

NEED AND DEMAND ANALYSIS
FOR THE ORANGEBURG GREEN APARTMENTS
IN
ORANGEBURG, SOUTH CAROLINA

Prepared for
United Developers
for submission to
the South Carolina State Housing Finance and Development Authority

March 2014, revised April 2014

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INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the proposed Orangeburg Green Apartments in Orangeburg, South Carolina. A total of 56 units are to be built: a mix of one-, two-, and three-bedroom units. The apartments will rent to family households whose incomes will qualify their apartments for tax credit status.

This is a revised version of the original report.

ASSUMPTIONS AND CONDITIONS

The findings of this study are predicated upon the assumption that the proposed development, as presented to us, will be located at the site described in the report, that it will be funded through the program under which it was prepared, and within the stated projection period.

Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed, and professionally managed.

The data and analysis in this study are based on information relating to conditions in the town, market area, county, and state in which the project is to be located, and has been obtained from the most pertinent and current available sources. Likewise, every effort has been made to ensure its accuracy and reliability. However, we can assume no responsibility for inaccuracies in reporting by any local, regional, state, or federal agency cited, nor for any information withheld or erroneously reported by the sources cited during the normal course of our professional research. Consequently, we reserve the right to alter our findings and conclusions, if necessary, on the basis of any discovered material inaccuracies.

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings. Additionally, given that some Census data are yet to be published (and are less comprehensive than before) third parties - such as State data centers and others - have not had the opportunity to derive projections utilizing those more recent data at this time. Here, we will employ established, reliable, and conservative methods and assumptions in our analysis.

The site of the proposed apartments was visited (on February 23, 2014). In addition, interviews are held with persons with particular knowledge pertinent to the study.

The report is designed to satisfy the underwriting criteria of the reviewing agency for which it was performed, and the conclusions, based on the results of our research, experience, and expertise reflect the predicted ability of the project, as presented to us, to meet or exceed that reviewing agency's guidelines. Thus, a positive conclusion does not necessarily imply that the project would be found to be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted professional market study standards and elements pre-empted by the guidelines set out by the reviewing agency.

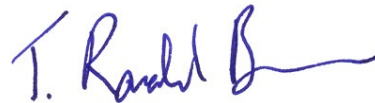
It is stated that we have no responsibility for opinions requiring expertise in other fields of expertise - these would include, for example, legal, environmental, architectural, and engineering matters.

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

It is stated that we do not have, nor will have in the future, any material interest in the proposed development, and that there is no identity of interest between us and the party for whom the project was prepared. Further, we state that the payment of the fee is not contingent upon a favorable conclusion, nor approval of the project by any agency before or after the fact. The payment of the fee does not include payment for testimony nor further consultation.

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 1294
Cary, North Carolina 27512-1294
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Date: February 28, 2014

EXECUTIVE SUMMARY

The following provides a brief summary of each of the major sections in the market analysis.

The proposed development will comprise the development of 56 units of tax credit financed housing. The apartments will rent to family households whose incomes qualify their apartments for tax credit status, with units to be targeted to households at 50 and 60 percent of the local area median income.

The site of the Orangeburg Green Apartments is on the east side of Columbia Road (US 21), to the north of Orangeburg, South Carolina.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The market area for the proposed development is central Orangeburg County as defined by several census tracts.

Labor force has shown some growth over the last decade, but has decreased over the last few years. Employment figures have fluctuated over the last decade or so - with slight growth in the early part of the decade, but with significant decreases in 2008 and 2009, and lower decreases since. Employment in 2012 was lower than in any year in the last decade. Since 2001 the labor force has increased by 0.6 percent and employment has decreased by 3.5 percent.

The population of the Orangeburg market area is projected to increase from 50,812 in 2010, to 51,085 in 2013, to 51,362 in 2014. The number of households is projected to increase from 19,253 in 2010 to 19,562 in 2013, to 19,877 in 2016.

There are several apartment complexes located throughout the Orangeburg market area - these include various private/market rate properties, four properties financed with Low Income Housing Tax Credits, and three properties subsidized through HUD.

Occupancy levels in existing complexes in the Orangeburg area are good. The existing tax credit complexes are 95.0 percent occupied, and overall the market is reporting around 96.8 percent occupancy.

The total potential need for tax credit units such as is proposed in the Orangeburg area by 2016 is calculated to be for 815 new units. Given the calculated need, the proposed 56-unit development amounts to 6.9 percent of the need, as calculated.

The capture rates presented above are considered realistic for a 56-unit property, as proposed. Thus, the proposed development is considered feasible, based on this analysis.

Were the project to be developed, it could expect to reach effective full occupancy over a six-to-eight month period. This assumes a professional marketing and management program, and that is made available at an advantageous time of year (spring/summer).

2014 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:			
Development Name:	ORANGEBURG GREEN	Total # Units:	56
Location:	2574 Columbia Road, Orangeburg, SC	# LIHTC Units:	56
PMA Boundary:	Central Orangeburg County		
Development Type:	<input checked="" type="checkbox"/> Family <input type="checkbox"/> Older Persons	Farthest Boundary Distance to Subject:	13 miles

RENTAL HOUSING STOCK (found on pages 35-)				
Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	14	1,240	57	95.4%
Market-Rate Housing	7	556	36	93.5%
Assisted/Subsidized Housing not to include LIHTC	3	404	7	98.3%
LIHTC (All that are stabilized)*	4	280	14	95.0%
Stabilized Comps**	4	280	14	95.0%
Non-stabilized Comps				%

* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).

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

Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
2	1	1	850	\$325	\$661	\$0.78	50.80%	\$829	\$1.04
6	1	1	850	\$400	\$661	\$0.78	39.45%	\$829	\$1.04
8	2	2	1,100	\$425	\$819	\$0.74	48.13%	\$934	\$0.92
24	2	2	1,100	\$525	\$819	\$0.74	35.93%	\$934	\$0.92
4	3	2	1,250	\$475	\$882	\$0.71	46.17%	\$1,069	\$0.86
12	3	2	1,250	\$575	\$882	\$0.71	34.84%	\$1,069	\$0.86
Gross Potential Rent Monthly*					\$27,850	\$45,625		38.96%	

*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 pages 22,30)						
	2010		2013		2016	
Renter Households	7,637	39.7%	8,355	42.7%	9,140	46.0%
Income-Qualified Renter HHS (LIHTC)	n/a	n/a%	1,303	15.6%	1,428	15.6%
Income-Qualified Renter HHS (MR)	(if applicable)	%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on pages 27-34)						
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	58	91				123
Existing Households (Overburd + Substand)	355	488				693
Less Comparable/Competitive Supply	0	0				0
Net Income-qualified Renter HHS	413	579				815

CAPTURE RATES (found on page 34)						
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	3.4%	7.3%				6.9%

ABSORPTION RATE (found on page 34)
Absorption Period 6-8 months

A. PROJECT DESCRIPTION

The Orangeburg Green Apartments will be located on Columbia Road in northern Orangeburg. There will be 56 units of new tax credit financed apartments for families, with units targeted to households at 50 and 60 percent of the local area median income.

Details on the property, as supplied by the developer are as follows:

LOCATION								
Property Name		Orangeburg Green						
Property Street Address/Intersection:		2574 Columbia Road						
Property City, State, Zip		Orangeburg, SC 29118						
Subject County/MSA:		Orangeburg	Lot Size (Total Acres):		6.03 +/-			
DESIGN								
Occup. Type (Single Family, Multifamily, Elderly, SRO, etc.):		Multifamily						
Construction Type (New Construction, Rehabilitation):		New Construction	Year Built:					
Program Type (market-rate, Tax Credit, Section 8, etc.):		Tax Credit						
Building Type (Walk-up, Semi-detached, Detached, etc.):		Walk-up						
Construction Start and Completion Dates:								
Number of Residential Buildings:		7	Number of Non-residential Buildings:		1			
Number of Floors of Residential Buildings:		2	Elevator Equipped (yes or no):		No			
Total Gross Square Footage:		63,966	Community Room/Building (Sq. Ft.):		1358			
UNIT CONFIGURATION								
Bedrooms	Unit Type*	Baths	# of Units	targeting	Sq. Feet	Proposed Net Rents	Utility Allow.	Proposed Gross Rents
1	G	1	2	50%	850	\$325	\$116	\$441
1	G	1	6	60%	850	\$400	\$116	\$516
2	G	2	8	50%	1,100	\$425	\$145	\$570
2	G	2	24	60%	1,100	\$525	\$145	\$670
3	G	2	4	50%	1,250	\$475	\$174	\$649
3	G	2	12	60%	1,250	\$575	\$174	\$749
Total Units:			56					
*Garden or Townhouse		**Income Restriction (Household Eligibility)						
Total No. of Units:		56		Total No. of Units with Tax Credits:		56		
Total No. of Units with Rental Assistance:		0		Total No. of Units with Market Rents:				
UNIT AND PROJECT AMENITIES								
Range	<input checked="" type="checkbox"/>	W/D Hookups	<input checked="" type="checkbox"/>	Swimming Pool	<input type="checkbox"/>	Lake/Pond	<input type="checkbox"/>	*Detail "Other" Amenities:
Refrigerator	<input checked="" type="checkbox"/>	Patio/Balcony	<input checked="" type="checkbox"/>	On-site Mgt.	<input checked="" type="checkbox"/>	Elevator	<input type="checkbox"/>	
Dishwasher	<input checked="" type="checkbox"/>	Ceiling Fan	<input checked="" type="checkbox"/>	Laundry Facility	<input checked="" type="checkbox"/>	Security Gate	<input type="checkbox"/>	
Disposal	<input checked="" type="checkbox"/>	Fireplace	<input type="checkbox"/>	Club House	<input type="checkbox"/>	Business Center	<input type="checkbox"/>	
Microwave Oven	<input checked="" type="checkbox"/>	Basement	<input type="checkbox"/>	Community Rm.	<input checked="" type="checkbox"/>	Computer Center	<input checked="" type="checkbox"/>	
Carpet	<input checked="" type="checkbox"/>	Intercom	<input type="checkbox"/>	Fitness Center	<input type="checkbox"/>	Car Wash Area	<input type="checkbox"/>	
A/C-Wall	<input type="checkbox"/>	Security Syst.	<input type="checkbox"/>	Jacuzzi/Sauna	<input type="checkbox"/>	Picnic Area	<input checked="" type="checkbox"/>	
A/C-Central	<input type="checkbox"/>	Furnishings	<input type="checkbox"/>	Playground	<input checked="" type="checkbox"/>	Craft Room	<input type="checkbox"/>	
Window Blinds	<input checked="" type="checkbox"/>	E-Call Button	<input type="checkbox"/>	Tennis Court	<input type="checkbox"/>	Library	<input type="checkbox"/>	
Washer/Dryer	<input type="checkbox"/>	Other*	<input checked="" type="checkbox"/>	Sports Court	<input type="checkbox"/>	Storage	<input checked="" type="checkbox"/>	
UTILITY RESPONSIBILITY								
Party	Water/Sewer	Trash	Electricity	Elec Heat	Gas Heat	Water Heat	Cooking (G/E)	
Landlord	X	X						
Tenant			X	X			X	

As noted, no project-based rental assistance will be made available.

