> 40
	<b>Year Built</b> 1996	<b>Contact</b> Ashley	<b>Vacancies</b> 0
	<b>Comments</b> 60% AMHI; RD 515, has RA (36 units); HCV (3 units)		<b>Occupied</b> 100.0%
			<b>Floors</b> 1
			<b>Quality Rating</b> B+
			<b>Senior Restricted (62+)</b>
			<b>Waiting List</b>
			2 years
2 Pebble Creek Senior Apts.			
	<b>Address</b> 136 Library Hill Ln. Lexington, SC 29072	<b>Phone</b> (803) 520-6481 (Contact in person)	<b>Total Units</b> 48
	<b>Year Built</b> 2011	<b>Contact</b> Lynn	<b>Vacancies</b> 0
	<b>Comments</b> 50% & 60% AMHI; HCV (approx. 10 units); Opened 3/2011, 100% occupied 10/2011, no preleasing		<b>Occupied</b> 100.0%
			<b>Floors</b> 3
			<b>Quality Rating</b> A
			<b>Senior Restricted (55+)</b>
			<b>Waiting List</b>
			6-12 months
3 Lexington Place			
	<b>Address</b> 901 Rob Roy Ct. West Columbia, SC 29169	<b>Phone</b> (803) 957-4792 (Contact in person)	<b>Total Units</b> 227
	<b>Year Built</b> 1974 <b>Renovated</b> 1994	<b>Contact</b> Mary	<b>Vacancies</b> 14
	<b>Comments</b> 2 & 3-br units have washer/dryer hookups		<b>Occupied</b> 93.8%
			<b>Floors</b> 2
			<b>Quality Rating</b> A
			<b>Waiting List</b>
			None
4 Abberly Village			
	<b>Address</b> 1000 Abberly Village Cir. West Columbia, SC 29169	<b>Phone</b> (803) 619-5463 (Contact in person)	<b>Total Units</b> 304
	<b>Year Built</b> 2010	<b>Contact</b> Penny	<b>Vacancies</b> 7
	<b>Comments</b> Does not accept HCV; Opened 12/2010, began preleasing 10/2010; 3-br rent range due to updates & view; Rents change daily		<b>Occupied</b> 97.7%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> A
			<b>Waiting List</b>
			None
5 Cedar Crest Apts.			
	<b>Address</b> 5455 Augusta Rd. Lexington, SC 29072	<b>Phone</b> (803) 957-2555 (Contact in person)	<b>Total Units</b> 170
	<b>Year Built</b> 2007	<b>Contact</b> Nozomi	<b>Vacancies</b> 9
	<b>Comments</b>		<b>Occupied</b> 94.7%
			<b>Floors</b> 3
			<b>Quality Rating</b> A
			<b>Waiting List</b>
			None

## Project Type

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

Survey Date: December 2012

# SURVEY OF PROPERTIES - LEXINGTON, SOUTH CAROLINA



6 Chimney Ridge Apts. I & II			
	<b>Address</b> 300 Palmetto Park Blvd. Lexington, SC 29072	<b>Phone</b> (803) 356-8000 (Contact in person)	<b>Total Units</b> 200
	<b>Year Built</b> 1996 <b>Comments</b> 60% AMHI; HCV (approx. 15-20 units)	<b>Contact</b> April	<b>Vacancies</b> 7 <b>Occupied</b> 96.5% <b>Floors</b> 3 <b>Quality Rating</b> A
			<b>Waiting List</b> None
7 Churchwood Apts.			
	<b>Address</b> 144 Old Chapin Rd. Lexington, SC 29072	<b>Phone</b> (803) 957-4908 (Contact in person)	<b>Total Units</b> 48
	<b>Year Built</b> 1986 <b>Comments</b> RD 515, no RA; HCV (10 units)	<b>Contact</b> Travis	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 1,2 <b>Quality Rating</b> B+
			<b>Waiting List</b> None
8 Overlook at Golden Hills			
	<b>Address</b> 300 Caughman Farm Ln. Lexington, SC 29072	<b>Phone</b> (803) 359-2009 (Contact in person)	<b>Total Units</b> 204
	<b>Year Built</b> 2008 <b>Comments</b> Does not accept HCV	<b>Contact</b> Gail	<b>Vacancies</b> 6 <b>Occupied</b> 97.1% <b>Floors</b> 3 <b>Quality Rating</b> A
			<b>Waiting List</b> None
9 Reserve at Mill Landing			
	<b>Address</b> 809 E. Main St. Lexington, SC 29072	<b>Phone</b> (803) 996-2500 (Contact in person)	<b>Total Units</b> 260
	<b>Year Built</b> 2001 <b>Comments</b> Does not accept HCV; Unit mix estimated	<b>Contact</b> Anna	<b>Vacancies</b> 8 <b>Occupied</b> 96.9% <b>Floors</b> 2,3 <b>Quality Rating</b> A
			<b>Waiting List</b> None
10 Lullwater at Saluda Pointe			
	<b>Address</b> 101 Saluda Pointe Dr. Lexington, SC 29072	<b>Phone</b> (803) 808-1605 (Contact in person)	<b>Total Units</b> 278
	<b>Year Built</b> 2007 <b>Comments</b> Does not accept HCV	<b>Contact</b> Hope	<b>Vacancies</b> 13 <b>Occupied</b> 95.3% <b>Floors</b> 3,4 <b>Quality Rating</b> A+
			<b>Waiting List</b> None

