

NEED AND DEMAND ANALYSIS
FOR THE BLACKSBURG TERRACE APARTMENTS
IN
BLACKSBURG, SOUTH CAROLINA

Prepared for
HEGM Corporation
for submission to
the South Carolina State Housing Finance and Development Authority

March 2015, revised May 2015

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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 rehabilitation of the Blacksburg Terrace Apartments in Blacksburg, South Carolina. This project was originally developed under the USDA/Rural Development Section 515 Rural Rental Housing program. A total of 32 units are to be rehabilitated: all one-bedroom units. The apartments will rent to households aged 62 years and older, whose incomes qualify their apartments for tax credit status. Full rental assistance will be available.

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 March 17, 2015). 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.

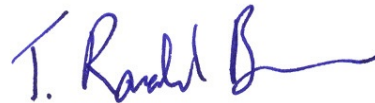
It is stated that we have no responsibility for opinions requiring expertise in other fields of expertise - these would include, for example, legal, environmental, architectural, and engineering matters.

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
(919) 233.0670



Date:: March 18, 2015

EXECUTIVE SUMMARY

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

The proposed development will comprise the rehabilitation of 16 units of USDA/Rural Development financed housing. The apartments will rent to elderly 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 Blacksburg Terrace Apartments are located on West Carolina Street (SC Highway 5), in north-central Blacksburg.

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

The market area for the proposed development is northeastern Cherokee County.

For Cherokee County, labor force figures have been relatively stable over the last decade or so, but employment fell significantly in 2009. Since 2001 the labor force has increased by 2.2 percent and employment has increased by 1.4 percent - although 2013 was the first year since 2008 that employment exceeded the 2004 figure.

The population of the Blacksburg market area is projected to increase from 7,366 in 2010, to 7,360 in 2011, to 7,339 in 2014. The number of households is projected to increase from 3,122 in 2010 to 3,123 in 2011, to 3,127 in 2014.

The elderly population (65 years and older) of the Blacksburg market area is projected to increase from 1,315 in 2010, to 1,345 in 2011, to 1,438 in 2014. The number of households is projected to increase from 940 in 2010 to 962 in 2011, to 1,028 in 2014.

Blacksburg is a small rural community, and as such there are few rental housing options available locally. The subject property is the only complex in the market area that is designated for older renters. There are no unassisted tax credit-financed elderly (or family) complexes in the market area nor are there any conventional elderly (or family) properties.

The total potential need for tax credit units such as is proposed in the Blacksburg area by 2017 is calculated to be for 107 new units. Given the calculated need, the proposed 32-unit development amounts to 29.9 percent of the need, as calculated.

The capture rates are considered reasonable for a rent-assisted property such as this in a relatively small, rural, market.

Based on the above, the project could expect to lease-up over a period dictated by the rehabilitation schedule, plus 60 days, or so.

2015 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:

Development Name:	BLACKSBURG TERRACE	Total # Units:	32
Location:	208 West Carolina Street, Blacksburg, SC	# LIHTC Units:	32
PMA Boundary:	Northeastern Cherokee County		
Development Type:	Family <input type="checkbox"/> Older Persons <input checked="" type="checkbox"/>	Farthest Boundary Distance to Subject:	9 miles

RENTAL HOUSING STOCK (found on pages 44-52)				
Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	3	96	6	93.8%
Market-Rate Housing				
Assisted/Subsidized Housing not to include LIHTC				
LIHTC (All that are stabilized)*	3	96	6	93.8%
Stabilized Comps**	1	32	0	100.0%
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
32	1	1	606	\$553	\$213	\$0.35	53.65%	\$610	\$1.01
Gross Potential Rent Monthly*				\$14,705	\$6,806		53.65%		

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

DEMOGRAPHIC DATA (found on page 29,38)						
	2010		2014		2017	
Renter Households (65 years +)	246	28.3%	277	28.3%	306	28.3%
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	116	41.7%	128	41.7%
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 41)						
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	12					12
Existing Households (Overburd + Substand)	82					82
Homeowner conversion (Seniors)	13					
Other:						
Less Comparable/Competitive Supply	0					0
Net Income-qualified Renter HHs	107					107

CAPTURE RATES (found on page 42)						
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	29.9%					29.9%

ABSORPTION RATE (found on page 43)
 Rehabilitation period, plus 60days or so.

2015 EXHIBIT S – 2 SCSHFD A PRIMARY MARKET AREA ANALYSIS SUMMARY:			
Development Name:	BLACKSBURG TERRACE	Total # Units:	32
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RENTAL HOUSING STOCK (found on pages 44-52)				
Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	3	96	6	93.8%
Market-Rate Housing				
Assisted/Subsidized Housing not to include LIHTC				
LIHTC (All that are stabilized)*	3	96	6	93.8%
Stabilized Comps**	1	32	0	100.0%
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
32	1	1	606	\$553	\$460	\$0.76	-20.34%	\$610	\$1.01
Gross Potential Rent Monthly*				\$17,696	\$14,705		-20.34%		

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

DEMOGRAPHIC DATA (found on page 29, 38)						
	2010		2014		2017	
Renter Households (65 years +)	246	28.3%	277	28.3%	306	28.3%
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	38	13.6%	42	13.6%
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 41)						
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	2	2				4
Existing Households (Overburd + Substand)	19	13				29
Homeowner conversion (Seniors)	4	4				7
Other:						
Less Comparable/Competitive Supply	0	0				0
Net Income-qualified Renter HHs	25	20				40

CAPTURE RATES (found on page 42)						
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	28.5%	119.2%				80.4%

ABSORPTION RATE (found on page 43)
 Not applicable.