B. SITE DESCRIPTION

The site of the Orangeburg Green Apartments is on the east side of Columbia Road (US 21), to the north of Orangeburg. Adjacent properties include the Glenfield Apartments to the south, the Home Place Apartments on Casa Drive, to the north, single-family homes (across Columbia Road), a church, and undeveloped land.



The site is mostly wooded, and is relatively flat.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.



View across Columbia Road, to site



View on property



View on property



View south on Columbia Rd., at site



View north on Columbia Rd., at site



View across Columbia Rd., at site

Access from the site to major thoroughfares, schools, shopping, health, and other services is good.

The site is located on Columbia Road (US 21), a major north-south thoroughfare serving Orangeburg, and is within one half-mile or so of the intersection of US 21 and Chestnut Street (US 178) the major east-west route in the area. The site is within five miles of Interstate 26.

The site is within one half-mile of a Piggly Wiggly store on Columbia Road, near Chestnut Street, and is within one mile of the Grove Park shopping center which is anchored by a Bi-Lo grocery store. The Prince of Orange Mall is located on the US 178, bypass, around one and three-fourth miles from the site. A Wal-mart supercenter is located near the Mall, two and one fourth miles from the site.

The Marshall Elementary School is within one half-mile of the site. The WJ Clark Middle School is just over one mile to the south, and the Orangeburg-Wilkinson High School is three miles from the site, on US 601, north.

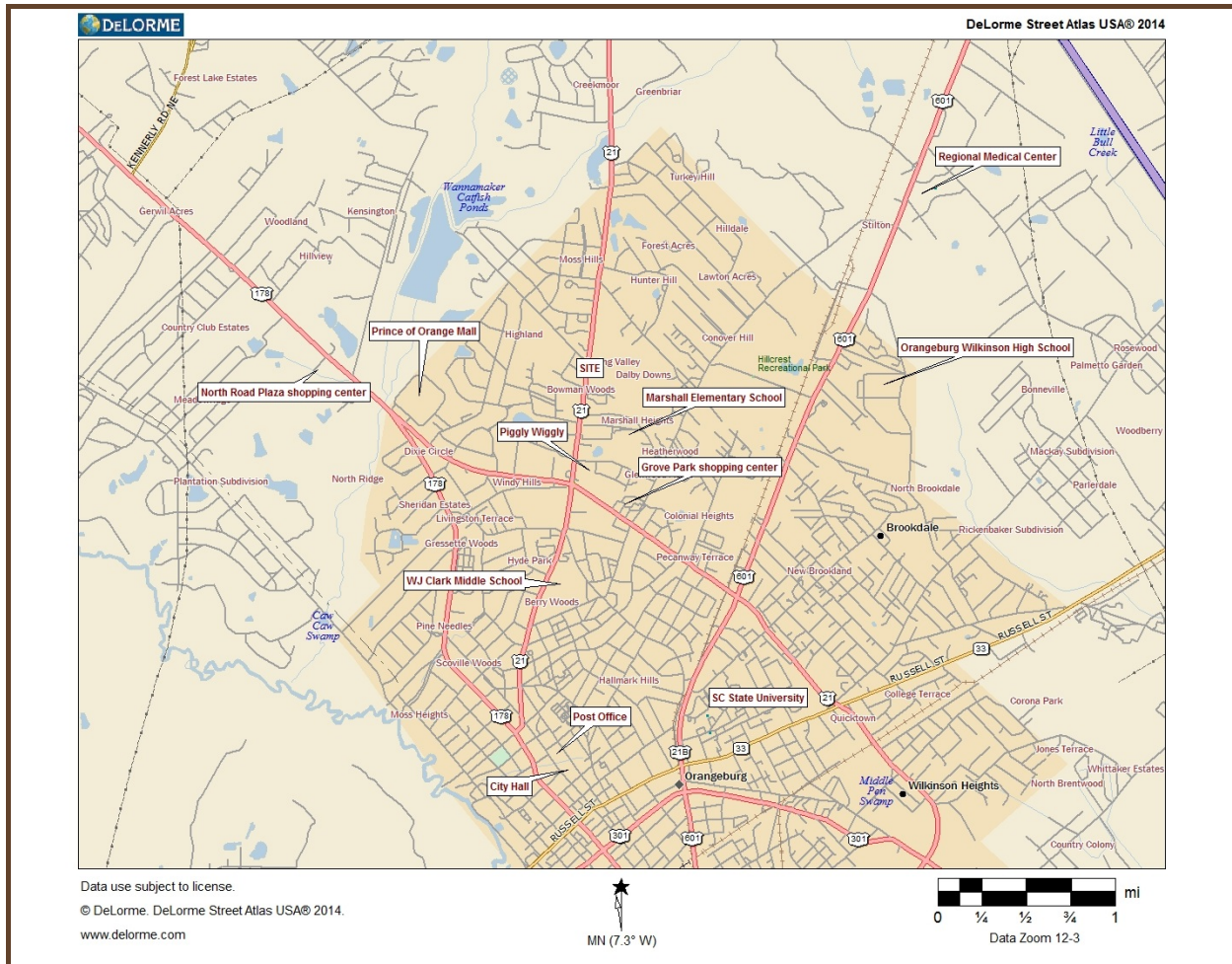
The site is within three and one-half miles of the Regional Medical Center and associated medical services, which is located on US 601, north, between the High School and the Interstate .

The site is within two-to-three miles of the Post Office, and the various government, shopping, and other services located in downtown Orangeburg (including the South Carolina State University and Claflin University).

Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area, would impact the project's marketability - nonetheless, as is prudent, security should be considered in the design and marketing of the project.

Access and visibility, to and from the property, is very good.

The site location is good. The visible location on a major thoroughfare store is a significant positive attribute. There are no overwhelming negative attributes. The site is considered marketable.



Site location map

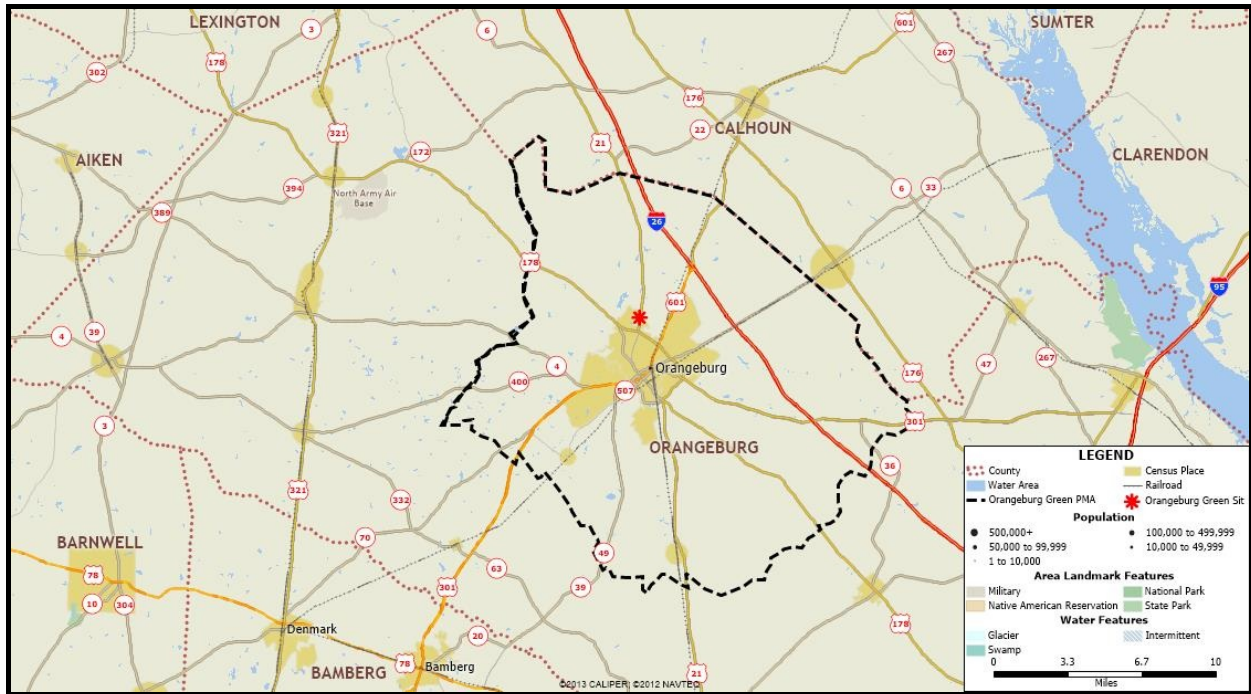
C. MARKET AREA

Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. Here, a combination of census county subdivisions (townships) may be used to define the market area. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census county subdivisions (townships) or combinations of census tracts, may be used to define the market area.

Orangeburg is located in north central Orangeburg County in south central South Carolina. The market area for the proposed development is central Orangeburg County as defined by several census tracts.¹ This area focuses on Orangeburg, and extends to an approximately ten-mile hinterland. This area is that which constitutes the geographic area immediately adjacent to the site, and extends to all locations of relatively similar character and with residents or potential residents likely to be interested in the proposed project.

¹ tracts 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, and 116



Market Area

D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the Orangeburg market area is set out in Table 1, below. This information is from the 2008 to 2012 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is manufacturing which accounts for 18.8 percent of the total. Other important sectors include retail trade, education (reflecting the universities in the area), and healthcare - each of which employs at least 10 percent of the total.

Table 1 - Employment by Industry, Market Area

	number	percent
Agriculture, etc	135	0.7
Construction	642	3.3
Manufacturing	3,686	18.8
Wholesale Trade	379	1.9
Retail Trade	2,528	12.9
Transp, Warehousing	474	2.4
Utilities	237	1.2
Information	310	1.6
Finance, Insurance, Real Estate	770	3.9
Professional, Scientific, Management	1,193	6.1
Educational Services	3,222	16.4
Healthcare	2,320	11.8
Arts, Entertainment, Recreation	198	1.0
Accommodation and Food Services	1,462	7.5
Other Services	957	4.9
Public Administration	1,088	5.6

Source: 2008 to 2012 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major employers in Orangeburg County are listed in Table 3, below. From this table it is seen that the largest employer in the area is Husqvarna, a manufacturer of landscape equipment and products. Other large employers include the public school systems, and the local hospital.