### Project Type

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

Survey Date: December 2012

# SURVEY OF PROPERTIES - LEXINGTON, SOUTH CAROLINA



11 Meridian at Lauren Ridge			
	<b>Address</b> 500 Carlen Ave. Lexington, SC 29072	<b>Phone</b> (803) 771-2151 (Contact in person)	<b>Total Units</b> 216
	<b>Year Built</b> 2008 <b>Comments</b> Does not accept HCV	<b>Contact</b> Trisha	<b>Vacancies</b> 13 <b>Occupied</b> 94.0% <b>Floors</b> 3 <b>Quality Rating</b> A
<b>Waiting List</b> None			
12 Park North			
	<b>Address</b> 200 Brookhill Rd. W Lexington, SC 29072	<b>Phone</b> (803) 359-9083 (Contact in person)	<b>Total Units</b> 84
	<b>Year Built</b> 1975 <b>Comments</b> HUD Section 8; Year built & square footage estimated	<b>Contact</b> Susan	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2 <b>Quality Rating</b> B
<b>Waiting List</b> 1 year			
13 Asbury Arms			
	<b>Address</b> 100 Asbury Ln. West Columbia, SC 29169	<b>Phone</b> (803) 794-8052 (Contact in person)	<b>Total Units</b> 56
	<b>Year Built</b> 1999 <b>Comments</b> HUD Section 8; Square footage estimated	<b>Contact</b> Tammy	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 1 <b>Quality Rating</b> B+ <b>Senior Restricted (62+)</b> <b>Waiting List</b>
2 years			
14 Fern Hall Crossing			
	<b>Address</b> 600 Fern Hall Dr. Lexington, SC 29073	<b>Phone</b> (803) 359-3705 (Contact in person)	<b>Total Units</b> 48
	<b>Year Built</b> 2008 <b>Comments</b> 50% & 60% AMHI; HCV (approx. 8 units); Shares waitlist with Fern Hall; Offers basic cable package for \$35/month	<b>Contact</b> Michael	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 3 <b>Quality Rating</b> B+
<b>Waiting List</b> 20-30 households			
15 Thornhill Apts.			
	<b>Address</b> 5470 Augusta Rd. Lexington, SC 29072	<b>Phone</b> (803) 356-0542 (Contact in person)	<b>Total Units</b> 179
	<b>Year Built</b> 2001 <b>Comments</b> Does not accept HCV	<b>Contact</b> Margarette	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2.5 <b>Quality Rating</b> A-
<b>Waiting List</b> None			

### Project Type

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

Survey Date: December 2012

# SURVEY OF PROPERTIES - LEXINGTON, SOUTH CAROLINA

16 Fern Hall			
	<p><b>Address</b> 600 Fern Hall Dr. Lexington, SC 29073</p> <p><b>Year Built</b> 2004</p> <p><b>Comments</b> 50% &amp; 60% AMHI; HCV (approx. 6 units); Shares waitlist with Fern Hall Crossing</p>	<p><b>Phone</b> (803) 359-3705 (Contact in person)</p> <p><b>Contact</b> Michael</p>	<p><b>Total Units</b> 40</p> <p><b>Vacancies</b> 0</p> <p><b>Occupied</b> 100.0%</p> <p><b>Floors</b> 2</p> <p><b>Quality Rating</b> B</p> <p><b>Waiting List</b> 20-30 households</p>
	17 Town & Country Apts.		
	<p><b>Address</b> 301 Roberts St. Lexington, SC 29072</p> <p><b>Year Built</b> 1980      <b>Renovated</b> 2010</p> <p><b>Comments</b> 60% AMHI; RD 515, no RA</p>	<p><b>Phone</b> (803) 951-7396 (Contact in person)</p> <p><b>Contact</b> Autumnne</p>	<p><b>Total Units</b> 46</p> <p><b>Vacancies</b> 3</p> <p><b>Occupied</b> 93.5%</p> <p><b>Floors</b> 2</p> <p><b>Quality Rating</b> B-</p> <p><b>Waiting List</b> 1-br: 5 HH</p>