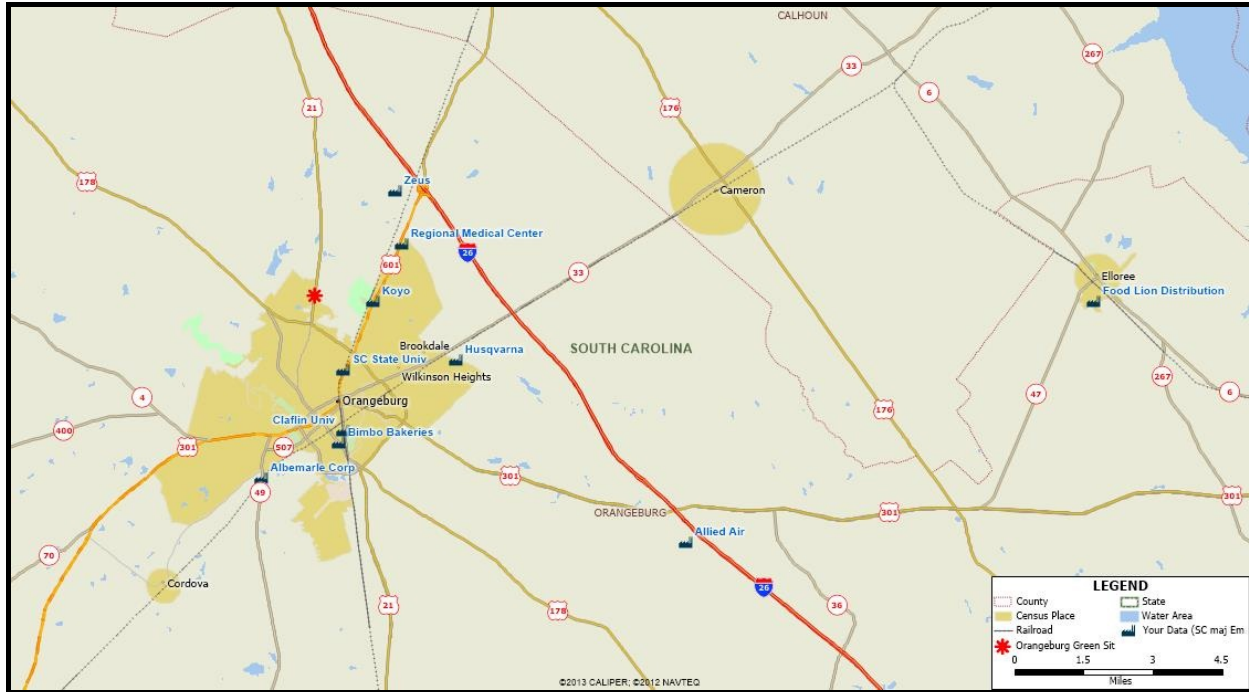
Table 2 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Husqvarna Oakdoor Products	Landscape products	1,750
Orangeburg School District, 5	Education	1,350
Regional Medical Center	Healthcare	1,200
Food Lion Distribution	Distribution center	872
Orangeburg School District, 3	Education	592
Orangeburg County	Government	586
Orangeburg School District, 4	Education	554
Bimbo Bakeries	Bakery	550
S.C. State University	Education	531
Clafin University Education	524	
Keys Corp.	Bearings	475
Zeus Industrial Products	Polymer tubing	427
Allied Air	HVAC products	350
Allendale Corporation	Polymers	330

Source: Central SC Alliance

Reliable comprehensive data on layoffs and closings is no longer available, however, it is understood that in July 2013 Federal-Mogul announced the losing of its Orangeburg County facility, with the loss of 200 jobs. It is understood that Walker Emulsions have announced eleven new jobs, and that Quality Model will add 26 - and possibly up to 200 new jobs. Also, Prime Materials is planning to expand, with an additional 20 jobs.

The locations of the area’s major employers relative to the site of the proposed development is illustrated in the map, below (excluding employers - such as large retailers and schools systems, where employment is scattered throughout the area). Here employment is seen to be located throughout the county.



Major Employers

LABOR FORCE AND EMPLOYMENT

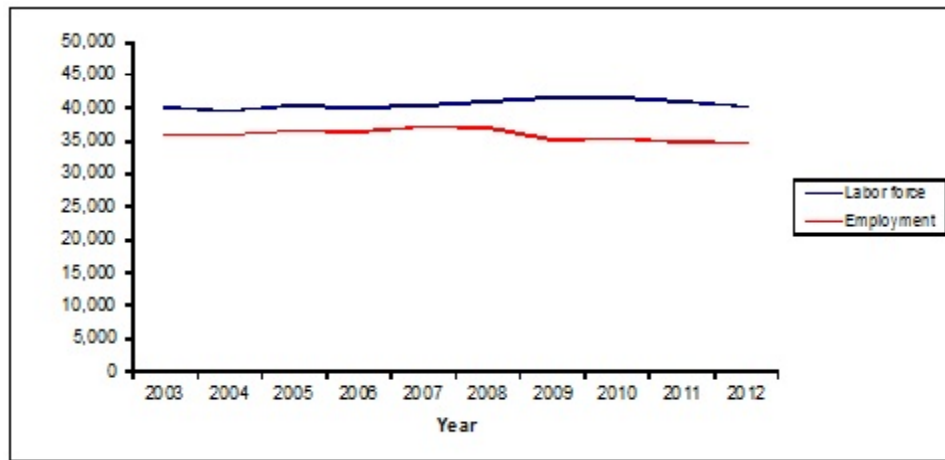
The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2012, the most recent year for which annualized data are available, the Orangeburg County labor force comprised an estimated 40,242 persons. Of this total, 34,762 were employed and 5,480 or 13.6 percent were unemployed. Labor force has shown some growth over the last decade, but have decreased over the last few years. Employment figures have fluctuated over the last decade or so - with slight growth in the early part of the decade, but with significant decreases in 2008 and 2009, and lower decreases since. Employment in 2012 was lower than in any year in the last decade. Since 2001 the labor force has increased by 0.6 percent and employment has decreased by 3.5 percent. Under these circumstances unemployment has increased from, for example 9.9 percent in 2003 to as much as 15.5 percent in 2009, and was 13.6 percent in 2012.

Given the current economic conditions, it is noteworthy that the most recent monthly estimate is for a labor force of 39,334, with 35,536 employed, and 3,798 unemployed. This represented a slight decrease in labor force from the same month the previous year (39,416). Over that year, employment grew, from 34,313, and the number unemployed decreased from 5,103 - equivalent to a decrease in the rate of unemployment from 12.9 percent to 9.7 percent over that period. Under these circumstances it is difficult to predict labor force and employment levels in the short-term.

Table 3 - Orangeburg County Labor Force and Employment

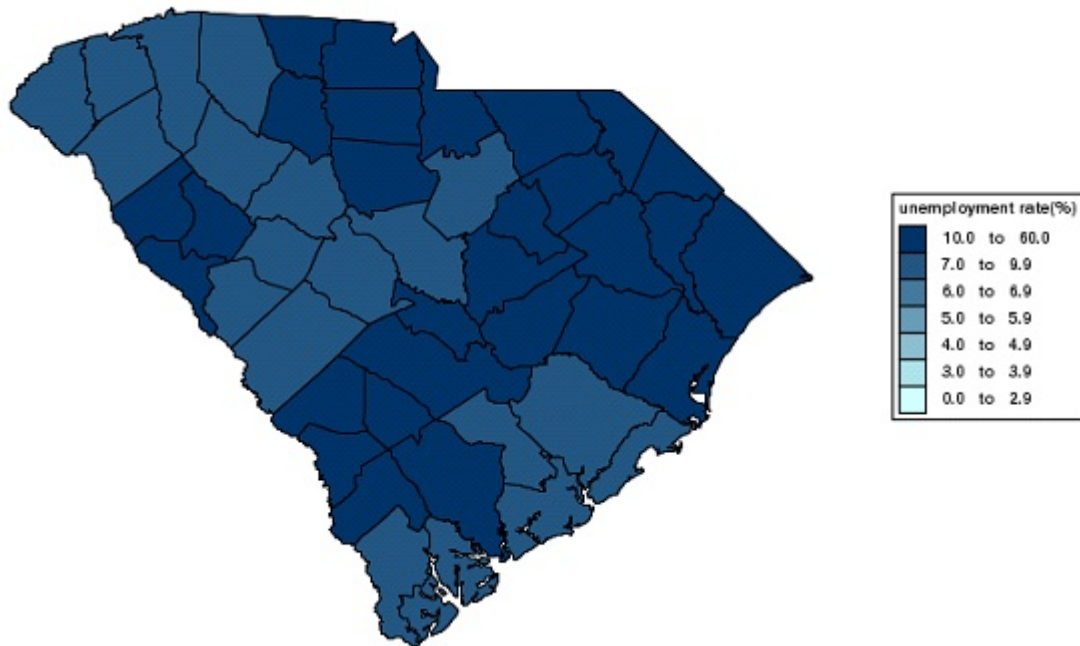
	<u>Labor Force</u>	<u>Employment</u>	<u>Total</u>	<u>Unemployment Rate (%)</u>
2003	40,006	36,037	3,969	9.9
2004	39,598	35,869	3,729	9.4
2005	40,446	36,529	3,917	9.7
2006	39,939	36,298	3,641	9.1
2007	40,356	37,116	3,240	8.0
2008	41,096	36,972	4,124	10.0
2009	41,635	35,163	6,472	15.5
2010	41,556	35,274	6,282	15.1
2011	40,987	34,868	6,119	14.9
2012	40,242	34,762	5,480	13.6
Dec-12	39,416	34,313	5,103	12.9
Dec-13	39,334	35,536	3,798	9.7
pct change 2003-2012	0.06	-0.36	3.28	

Source: US Department of Labor



Current levels of unemployment throughout South Carolina are illustrated, below

Unemployment rates by county, not seasonally adjusted, South Carolina December 2011



COMMUTING

Based on data from the American Community Survey, 55.5 percent of workers resident in Orangeburg were employed in Orangeburg, with 88.2 percent employed in Orangeburg County as a whole. The average driving time to work for residents of Orangeburg was 17.5 minutes.

Table 4 - Commuting Data

	number	percent
Total Workers	28,419	100.0
Worked in Place of residence	15,773	55.5
Worked in County of residence	25,066	88.2
Worked outside Place of residence	12,646	44.5
Worked outside County of residence	3,353	11.8
Mean travel time to work (minutes)	17.5	

Source: 2008 to 2012 American Community Survey; T Ronald Brown: Research & Analysis

E. COMMUNITY DEMOGRAPHIC DATA**POPULATION TRENDS AND PROJECTIONS**

In 2000, the population of Orangeburg County was 91,582, and in 2010 the population was recorded as 92,501. Population projections for Orangeburg County are based on South Carolina State Data Center projections. Based on these data, the population of the county is projected to be 92,680 by 2013, and to be around 92,860 by 2016.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2000 to 2010 for the county level, corrected for the county projections. The projection is that in 2013 the project market area will have a population of around 51,085 and around 51,362 in 2016. In 2010, the population of the market area was 58,634.

Information on population trends and changes between 2000 and 2016 are set out in Table 5, below.

Table 5 - Population Trends

	Orangeburg	Market Area	Orangeburg County
2000	12,765	49,759	91,582
2010	13,964	50,812	92,501
2013	n/a	51,085	92,680
2016	n/a	51,362	92,860
absolute change			
2000-2010	1,199	1,053	919
2010-2013	n/a	273	179
2013-2016	n/a	277	180
annual change			
2000-2010	120	105	92
2010-2013	n/a	91	60
2013-2016	n/a	92	60
percentage change			
2000-2010	9.4	2.1	1.0
2010-2013	n/a	0.5	0.2
2013-2016	n/a	0.5	0.2

Source: 2000 Census and 2010 Census; SC State Data Center; T Ronald Brown: Research & Analysis

AGE

The distribution of the population, by age, for Orangeburg, the project market area, and for Orangeburg County are set out in Table 6, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Orangeburg was recorded as 28.8 years, with that for the county being 38.1 years. As expected, there are significant numbers of college-aged persons in these areas.

Table 6 - Age Distribution

	Orangeburg		Market Area		Orangeburg County	
	number	percent	number	percent	number	percent
Under 5 years	897	6.4	3,491	6.9	6,162	12.1
5 to 9 years	696	5.0	3,089	6.1	5,704	11.2
10 to 14 years	645	4.6	3,076	6.1	5,776	11.4
15 to 19 years	1,715	12.3	4,549	9.0	7,490	14.7
20 to 24 years	2,276	16.3	5,495	10.8	7,784	15.3
25 to 29 years	959	6.9	3,237	6.4	5,574	11.0
30 to 34 years	713	5.1	2,761	5.4	4,841	9.5
35 to 39 years	612	4.4	2,706	5.3	4,873	9.6
40 to 44 years	610	4.4	2,801	5.5	5,338	10.5
45 to 49 years	735	5.3	3,349	6.6	6,573	12.9
50 to 54 years	703	5.0	3,144	6.2	6,365	12.5
55 to 59 years	733	5.2	3,225	6.3	6,444	12.7
60 to 64 years	692	5.0	2,996	5.9	5,843	11.5
65 to 69 years	590	4.2	2,239	4.4	4,581	9.0
70 to 74 years	388	2.8	1,594	3.1	3,338	6.6
75 to 79 years	373	2.7	1,272	2.5	2,490	4.9
80 to 84 years	305	2.2	903	1.8	1,748	3.4
85 years and over	322	2.3	885	1.7	1,577	3.1
55 and older	3,403	24.4	13,114	25.8	26,021	51.2
65 and older	1,978	14.2	6,893	13.6	13,734	27.0
median	28.8		n/a		38.1	

Source: 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for Orangeburg, the project market area, and for Orangeburg County are set out in Table 7 below. These projections are based on the population projections set out, above.

The projection is that in 2013 the project market area will have around 23,044 households, and around 23,111 in 2016. In 2010, there were 22,959 households in the market area.

Information on household trends and changes between 2000 and 2016 are set out in Table 7, below.

Table 7- Household Trends

	Orangeburg	Market Area	Orangeburg County
2000	4,512	18,245	34,118
2010	4,945	19,253	35,788
2013	n/a	19,562	36,221
2016	n/a	19,877	36,559
absolute change			
2000-2010	433	1,008	1,670
2010-2013	n/a	309	433
2013-2016	n/a	315	338
annual change			
2000-2010	43	101	167
2010-2013	n/a	103	144
2013-2016	n/a	105	113
percentage change			
2000-2010	9.6	5.5	4.9
2010-2013	n/a	1.6	1.2
2013-2016	n/a	1.6	0.9

Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

AGE TRENDS

Population trends, by age, for the Orangeburg market area are set out in Table 8 below. These data are from the 2000 Census and the 2010 Census. No age projection data, by five year age groups, are available at the market area level from the South Carolina State Data Center.

Table 8- Age Trends

	2000		2010	
	number	percent	number	percent
Under 5 years	3,255	6.5	3,491	6.9
5 to 9 years	3,504	7.0	3,089	6.1
10 to 14 years	3,508	7.0	3,076	6.1
15 to 19 years	4,661	9.4	4,549	9.0
20 to 24 years	4,826	9.7	5,495	10.8
25 to 29 years	3,181	6.4	3,237	6.4
30 to 34 years	2,910	5.8	2,761	5.4
35 to 39 years	3,464	7.0	2,706	5.3
40 to 44 years	3,328	6.7	2,801	5.5
45 to 49 years	3,320	6.7	3,349	6.6
50 to 54 years	3,113	6.3	3,144	6.2
55 to 59 years	2,397	4.8	3,225	6.3
60 to 64 years	1,927	3.9	2,996	5.9
65 to 69 years	1,743	3.5	2,239	4.4
70 to 74 years	1,523	3.1	1,594	3.1
75 to 79 years	1,318	2.6	1,272	2.5
80 to 84 years	930	1.9	903	1.8
85 years and over	851	1.7	885	1.7

Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

TENURE

Table 9, below, sets out the number and proportion of owner and renter households for Orangeburg, the project market area, and for Orangeburg County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 39.7 percent of households in the market area were renters, compared with 54.4 percent for Orangeburg, and 31.4 percent for Orangeburg County.

Table 9 - Tenure

Orangeburg		households	persons per household	Owner-occupied		Renter-occupied	
population				number	percent	number	percent
2000	12,765	4,512	2.83	2,383	52.8	2,129	47.2
2010	13,964	4,945	2.82	2,255	45.6	2,690	54.4
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area		households	persons per household	Owner-occupied		Renter-occupied	
population				number	percent	number	percent
2000	49,759	18,245	2.73	12,588	69.0	5,657	31.0
2010	50,812	19,253	2.64	11,616	60.3	7,637	39.7
2013	51,085	19,562	2.61	11,207	57.3	8,355	42.7
2016	51,362	19,877	2.58	10,737	54.0	9,140	46.0
Orangeburg County		households	persons per household	Owner-occupied		Renter-occupied	
population				number	percent	number	percent
2000	91,582	34,118	2.68	25,801	75.6	8,317	24.4
2010	92,501	35,788	2.58	24,566	68.6	11,222	31.4
2013	92,680	36,221	2.56	23,972	66.2	12,249	33.8
2016	92,860	36,559	2.54	23,226	63.5	13,333	36.5

Source: 2000 Census and 2010 Census; T Ronald Brown :Research & Analysis

HOUSEHOLD SIZE

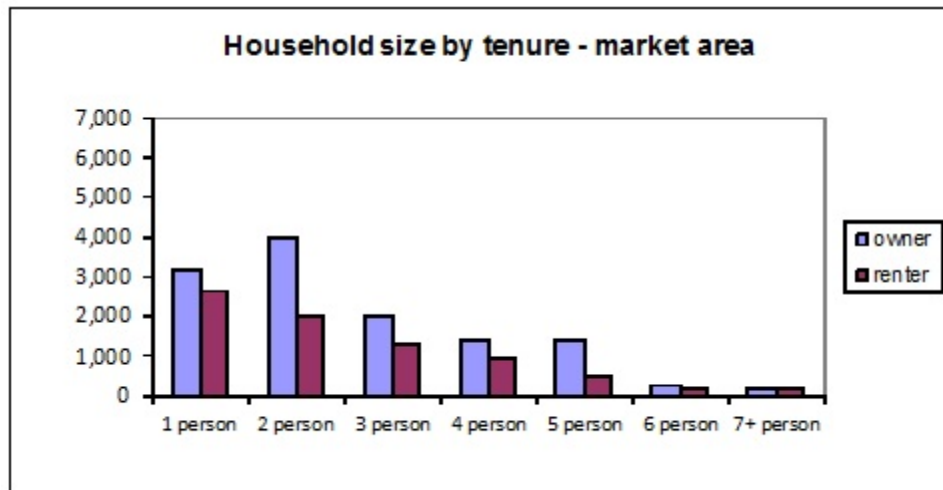
Table 10 below, sets out household size, by tenure, for households in Orangeburg, the project market area, and Orangeburg County.

Table 10 - Household Size, by Tenure

	Orangeburg		Market Area		Orangeburg County	
	owner	renter	owner	renter	owner	renter
1 person	751	1,020	3,182	2,614	6,522	3,840
2 person	806	770	3,996	2,003	8,618	2,905
3 person	349	434	2,005	1,294	4,138	1,898
4 person	190	260	1,385	911	2,939	1,353
5 person	86	111	1,385	469	1,406	716
6 person	49	51	245	185	554	294
7+ person	24	44	159	161	389	216

Source: 2010 Census; T Ronald Brown: Research & Analysis

The distribution of household sizes, by tenure, for the market area is illustrated, below.



HOUSEHOLD INCOME

The distribution of household incomes for Orangeburg, the project market area, and for Orangeburg County are set out in Table 11, below. These figures are taken from the 2008 to 2012 American Community Survey, and as such are subject to the limitations imposed by this source.

Table 11 - Household Income

	Orangeburg		Market area		Orangeburg County	
	number	percent	number	percent	number	percent
less than \$10,000	1,018	20.0	3240	17.2	5,890	17.0
\$10,000 to \$14,999	427	8.4	1,458	7.7	2,878	8.3
\$15,000 to \$19,999	464	9.1	1,278	6.8	2,473	7.1
\$20,000 to \$24,999	260	5.1	1,165	6.2	2,171	6.3
\$25,000 to \$29,999	315	6.2	1,372	7.3	2,306	6.7
\$30,000 to \$34,999	346	6.8	1,037	5.5	2,042	5.9
\$35,000 to \$39,999	316	6.2	1,126	6.0	1,945	5.6
\$40,000 to \$44,999	276	5.4	920	4.9	1,854	5.4
\$45,000 to \$49,999	148	2.9	617	3.3	1,359	3.9
\$50,000 to \$59,999	333	6.6	1,186	6.3	2,531	7.3
\$60,000 to \$74,999	359	7.1	1,696	9.0	2,840	8.2
\$75,000 to \$99,999	401	7.9	1,573	8.3	2,886	8.3
\$100,000 to \$124,999	202	4.0	1,040	5.5	1,723	5.0
\$125,000 to \$149,999	81	1.6	426	2.3	642	1.9
\$150,000 to \$199,999	98	1.9	423	2.2	626	1.8
\$200,000 or more	36	0.7	293	1.6	424	1.2

Source: 2008 to 2012 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Orangeburg, the market area, and Orangeburg County are set out in Table 12, below. These figures are also taken from the 2008 to 2012 American Community Survey.