### 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 - LEXINGTON, 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
2			\$577 to \$677						
3		\$545					\$655	\$755	
4		\$804 to \$1031	\$988 to \$1169	\$1188 to \$1198					
5		\$722 to \$766	\$769 to \$813	\$919					
6		\$642	\$744	\$844					
8		\$755	\$820 to \$935	\$1110					
9		\$685 to \$705	\$730 to \$810	\$930					
10		\$795 to \$840	\$915 to \$965	\$1090 to \$1150					
11		\$884	\$1019	\$1179					
14		\$480	\$559 to \$720	\$626 to \$807					
15		\$695	\$780 to \$825	\$975					
16			\$533 to \$613	\$635 to \$711					

◆	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 - LEXINGTON, SOUTH CAROLINA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Lexington Place	1	700	\$683	\$0.98
4	Abberly Village	1	684 to 1054	\$1035 to \$1262	\$1.20 to \$1.51
5	Cedar Crest Apts.	1	685 to 771	\$939 to \$983	\$1.27 to \$1.37
8	Overlook at Golden Hills	1	788 to 922	\$873	\$0.95 to \$1.11
9	Reserve at Mill Landing	1	716 to 780	\$780 to \$800	\$1.03 to \$1.09
10	Lullwater at Saluda Pointe	1	801 to 907	\$1012 to \$1057	\$1.17 to \$1.26
11	Meridian at Lauren Ridge	1	700	\$1022	\$1.46
15	Thornhill Apts.	1	850	\$833	\$0.98
6	Chimney Ridge Apts. I & II	1	698 to 750	\$780	\$1.04 to \$1.12
14	Fern Hall Crossing	1	879	\$697	\$0.79
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Lexington Place	1.5	1142	\$827	\$0.72
4	Abberly Village	2	1048 to 1247	\$1253 to \$1434	\$1.15 to \$1.20
5	Cedar Crest Apts.	2	950 to 1035	\$1020 to \$1064	\$1.03 to \$1.07
8	Overlook at Golden Hills	1 to 2	1058	\$972 to \$1087	\$0.92 to \$1.03
9	Reserve at Mill Landing	2	1058 to 1145	\$851 to \$931	\$0.80 to \$0.81
10	Lullwater at Saluda Pointe	2	1136 to 1234	\$1166 to \$1216	\$0.99 to \$1.03
11	Meridian at Lauren Ridge	1	900	\$1191	\$1.32
15	Thornhill Apts.	1 to 2	1100 to 1200	\$952 to \$997	\$0.83 to \$0.87
2	Pebble Creek Senior Apts.	2	905 to 947	\$749 to \$849	\$0.83 to \$0.90
6	Chimney Ridge Apts. I & II	2	1000	\$916	\$0.92
14	Fern Hall Crossing	2	1157	\$810 to \$971	\$0.70 to \$0.84
16	Fern Hall	2	1100	\$784 to \$864	\$0.71 to \$0.79
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
3	Lexington Place	2	1300	\$965	\$0.74
4	Abberly Village	2	1408	\$1491 to \$1501	\$1.06 to \$1.07
5	Cedar Crest Apts.	2	1456	\$1208	\$0.83
8	Overlook at Golden Hills	2	1206	\$1300	\$1.08
9	Reserve at Mill Landing	2	1337	\$1079	\$0.81
10	Lullwater at Saluda Pointe	2	1341 to 1436	\$1379 to \$1439	\$1.00 to \$1.03
11	Meridian at Lauren Ridge	2	1250	\$1389	\$1.11
15	Thornhill Apts.	2	1400	\$1185	\$0.85
6	Chimney Ridge Apts. I & II	2	1100	\$1054	\$0.96

◆	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 - LEXINGTON, SOUTH CAROLINA

THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
14	Fern Hall Crossing	2	1315	\$915 to \$1096	\$0.70 to \$0.83
16	Fern Hall	2	1300	\$924 to \$1000	\$0.71 to \$0.77

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

Survey Date: December 2012

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

<b>MARKET-RATE</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.21	\$1.03	\$0.97
TOWNHOUSE	\$0.00	\$0.72	\$0.74

<b>TAX CREDIT (NON-SUBSIDIZED)</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.06	\$0.87	\$0.84
TOWNHOUSE	\$0.00	\$0.00	\$0.00

<b>COMBINED</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.19	\$1.00	\$0.94
TOWNHOUSE	\$0.00	\$0.72	\$0.74



# TAX CREDIT UNITS - LEXINGTON, SOUTH CAROLINA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
17	Town & Country Apts.	12	692	1	60%	\$480 - \$520
14	Fern Hall Crossing	4	879	1	50%	\$480
◆ 1	Scarlett Oaks Apts. (Site)	40	650	1	60%	\$480 - \$686
6	Chimney Ridge Apts. I & II	64	698 - 750	1	60%	\$642
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
17	Town & Country Apts.	34	908	1.5	60%	\$520 - \$560
16	Fern Hall	5	1100	2	50%	\$533
14	Fern Hall Crossing	10	1157	2	50%	\$559
◆ 2	Pebble Creek Senior Apts.	24	905 - 947	2	50%	\$577
16	Fern Hall	11	1100	2	60%	\$613
◆ 2	Pebble Creek Senior Apts.	24	905 - 947	2	60%	\$677
14	Fern Hall Crossing	10	1157	2	60%	\$720
6	Chimney Ridge Apts. I & II	104	1000	2	60%	\$744
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
14	Fern Hall Crossing	12	1315	2	50%	\$626
16	Fern Hall	5	1300	2	50%	\$635
16	Fern Hall	19	1300	2	60%	\$711
14	Fern Hall Crossing	12	1315	2	60%	\$807
6	Chimney Ridge Apts. I & II	32	1100	2	60%	\$844

◆ - Senior Restricted

# QUALITY RATING - LEXINGTON, SOUTH CAROLINA

## MARKET-RATE PROJECTS AND UNITS

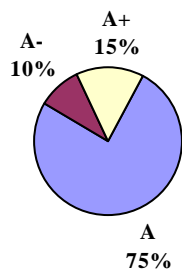
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A+	1	278	4.7%		\$1,012	\$1,166	\$1,379	
A	6	1,381	4.1%		\$983	\$1,020	\$1,300	
A-	1	179	0.0%		\$833	\$952	\$1,185	

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

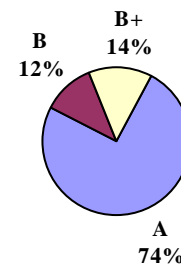
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	2	248	2.8%		\$780	\$916	\$1,054	
B+	1	48	0.0%		\$697	\$810	\$915	
B	1	40	0.0%			\$864	\$1,000	

## DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



## YEAR BUILT - LEXINGTON, SOUTH CAROLINA \*

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	1	227	14	6.2%	227	10.4%
1980 to 1989	0	0	0	0.0%	227	0.0%
1990 to 1999	1	200	7	3.5%	427	9.2%
2000 to 2004	3	479	8	1.7%	906	22.0%
2005	0	0	0	0.0%	906	0.0%
2006	0	0	0	0.0%	906	0.0%
2007	2	448	22	4.9%	1354	20.6%
2008	3	468	19	4.1%	1822	21.5%
2009	0	0	0	0.0%	1822	0.0%
2010	1	304	7	2.3%	2126	14.0%
2011	1	48	0	0.0%	2174	2.2%
2012**	0	0	0	0.0%	2174	0.0%
<b>TOTAL</b>	<b>12</b>	<b>2174</b>	<b>77</b>	<b>3.5%</b>	<b>2174</b>	<b>100.0 %</b>

## YEAR RENOVATED - LEXINGTON, 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	1	227	14	6.2%	227	100.0%
2000 to 2004	0	0	0	0.0%	227	0.0%
2005	0	0	0	0.0%	227	0.0%
2006	0	0	0	0.0%	227	0.0%
2007	0	0	0	0.0%	227	0.0%
2008	0	0	0	0.0%	227	0.0%
2009	0	0	0	0.0%	227	0.0%
2010	0	0	0	0.0%	227	0.0%
2011	0	0	0	0.0%	227	0.0%
2012**	0	0	0	0.0%	227	0.0%
<b>TOTAL</b>	<b>1</b>	<b>227</b>	<b>14</b>	<b>6.2%</b>	<b>227</b>	<b>100.0 %</b>

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 - LEXINGTON, SOUTH CAROLINA

<b>APPLIANCES</b>			
<b>APPLIANCE</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS*</b>
RANGE	12	100.0%	2,174
REFRIGERATOR	12	100.0%	2,174
ICEMAKER	7	58.3%	905
DISHWASHER	12	100.0%	2,174
DISPOSAL	12	100.0%	2,174
MICROWAVE	6	50.0%	1,046
<b>UNIT AMENITIES</b>			
<b>AMENITY</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS*</b>
AC - CENTRAL	12	100.0%	2,174
AC - WINDOW	0	0.0%	
FLOOR COVERING	12	100.0%	2,174
WASHER/DRYER	4	33.3%	1,002
WASHER/DRYER HOOK-UP	12	100.0%	2,174
PATIO/DECK/BALCONY	9	75.0%	1,878
CEILING FAN	10	83.3%	1,687
FIREPLACE	2	16.7%	439
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	11	91.7%	2,126
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	1	8.3%	48