Table 12 - Household Income, Renter Households

	Orangeburg		Market area		Orangeburg County	
	number	percent	number	percent	number	percent
less than \$10,000	815	29.9	2,355	31.6	3,598	33.2
\$10,000 to \$19,999	578	21.2	1,498	20.1	2,282	21.1
\$20,000 to \$34,999	460	16.9	1,519	20.4	2,100	19.4
\$35,000 to \$49,999	382	14.0	954	12.8	1,289	11.9
\$50,000 to \$74,999	420	15.4	748	10.0	940	8.7
\$75,000 to \$99,999	74	2.7	256	3.4	509	4.7
\$100,000 or more	0	0.0	113	1.5	105	1.0

Source: 2008 to 2012 American Community Survey; T Ronald Brown: Research & Analysis

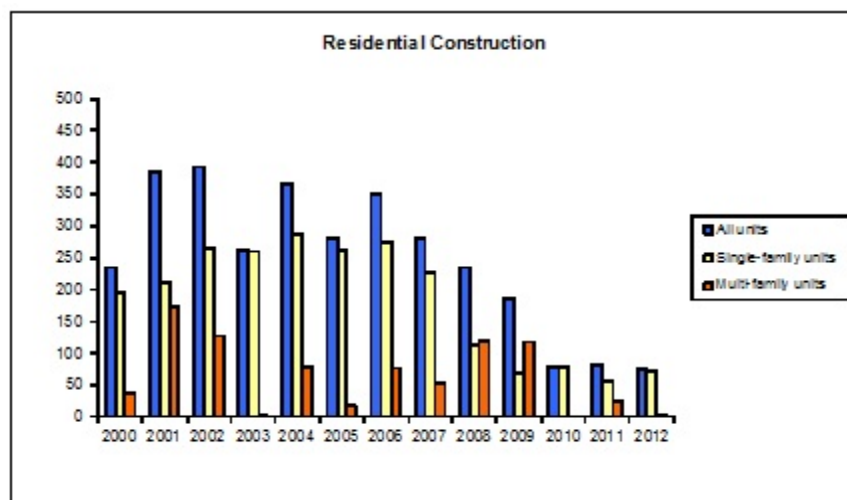
RESIDENTIAL CONSTRUCTION SINCE 2000

Table 13 below gives details of residential construction in Orangeburg County since 2000. Where the data exist, it can be seen that a total of 3,208 units were added throughout the County as a whole. It should be noted that there was significant multi-family construction in 2008 and 2009. No data are available for the market area.

Table 13 - Residential Construction Since 2000

Orangeburg County			
	Total	single-family	multi-family
2000	234	197	37
2001	385	212	173
2002	394	266	128
2003	263	260	3
2004	365	287	78
2005	281	262	19
2006	350	274	76
2007	282	228	54
2008	234	113	121
2009	187	69	118
2010	79	79	0
2011	80	57	23
2012	74	71	3
Total	3,208	2,375	833

Source: Current Construction Reports, C-40; Bureau of the Census; T Ronald Brown: Research & Analysis



F. PROJECT SPECIFIC DEMAND ANALYSIS

INCOME RESTRICTIONS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who would move to the units were they made available.

Income is a key variable in the analysis of housing markets. Of the total 56 units proposed, 14 units will be targeted to households with incomes up to 50 percent of the median, and the remaining 42 units will be targeted to households with incomes below 60 percent of the median income, and therefore qualify their apartments for low income housing tax credit status. The income limits for Orangeburg County (using the National Non-Metropolitan designation) are as follows:

Table 14 - Income Limits

	<u>50 percent</u>	<u>60 percent</u>
1 person	\$18,400	\$22,080
2 person	\$21,000	\$25,200
3 person	\$23,650	\$28,380
4 person	\$26,250	\$31,500
5 person	\$28,350	\$34,020
6 person	\$30,450	\$36,450

Source: HUD

The maximum housing expenses for the proposed units are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities). These figures are as follows:

Table 15 - Maximum Housing Expense

	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$493	\$591
2 bedroom	\$591	\$710
3 bedroom	\$683	\$819
4 bedroom	\$761	\$914

Source: T Ronald Brown: Research & Analysis

The proposed rents and utility allowances at the proposed apartments are set out in Table 16 below. From this it can be seen that housing expenses at the proposed apartments fall at around 86 to 95 percent of the maximum figures for units at the 50 percent level, and at around 84 to 93 percent of the maximum for units at 60 percent of the median. As such, these rents are seen to be affordable.

Table 16 - Proposed Rents and Utility Allowances

<u>Utility Allowance</u>				
1 bedroom	\$116			
2 bedroom	\$145			
3 bedroom	\$174			
4 bedroom	\$203 (e)			
<u>50 percent</u>	<u>Proposed Rent</u>	<u>Maximum</u>	<u>Proportion of Maximum (%)</u>	
1 bedroom	\$325	\$376	86.3	
2 bedroom	\$425	\$446	95.2	
3 bedroom	\$475	\$508	93.4	
4 bedroom	\$525 (e)	\$558	94.0	
<u>60 percent</u>				
1 bedroom	\$400	\$475	84.2	
2 bedroom	\$525	\$564	93.0	
3 bedroom	\$575	\$645	89.1	
4 bedroom	\$650 (e)	\$710	91.5	

(e) = estimate

Source: Applicant; T Ronald Brown: Research & Analysis

AFFORDABILITY

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom). The qualifying income ranges for the proposed development can be summarized below.

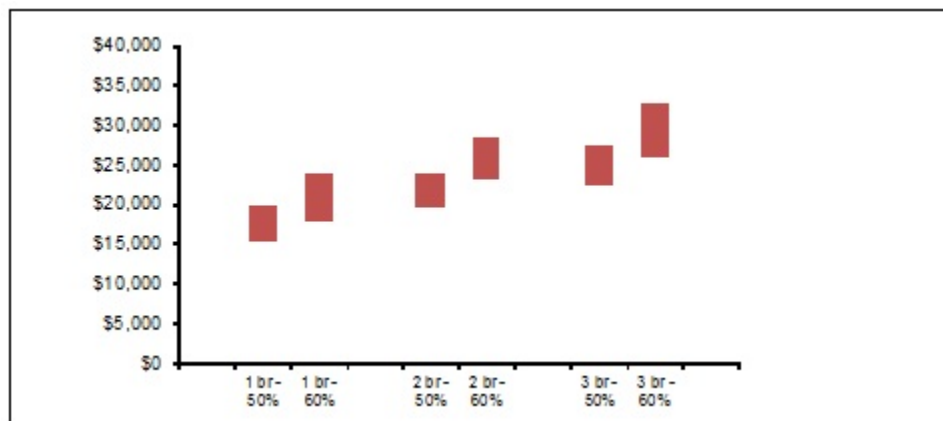
Table 17 - Qualifying Income Ranges

	50 percent		60 percent	
	<u>lower income</u>	<u>upper income</u>	<u>lower income</u>	<u>upper income</u>
1 bedroom	\$15,120	\$19,700 ¹	\$17,691	\$23,640 ¹
2 bedroom	\$19,543	\$23,650 ²	\$22,971	\$28,380 ²
3 bedroom	\$22,251	\$27,300 ³	\$25,680	\$32,760 ³
4 bedroom	\$24,960	\$30,450 ⁴	\$29,246	\$36,540 ⁴

- ¹ based on one and one-half person household size
- ² based on three-person household size
- ³ based on four and one-half person household size
- ⁴ based on six-person household size

Source: T Ronald Brown: Research & Analysis

Incomes for households qualifying for the proposed apartments at 50 percent of the median range from \$15,120 to \$27,300, and incomes for those at the 60 percent level are from \$17,691 to \$32,760. Thus, there is a certain amount of overlap between income ranges, as illustrated, below. Consequently, demand calculations need to address this potential double counting.



The major variables to be examined are tenure, and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

Table 18 - Household Income, Renter Households

<u>Income</u>	<u>All Renters</u>		<u>Overburdened renters</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Up to \$10,000	2,355	31.6	1,380	41.4
\$10,000 - \$19,999	1,498	20.1	1,145	34.3
\$20,000 - \$34,999	1,519	20.4	604	18.1
\$35,000 - \$49,000	954	12.8	173	5.2
\$50,000 - \$74,999	748	10.0	35	1.0
\$75,000 - \$99,999	256	3.4	0	0.0
\$100,000 and over	113	1.5	0	0.0

Source: 2008 to 2012 American Community Survey; T Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2008 to 2012 - and not for a specific year.

From this table it can be seen that as many as 31.6 percent of the market area renter households have incomes less than \$10,000 and a further 20.1 percent have incomes between \$10,000 and \$20,000. Around 45 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 17 and the income distribution set out in Table 18, it is found that around 7.4 percent of market area renter households qualify at 50 percent of the median, and around 11.6 percent qualify at 60 percent (and 15.6 percent, overall).

NEW HOUSEHOLDS

Based on the projections set out in Table 8, a total of 786 new rental units are needed between 2013 and 2016. There will be 123 households eligible for the proposed project as a whole - with 58 qualifying at 50 percent of the median income, and 91 qualifying at 60 percent.

EXISTING HOUSEHOLDS

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing renter households who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development, the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of 1,428 renter households in the qualifying income ranges in the project market area – 673 renters qualifying at 50 percent of the median, and 1,073 renters qualifying at 60 percent. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on American Community Survey data, around 50.4 percent of renters in the target income range for units at 50 percent of the median, and 43.4 percent for those at 60 percent are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change: 2007-2009" published in May 2011. Based on the number of rental units in the project market area, this translates to a need for an additional 35 units, overall: 16 units at 50 percent of the median, and 26 units at 60 percent of the median.

These calculations are summarized in the following table.

Table 19 - Demand Calculations

	<u>50 percent</u>	<u>60 percent</u>	<u>Total¹</u>
(i) New renter households	58	91	123
(ii) Existing renter households	673	1,063	1,428
(iii) Existing renter households, likely to move	339	462	658
(iv) Replacement of obsolete rental units	16	26	35
Total demand (i) + (iii) + (iv)	413	579	815

¹ Excluding overlap

Source: T Ronald Brown: Research & Analysis

DEMAND

Total demand is therefore seen to amount to 815 units: 413 qualifying at 50 percent of the median, and 579 qualifying at 60 percent of the median. This total demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 26 percent of the total, two-bedroom units should account for 46 percent of the total, and three-bedroom units should account for 23 percent of the total (with four- or more bedroom units accounting for 5 percent).