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



## PROJECT AMENITIES - LEXINGTON, SOUTH CAROLINA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	9	75.0%	2,038
ON-SITE MANAGEMENT	12	100.0%	2,174
LAUNDRY	8	66.7%	1,188
CLUB HOUSE	9	75.0%	1,826
MEETING ROOM	5	41.7%	556
FITNESS CENTER	8	66.7%	1,811
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	6	50.0%	897
COMPUTER LAB	7	58.3%	1,334
SPORTS COURT	1	8.3%	200
STORAGE	4	33.3%	769
LAKE	2	16.7%	416
ELEVATOR	2	16.7%	352
SECURITY GATE	3	25.0%	674
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	3	25.0%	653
PICNIC AREA	5	41.7%	1,159
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

# DISTRIBUTION OF UTILITIES - LEXINGTON, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
<b>HEAT</b>			
TENANT			
ELECTRIC	16	2,188	89.4%
GAS	1	260	10.6%
			100.0%
<b>COOKING FUEL</b>			
TENANT			
ELECTRIC	17	2,448	100.0%
			100.0%
<b>HOT WATER</b>			
TENANT			
ELECTRIC	16	2,188	89.4%
GAS	1	260	10.6%
			100.0%
<b>ELECTRIC</b>			
TENANT	17	2,448	100.0%
			100.0%
<b>WATER</b>			
LANDLORD	12	1,608	65.7%
TENANT	5	840	34.3%
			100.0%
<b>SEWER</b>			
LANDLORD	12	1,608	65.7%
TENANT	5	840	34.3%
<b>TRASH PICK-UP</b>			
LANDLORD	16	2,144	87.6%
TENANT	1	304	12.4%
			100.0%

# UTILITY ALLOWANCE - LEXINGTON, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$23	\$31		\$14	\$13	\$18	\$5	\$6	\$47	\$37	\$42	\$14	\$20
1	GARDEN	\$29	\$44		\$20	\$18	\$26	\$6	\$8	\$60	\$37	\$42	\$14	\$20
1	TOWNHOUSE	\$29	\$44		\$20	\$18	\$26	\$6	\$8	\$60	\$37	\$42	\$14	\$20
2	GARDEN	\$35	\$56		\$26	\$23	\$33	\$8	\$10	\$73	\$37	\$42	\$14	\$20
2	TOWNHOUSE	\$35	\$56		\$26	\$23	\$33	\$8	\$10	\$73	\$37	\$42	\$14	\$20
3	GARDEN	\$41	\$69		\$32	\$28	\$41	\$10	\$13	\$87	\$37	\$42	\$14	\$20
3	TOWNHOUSE	\$41	\$69		\$32	\$28	\$41	\$10	\$13	\$87	\$37	\$42	\$14	\$20
4	GARDEN	\$51	\$88		\$40	\$36	\$52	\$13	\$16	\$107	\$37	\$42	\$14	\$20
4	TOWNHOUSE	\$51	\$88		\$40	\$36	\$52	\$13	\$16	\$107	\$37	\$42	\$14	\$20

SC-Lexington (3/2012) Fees

Survey Date: December 2012

A-20

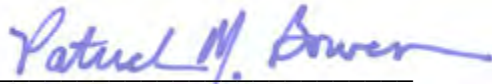


## ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

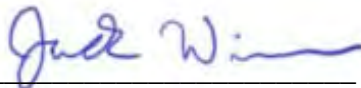
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard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

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

Certified:



Patrick Bowen  
President/Market Analyst  
Bowen National Research  
155 E. Columbus St., Suite 220  
Pickerington, OH 43147  
(614) 833-9300  
[patrickb@bowennational.com](mailto:patrickb@bowennational.com)  
Date: January 14, 2013



Jack Wiseman  
Market Analyst  
[jackw@bowennational.com](mailto:jackw@bowennational.com)  
Date: January 14, 2013

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



## ADDENDUM-MARKET STUDY INDEX

### A. INTRODUCTION

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

### B. DESCRIPTION AND PROCEDURE FOR COMPLETING

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

### C. CHECKLIST

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

## CHECKLIST (Continued)

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

**CHECKLIST (Continued)**

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