SUPPLY

These figures are based on a 2013 to 2016 projection period, and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been developed in the market area over the projection period. Nor have any other potentially comparable projects have been approved and/or funded.. The net demand is therefore for 815 units. These various calculations are summarized as set out in Table 20, on the following page.

Table 20 - Demand Calculations and Capture Rates

Overall Demand	50 percent	60 percent	Total ¹
1 bedroom	121	171	240
2 bedroom	196	274	386
3 bedroom	80	112	157
4 bedroom	16	22	31
Total	413	579	815
Supply			
1 bedroom	0	0	0
2 bedroom	0	0	0
3 bedroom	0	0	0
4 bedroom	0	0	0
Total	0	0	0
Net Demand			
1 bedroom	121	171	240
2 bedroom	196	274	386
3 bedroom	80	112	157
4 bedroom	16	22	31
Total	413	579	815
Units proposed			
1 bedroom	2	6	8
2 bedroom	8	24	32
3 bedroom	4	12	16
4 bedroom	0	0	0
Total	14	42	56
Capture rates			
1 bedroom	1.6%	3.5%	3.3%
2 bedroom	4.1%	8.8%	8.3%
3 bedroom	5.0%	10.7%	10.2%
4 bedroom	0.0%	0.0%	0.0%
Total	3.4%	7.3%	6.9%

¹ Excluding overlap

Source: T Ronald Brown: Research & Analysis

CAPTURE RATES

Given the calculated need, the proposed 56-unit development amounts to 6.9 percent of the total net need. The capture rate for the 14 units at 50 percent of the median is 3.4 percent, and that for the 42 units at 60 percent of the median is 7.3 percent. The capture rate, by bedroom, is determined to be 3.3 percent for the eight one-bedroom units, 8.3 percent for the 32 two-bedroom units, and 10.2 percent for the 16 three-bedroom units (or 7.2 percent for the one-, two-, and three-bedroom units, combined) .

The capture rates presented above are considered realistic for a 56-unit property, as proposed. Thus, the proposed development is considered feasible, based on this analysis.

ABSORPTION RATES

Were the project to be developed, it could expect to reach effective full occupancy over a six-to-eight month period. This assumes a professional marketing and management program, and that is made available at an advantageous time of year (spring/summer).

G. EXISTING RENTAL UNITS

There are several apartment complexes located throughout the Orangeburg market area - these include various private/market rate properties, properties financed with Low Income Housing Tax Credits, and properties subsidized through HUD. The various properties were identified, surveyed, and visited - and where appropriate information was provided to us, this is set out in the following pages. Student housing was not considered in this research.

There are four comparable tax credit projects in Orangeburg. The newest of these, Pine Hill, was built in 2008, and is located off the St. Matthews Road, not far from the site of the proposed development. Here there are a total of 72 units - a mix of one-, two-, and three- bedroom units. Rents range from \$395 for a one-bedroom unit, to \$483 for a two-bedroom unit, to \$558 for a three-bedroom unit. Currently, two units are reported to be vacant.

There are three tax credit properties located relatively near one another in the south-western part of Orangeburg. The oldest of these - Hampton Chase - opened in 2002 and has 64 units. There are 48 two-bedroom units renting for \$345 to \$460, and 16 three-bedroom units which are available for \$400 to \$540. Currently, five units are reported to be vacant, with typical occupancy around 92 percent. The Edgewood Townhomes opened in 2004 and has 54 two-bedroom units and 18 three-bedroom units. The rent range for the two-bedroom units is \$245 to \$460, and that for the three-bedroom units is \$400 to \$540. Again, there are five vacant units, with typical occupancy at around 94 percent. Dogwood Crossing has 72 units, built in 2007. The 48 two-bedroom units rent for \$460 and the 24 three-bedroom units rent for \$540. Here, typical occupancy is around 96 percent.

The South Carolina State Housing Finance and Development Authority publishes occupancy levels in the tax credit inventory for June and December of each calendar year. These data, from June 2006 for the tax credit properties in Orangeburg are set out, below.

Here it is seen that Hampton Chase, Edgewood, and Dogwood Crossing reported occupancy levels averaging around 95 percent over this time-frame. The corresponding number for Pine Hill is 98 percent. Over this period, overall occupancy was seen to range between a low of 92.1 percent in December 2011, to a high of 98.6 percent in December 2009. The most recent data show that occupancy for the four properties ranged from 91 to 99 percent - averaging 95.7 percent. Overall occupancy has been at the 95 percent level since June 2012.

	Hampton Chase 64 units		Edgewood 72 units		Dogwood Crossing 72 units		Pine Hill 72 units		Overall	
	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy
June 2006	63	98.4%	71	98.6%					134	98.5%
December 2006	60	93.8%	66	91.7%					126	92.6%
June 2007	64	100.0%	69	95.8%	72	100.0%			205	98.6%
December 2007	62	96.9%	70	97.2%	72	100.0%			204	98.1%
June 2008	60	93.8%	69	95.8%	71	98.6%			200	96.2%
December 2008	63	98.4%	69	95.8%	72	100.0%	71	98.6%	275	98.2%
June 2009	62	96.9%	69	95.8%	69	95.8%	71	98.6%	271	96.8%
December 2009	62	96.9%	72	100.0%	70	97.2%	72	100.0%	276	98.6%
June 2010	62	96.9%	70	97.2%	70	97.2%	70	97.2%	272	97.1%
December 2010	58	90.6%	68	94.4%	67	93.1%	69	95.8%	262	93.6%
June 2011	62	96.9%	67	93.1%	65	90.3%	70	97.2%	264	94.3%
December 2011	58	90.6%	64	88.9%	65	90.3%	71	98.6%	258	92.1%
June 2012	61	95.3%	68	94.4%	66	91.7%	71	98.6%	266	95.0%
December 2012	58	90.6%	70	97.2%	67	93.1%	71	98.6%	266	95.0%
June 2013	61	95.3%	68	94.4%	66	91.7%	72	100.0%	267	95.4%
December 2013	58	90.6%	68	94.4%	71	98.6%	71	98.6%	268	95.7%
Average	61	95.1%	69	95.3%	69	95.5%	71	98.4%		

There are several market rate properties in the area. These offer a variety of age, size, and physical condition, and amenities offered - and this is reflected in the rents charged.

Most of the market rate properties are typically quite old and lacking in amenities. An exception to this is the Willington Lakes property. This offers a total of 216 units, located to the west of Orangeburg - near the Mall. The property is gated, and offers amenities such as a pool, clubhouse, and fitness room. Rents for one-bedroom units are \$813 to \$829, with two-bedroom units in the \$914 to \$934 range. The three bedroom units at this location rent for \$1,069. Currently, management reports 25 vacant units (88 percent occupancy). Typical occupancy is reported to be in the 90 to 95 percent range.

The other new, modern, property is the Summit. This is a new project that opened in 2013 at a site on the St. Matthews Road, adjacent to the Pine Hill tax credit property. Management would not provide information on this complex. The property's website refers to one-bedroom units of 610 to 668 square feet at \$615 to \$645, per month. Two-bedroom units are 960 and 963 square feet - available for \$805. The 1,111 square feet three-bedroom units are reported at a \$935 monthly rent. Rents appear to include water and sewer charges. The website also suggests concessions of \$50, \$75, and \$100 per month for a 12-month lease, for the one-, two-, and three-bedroom units, respectively. Given that no reliable occupancy or rent data were provided or confirmed these numbers are not included in our analysis.

There are three low income properties in the market area. The Glenfield Apartments are a 104-unit HUD Section 8 property, built in 1981. It is located on the Columbia Road, near the site of the proposed development. It is reported to stay fully occupied on an ongoing basis, with a waiting list. The two other subsidized properties are also financed through the HUD Section 8 program and offer a combined total of 300 units, built in the 1970's, with high occupancy levels reported, and with waiting lists.

With respect to vacancy levels in the market area, our 14-project sample encompasses 1,240 units (for which useful data are available - excluding the Summit, for example). Of this total, 57 units are currently reported to be vacant. That is, the occupancy rate for all types of housing is 95.6 percent. The occupancy rate for the market rate units in our survey is determined to be 93.5 percent. The subsidized, assisted (non-LIHTC), units in our survey comprise a total of 404 units, with a reported occupancy level of 98.3 percent - reflecting effective full occupancy. As noted, there are four LIHTC-financed family properties - the overall occupancy for these is reported to be 95.0 percent occupied. Again, based on December 2013 occupancy levels reported by the SC State Housing Authority, the occupancy at these properties is 95.7 percent.

With respect to stabilized comps the latter are considered those properties that have stabilized occupancy in excess of 93 percent and which compete at the same rent level (that is, $\pm 10\%$), and have similar tenant profiles. Additionally, properties that are older and/or in fair physical condition or are somewhat obsolete are also excluded. In urban and suburban markets, where there is a relatively modern market rate inventory the existence of such comparable properties may be restricted. In Orangeburg, given the rental rates for the proposed development, relative to the rents at the existing LIHTC and the age and condition of market rate projects, the sample of comparable properties is seen to be equivalent to the LIHTC inventory. That is, occupancy is around 95.0 percent.

The proposed development will not have a negative impact on existing comparable properties in this market.

In order to establish an estimate of adjusted market rent for the subject property, a sample of market rate properties was identified and the location, rent levels, unit size, age, features, and amenities were analyzed. Here, Home Place (with a mix of one-, two-, and three-bedroom units located near the site), Siva Street, and Willington Lakes were used. Following this approach, we have determined that, all other things being equal, these properties suggest a rent of \$661 for a one-bedroom unit, \$819 for a two-bedroom unit, and \$882 for a three-bedroom unit. Based on the rents at the proposed development, the latter will offer an affordable product at a significant market advantage.

Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Adjusted Market Rent	Gross Adjusted Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
2	1 BR	\$325	\$650	\$661	\$1,321	
6	1 BR	\$400	\$2,400	\$661	\$3,963	
	2 BR		\$0		\$0	
8	2 BR	\$425	\$3,400	\$819	\$6,555	
24	2 BR	\$525	\$12,600	\$819	\$19,666	
	3 BR		\$0		\$0	
4	3 BR	\$475	\$1,900	\$882	\$3,530	
12	3 BR	\$575	\$6,900	\$882	\$10,589	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	56		\$27,850		\$45,625	38.96%

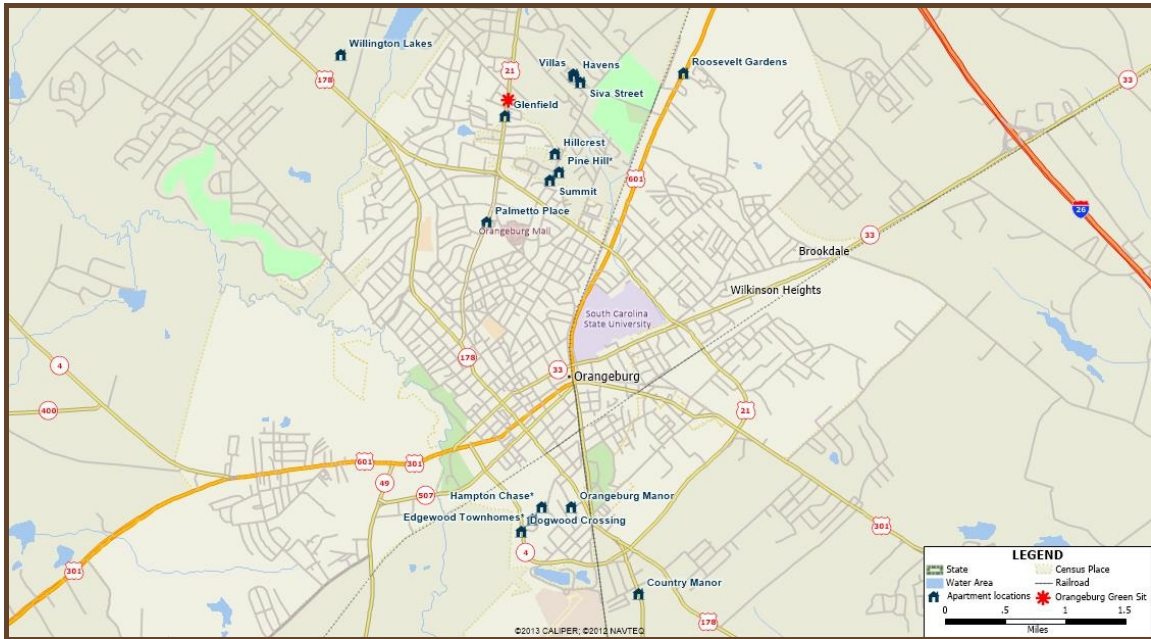
The pertinent features of those apartment complexes surveyed are set out below (some figures may be averages).

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Country Manor	conventional	2000	52	5	90.4
Dogwood Crossing	LIHTC	2007	72	2	97.2
Edgewood Townhomes	LIHTC	2004	72	5	93.1
Glenfield	HUD	1981	104	1	99.0
Hampton Chase	LIHTC	2002	64	5	92.2
Havens	conventional	n/a	24	3	87.5
Hillcrest	conventional	1975	40	3	92.5
Home Place	conventional	2008	67	0	100.0
Orangeburg Manor	HUD	1979	100	0	100.0
Palmetto Place	conventional	1970	52	n/a	n/a
Pine Hill	LIHTC	2008	72	2	97.2
Roosevelt Gardens	HUD	1971-1978	200	6	97.0
Siva Street	conventional	1996-2005	115	0	100.0
Summit	conventional	2013	n/a	n/a	n/a
Villas	conventional	2005	42	0	100.0
Willington Lakes	conventional	2003-2010	216	25	88.4

	1 br/1ba			
	number	size (sq. ft.)	rent	rent/sq.ft
Country Manor	52	690	\$ 375	\$ 0.54
Dogwood Crossing				
Edgewood Townhomes				
Glenfield	32	n/a	boi	boi
Hampton Chase				
Havens	12	650	\$ 450	\$ 0.69
Hillcrest	8	700	\$ 405	\$ 0.58
Home Place	44	700	\$ 475	\$ 0.68
Orangeburg Manor	20	n/a	boi	boi
Palmetto Place		700	\$ -	
Pine Hill	12	700	\$ 395	\$ 0.56
Roosevelt Gardens	22	n/a	boi	boi
Siva Street	71	660	\$ 463	\$ 0.70
Summit				
Villas	18	710	\$ 476	\$ 0.67
Willington Lakes	12	782	\$ 821	\$ 1.05

	2 br/1-1½ ba				2 br/2 ba			
	number	size (sq. ft.)	rent	rent/sq.ft	number	size (sq. ft.)	rent	rent/sq.ft
Country Manor								
Dogwood Crossing					48	960	\$ 460	\$ 0.48
Edgewood Townhomes	54	960	\$ 353	\$ 0.37				
Glenfield	64	n/a	boi	boi				
Hampton Chase	48	960	403					
Havens	12	750	\$ 550					
Hillcrest	32	850	\$ 450					
Home Place	14	850	\$ 600	\$ 0.71				
Orangeburg Manor	40	n/a	boi	boi				
Palmetto Place		880						
Pine Hill					42	850	\$ 483	
Roosevelt Gardens	96	n/a	boi	boi				
Siva Street	20	800	538	\$ 0.67	24	1,000	\$ 663	
Summit								
Villas					24	950	\$ 600	
Willington Lakes					180	999	\$ 924	\$ 0.93

	3 br/1-1½ ba				3 br/2+ ba			
	number	size (sq. ft.)	rent	rent/sq.ft	number	size (sq. ft.)	rent	rent/sq.ft
Country Manor								
Dogwood Crossing					24	1,185	\$ 540	\$ 0.46
Edgewood Townhomes					18	1,185	\$ 495	\$ 0.42
Glenfield	8	n/a	boi	boi				
Hampton Chase					16	1,185	\$ 495	\$ 0.42
Havens								
Hillcrest								
Home Place					9	1,000	\$ 625	\$ 0.63
Orangeburg Manor	16	n/a	boi	boi				
Palmetto Place		960						
Pine Hill					18	1,000	\$ 558	\$ 0.56
Roosevelt Gardens	66	n/a	boi	boi				
Siva Street								
Summit								
Villas								
Willington Lakes					24	1,231	\$ 1,069	\$ 0.87



Existing Apartment Locations



Country Manor

Location: 104 Morninghill Drive, Orangeburg 29115
 Year built: 2000

Total units: 52
 Typical occupancy: n/a

1 br/ 1 ba

Units: 52
 Unit size (sq. ft.): 690
 Rent: \$375*
 Rent/sq. ft.: \$0.54
 Vacant units: 5

Management: Moore Company Rentals (Angie - 803.536.1375 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

*normally \$405



Dogwood Crossing

Location: 101 Crossing Circle, Orangeburg 29115
 Year built: 2007

Total units: 72
 Typical occupancy: 96%

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	48	24
Unit size (sq. ft.):	960	1,185
Rent:	\$460*	\$540*
Rent/sq. ft.:	\$0.48*	\$0.46*
Vacant units: 2 overall		

Management: Intermark Management (Angie - 803.539.9099 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

*Tax credit



Edgewood Townhomes

Location: 201 Folly Road, Orangeburg 29115
 Year built: 2004

Total units: 72
 Typical occupancy: 94%

	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	54	18
Unit size (sq. ft.):	960	1,185
Rent:	\$245-460*	\$400-540*
Rent/sq. ft.:	\$0.42*	\$0.40*
Vacant units: 5 overall		

Management: Intermark Management (Angie - 803.539.9099 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

*Tax credit



Glenfield

Location: 2450 Columbia Road, Orangeburg 29118 Total units: 104
 Financing: HUD § 8 Rental assistance
 Year built: 1981 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1½ ba</u>
Units:	32	64	8
Unit size (sq. ft.):	n/a	n/a	n/a
Contract rent:	\$635	\$741	\$817
Vacant units: 1 overall			

Management: Interstate Realty Management (Roberta - 803.536.6244 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Hampton Chase

Location: 110 Hampchase Circle, Orangeburg 29115
 Year built: 2002

Total units: 64
 Typical occupancy: 92%

	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	48	16
Unit size (sq. ft.):	960	1,185
Rent:	\$345-460*	\$400-540*
Rent/sq. ft.:	\$0.42*	\$0.40*
Vacant units 5 overall		

Management: Intermark Management (Angie - 803.539.9099 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

*Tax Credit



Havens

Location: 101 Foxberry Court, Orangeburg 29118
 Year built: n/a

Total units: 24
 Typical occupancy: 90%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	12	12
Unit size (sq. ft.):	650	750
Rent:	\$450	\$550
Rent/sq. ft.:	\$0.69	\$0.73
Vacant unit: 3 overall		

Management: Moore Company Rentals (Angie - 803.536.1375 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$50) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Hillcrest

Location: 1306 Marshall Street, NE, Orangeburg
 Year built: 1975

Total units: 40
 Typical occupancy: 95%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	8	32
Unit size (sq. ft.):	700	850
Rent:	\$405	\$450
Rent/sq. ft.:	\$0.58	\$0.53
Vacant unit: 3 overall		

Management: Moore Company Rentals (Angie - 803.536.1375 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Home Place

Location: 215 Casa Court, Orangeburg 29115
 Year built: 2008

Total units: 67
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/3 ba</u>
Units:	44	14	9
Unit size (sq. ft.):	700	850	1,000
Rent:	\$475	\$600	\$625
Rent/sq. ft.:	\$0.68	\$0.71	\$0.63
Vacant units: 0 overall			

Management: Best Rentals (Beth - 803.937.1901 [2.11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Orangeburg Manor

Location: 1120 Wolfe Trail, Orangeburg 29115 Total units: 100
 Financing: HUD § 8 Rental assistance
 Year built: 1979, rehabilitated 2005 Typical occupancy: 100% (waiting list)

	<u>0 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/1½ ba</u>	<u>4 br/2 ba</u>
Units:	20	20	40	16	4
Unit size (sq. ft.):	n/a	n/a	n/a	n/a	n/a
Contract rent:	\$386	\$435	\$502	\$540	\$630
Vacant units: 0 overall					

Management: PK Management (Janet - 803.534.8856 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Pine Hill

Location: 117 Yellow Jasmine Road, Orangeburg 29118 Total units: 72
 Year built: 2008 Typical occupancy:

	<u>1 br/ 1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	12	42	18
Unit size (sq. ft.):	700	850	1,000
Rent:	\$395*	\$483*	\$558*
Rent/sq. ft.:	\$0.56*	\$0.57*	\$0.56*
Vacant units: 2 overall			

Management: JDC Management (Crystal - 803.536.2993)
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

*Tax credit



Roosevelt Gardens

Location: 3290 Magnolia Street, Orangeburg 29115 Total units: 200
 Financing: HUD § 8 Rental assistance
 Year built: 1971- 1978 Typical occupancy: 95-97% (waiting list)

	<u>1 br/ 1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/1½ ba</u>	<u>4 br/1½ ba</u>
Units:	22	96	66	16
Unit size (sq. ft.):	n/a	n/a	n/a	n/a
Contract rent:	\$423-432	\$522-528	\$581-586	\$638
Vacant units: 6 overall				

Management: Atlantic Housing Foundation (Carolyn/Ms. Gass 803.534.9701 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Siva Street

Location: 104 Siva Avenue, Orangeburg 29118
 Year built: 1996 - 2005

Total units: 115
 Typical occupancy: 90-95%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	71	20	24
Unit size (sq. ft.):	660	800	1,000
Rent:	\$450-475	\$500-575	\$650-675
Rent/sq. ft.:	\$0.70	\$0.67	\$0.66
Vacant units: 0 overall			

Management: Owner-Managed (Gopal - 803.387.2000 [2/19])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Summit

Location: 1620 St. Matthews Rd., Orangeburg 29118
 Year built: 2013

Total units: n/a
 Typical occupancy: n/a

	<u>1 br/ 1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	n/a	n/a	n/a	n/a	n/a
Unit size (sq. ft.):	610	668	960	963	1,111
Rent:	\$615*	\$645*	\$805*	\$805*	\$935*
Rent/sq. ft.:	\$1.01*	\$0.97*	\$0.84*	\$0.84*	\$0.84*
Vacant units: n/a					

Management: (Jennifer - 803.395.0210 [2/26])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

Concessions: \$50 to \$75 to \$100 off per month for 12-month lease

* unconfirmed



Villas

Location: 1361 Springdale Drive, Orangeburg 29115
 Year built: 2005

Total units: 42
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	18	24
Unit size (sq. ft.):	710	950
Rent:	\$475	\$600
Rent/sq. ft.:	\$0.67	\$0.63
Vacant units: 0 overall		

Management: Best Rentals (Beth - 803.937.1901)
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies



Willington Lakes

Location: 401 Willing Lakes Court, Orangeburg 29118 Total units: 216
 Year built: 2003-2010 Typical occupancy: 90-95%

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	12	180	24
Unit size (sq. ft.):	765-798	982-1,015	1,214-1,247
Rent:	\$813-829	\$914-934	\$1,069
Rent/sq. ft.:	\$1.05	\$0.92	\$0.87
Vacant units: 25 overall			

Management: N and H Enterprises (Kathy - 803.536.1611 [2/11])
 Telephone: on site /management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity Cable

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Garages (\$) Carport (\$) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Wood floor Fireplaces (\$) Patios/balconies

H. INTERVIEWS

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. The proposed development will offer an attractive, new, apartment complex - to be leased subject to the provisions of the Low Income Housing Tax Credit program. Property managers of existing complexes and/or other representatives of management companies were a major source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). Angie, the manager at Edgewood, Dogwood, and Hampton Chase, does not believe additional tax credit units are a good idea as she notes that her properties are struggling with leasing. She notes that occupancy levels have been lower, and it has been a struggle to get occupancy up to current levels. Crystal, the manager at the other tax credit property - Pine Hill - is new to the position and does not feel qualified to comment.

I. RECOMMENDATIONS

It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

J. SIGNED STATEMENT

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 Low Income Housing Tax Credit units. I understand that any misrepresentation of this statement may result in the denial of further participation in the South Carolina Housing Finance and Development Authority's programs. I also affirm that I have no financial interest in the project or current business relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written according to the SCSHFDA's market study requirements. The information included is accurate and can be relied upon by SCSHFDA to present a true assessment of the low income housing rental market.



Market Analyst

Date: February 28, 2014

ANALYST QUALIFICATIONS

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis. The firm was previously the Cary, North Carolina office for John Wall and Associates.

The President of the Cary firm is T. Ronald Brown. He has 30 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,000 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including low income tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

MARKET STUDY TERMINOLOGY

Absorption period	The period of time necessary for a newly constructed or renovated property to achieve the <i>stabilized level of occupancy</i> . The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the <i>stabilized level of occupancy</i> has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.
Absorption rate	The average number of units rented each month during the <i>absorption period</i> .
Acceptable <i>rent burden</i>	The rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.
Achievable Rents	See <i>Market Rent, Achievable Restricted Rent</i> .
Affordable housing	Housing affordable to low or very low-income tenants.
Amenity	Tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.
Annual demand	The total estimated demand present to the market in any one year for the type of units proposed.
Assisted housing	Housing where federal, state or other programs <i>subsidize</i> the monthly costs to the tenants.
Bias	A proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.
Capture rate	The percentage of age, size, and income qualified renter households in the <i>primary market area</i> that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The <i>Capture Rate</i> is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the <i>primary market area</i> . See also: penetration rate.
Comparable property	A property that is representative of the rental housing choices of the subject's <i>primary market area</i> and that is similar in construction, size, amenities, location, and/or age. Comparable and <i>competitive</i> properties are generally used to derive market rent and to evaluate the subject's position in the market.

Competitive property	A property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.
Comprehensive Market Study	NCAHMA defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCAHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'
Concession	Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).
Demand	The total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.
Effective rents	Contract rent less concessions.
Household trends	Changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.g. at marriage or separation), changes in average household size, and net <i>migration</i> .
Income band	The range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined <i>acceptable rent burden</i> percentage and the maximum typically is pre-defined by specific program requirements or by general market parameters.
Infrastructure	Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.
Market advantage	The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. $(\text{market rent} - \text{proposed rent}) / \text{market rent} * 100$
Market analysis	A study of real estate market conditions for a specific type of property.
Market area	See <i>primary market area</i> .

Market demand	<p>The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand.</p> <p>A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.</p>
Market rent	<p>The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the <i>primary market area</i> considering its location, features and amenities. Market rent should be adjusted for <i>concessions</i> and owner paid utilities included in the rent.</p>
Market study	<p>A comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.</p>
Marketability	<p>The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.</p>
Market vacancy rate, economic	<p>Percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.</p>
Market vacancy rate, physical	<p>Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.</p>
Migration	<p>The movement of households into or out of an area, especially a <i>primary market area</i>.</p>
Mixed income property	<p>An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50% and 60%).</p>
Mobility	<p>The ease with which people move from one location to another.</p>
Move-up demand	<p>An estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to newer tax credit properties.</p>

Multi-family	Structures that contain more than two housing units.
Neighborhood	An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.
Net rent (also referred to as contract rent or lease rent)	Gross rent less <i>tenant paid utilities</i> .
Penetration rate	The percentage of age and income qualified renter households in the <i>primary market area</i> that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the <i>stabilized level of occupancy</i> . Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100 See also: capture rate.
Pent-up demand	A market in which there is a scarcity of supply and vacancy rates are very low.
Population trends	Changes in population levels for a particular area over a specific period of time — which is a function of the level of births, deaths, and net <i>migration</i> .
Primary market area	A geographic area from which a property is expected to draw the majority of its residents.
Programmatic rents	See <i>restricted rents</i> .
Project based rent assistance	Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.
Redevelopment	The redesign or rehabilitation of existing properties.
Rent burden	gross rent divided by adjusted monthly household income.
Rent burdened households	Households with <i>rent burden</i> above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.
Restricted rent	The rent charged under the restrictions of a specific housing program or subsidy.
Restricted rent, Achievable	The rents that the project can attain taking into account both market conditions and rent in the <i>primary market area</i> and income restrictions.
Saturation	The point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.

Secondary market area	The portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.
Special needs population	Specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs populations include: substance abusers, visually impaired person or persons with mobility limitations.
Stabilized level of occupancy	The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.
Subsidy	Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's <i>contract rent</i> and the amount paid by the tenant toward rent.
Substandard conditions	Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.
Target income band	The <i>income band</i> from which the subject property will draw tenants.
Target population	The market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.
Tenant paid utilities	The cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.
Turnover period	1. An estimate of the number of housing units in a market areas as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. Housing units with new occupants / housing units * 100 2. The percent of occupants in a given apartment complex that move in one year.
Unmet housing need	New units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.
Unrestricted rents	Rents that are not subject to <i>restriction</i> .
Unrestricted units	Units that are not subject to any income or rent restrictions.
Vacancy period	The amount of time that an apartment remains vacant and available for rent.
Vacancy rate-economic vacancy rate - physical	Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

Area Median Income (AMI)	100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.
Attached housing	Two or more dwelling units connected with party walls (e.g. townhouses or flats).
Basic Rent	The maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.
Below Market Interest Rate Program (BMIR)	Program targeted to renters with income not exceeding 80% of area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.
Census Tract	A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.
Central Business District (CBD)	The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.
Community Development Corporation (CDC)	Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.
Condominium	A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.
Contract Rent	1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Difficult Development Area (DDA)	an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
Detached Housing	A freestanding dwelling unit, typically single-family, situated on its own lot.
Elderly or Senior Housing	Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.
Extremely Low Income	Person or Household with income below 30% of Area Median Income adjusted for Household size.
Fair Market Rent (FMR)	The estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50 th percentile of rents.
Garden Apartments	Apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.
Gross Rent	the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.
High-rise	A residential building having more than ten stories.
Household	One or more people who occupy a housing unit as their usual place of residence.
Housing Unit	House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.
Housing Choice Voucher (Section 8 Program)	Federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible Households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.
Housing Finance Agency (HFA)	State or local agencies responsible for financing housing and administering Assisted Housing programs.

HUD Section 8 Program	Federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the Contract Rent and a specified percentage of tenants' adjusted income.
HUD Section 202 Program	Federal Program, which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.
HUD Section 811 Program	Federal program, which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.
HUD Section 236 Program	Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of th their adjusted income. All rents are capped at a HUD approved market rent.
Income Limits	Maximum Household income by county or Metropolitan Statistical Area, adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes Income Limits each year for 30% median. Very Low Income (50%), and Low-Income (80%), for households with 1 through 8 people.
Low Income	Person or Household with gross Household Income below 80% of Area Median Income adjusted for Household size.
Low Income Housing Tax Credit	A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.
Low Rise Building	A building with one to three stories.

Metropolitan Area (MSA)	Statistical	A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.
Mid-rise		A building with four to ten stories.
Moderate Income		Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.
Public Housing or Low Income Conventional Public Housing		HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.
Qualified Census Tract (QCT)		Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of area Median Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.
Rural Development Market Rent (RD)		A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.
Rural Development Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)	(RD)	Federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.
Single-Family Housing		A dwelling unit, either attached or detached, designed for use by one Household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.
State Data Center (SDC)		A state agency or university facility identified by the governor of each state to participate in the Census bureau's cooperative network for the dissemination of the census data.

Tenant	One who rents real property from another.
Tenure	The distinction between owner-occupied and renter-occupied housing units.
Townhouse (or Row House)	Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.
Very Low Income	Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.
Zoning	Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.