A. PROJECT DESCRIPTION

Project Location

The proposed development is located on West Carolina Avenue (SC Highway 5), in Blackburg. Blackburg is located in Cherokee County, in Upstate South Carolina.



Construction type: Rehabilitation

The property comprises five single story residential buildings, and a building that houses the site office, laundry and common room.

Occupancy type :Elderly

Target income group: Very Low income/ tax credit

Special population target: not Applicable

Proposed unit mix, etc

	<u>No. of units</u>	<u>Sq. Ft.</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	7	606	\$553	\$49	less than 50 percent
1 bedroom/1 bath	25	606	\$553	\$49	less than 60 percent
Total	32				

* percent of local area median

Rental Assistance: 32 units

With respect to utilities, the units will be all-electric. Each tenant will be responsible for water, sewer, heating, cooling and other electricity. The owner will responsible for trash collection. The utility allowance is \$49.

Development amenities include a community center with leasing office, and laundry. Unit amenities include dishwashers, disposals, ceiling fans and blinds.

Rehabilitation information:

- Property is a 32-unit USDA/RD project with full Rental Assistance
- Rents are based on income, with an average tenant contribution of \$213 per month
- Tenant incomes range from \$7,600 to \$21,400
- Occupancy is typically 100 percent, with a waiting list

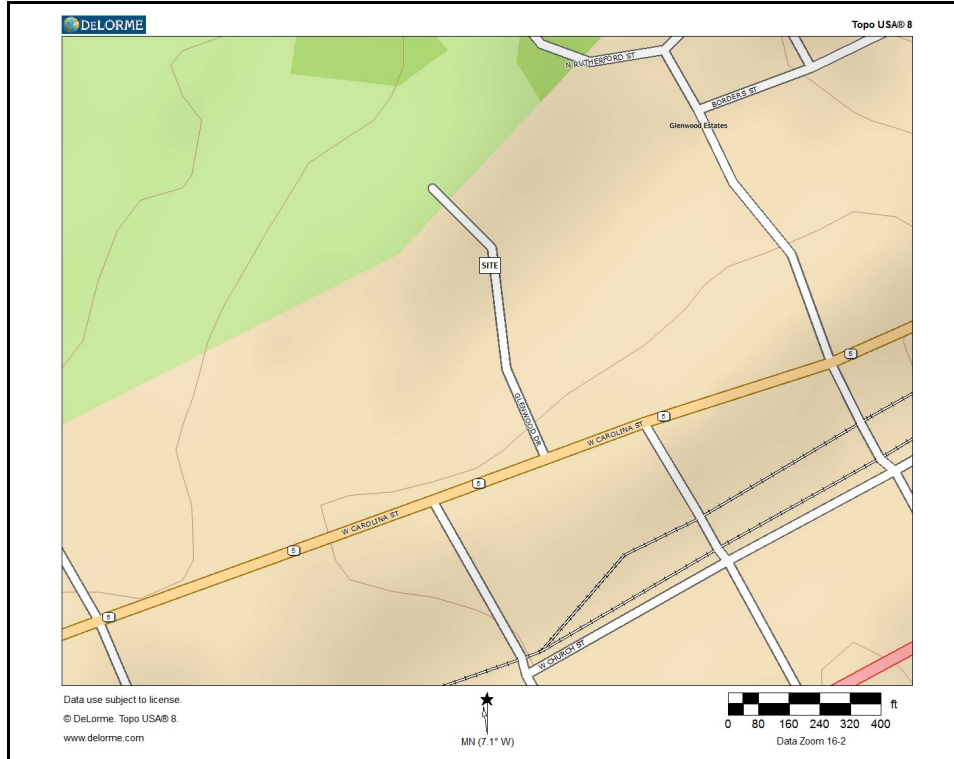
Based on information supplied by the developer, the proposed renovation includes, roofing, siding, landscaping, parking lot improvements, as well as other major interior repairs and replacements.

B. SITE DESCRIPTION

The Blackburg Terrace Apartments are located on West Carolina Street (SC Highway 5), in north-central Blackburg. Adjacent properties include some single-family homes, the Mulberry (USDA/RD) Apartments, and undeveloped land.



Aerial view of the site



Site topography

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



Typical units



Typical units



View on property



View on property



Office, etc., building



View across Carolina St., onto property



View west on Carolina St., at property



View east on Carolina St., at property

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

The site is located on West Carolina Street (SC Highway 5), a significant thoroughfare serving Blacksburg, and is within two blocks of Cherokee Street (US 29) - the area's major route. The property is within two miles or so of two exits on Interstate 85.

The property is within one mile of a Food Lion store, and other local shopping options - including a small grocery in the downtown area, and a Dollar General and Family Dollar store.

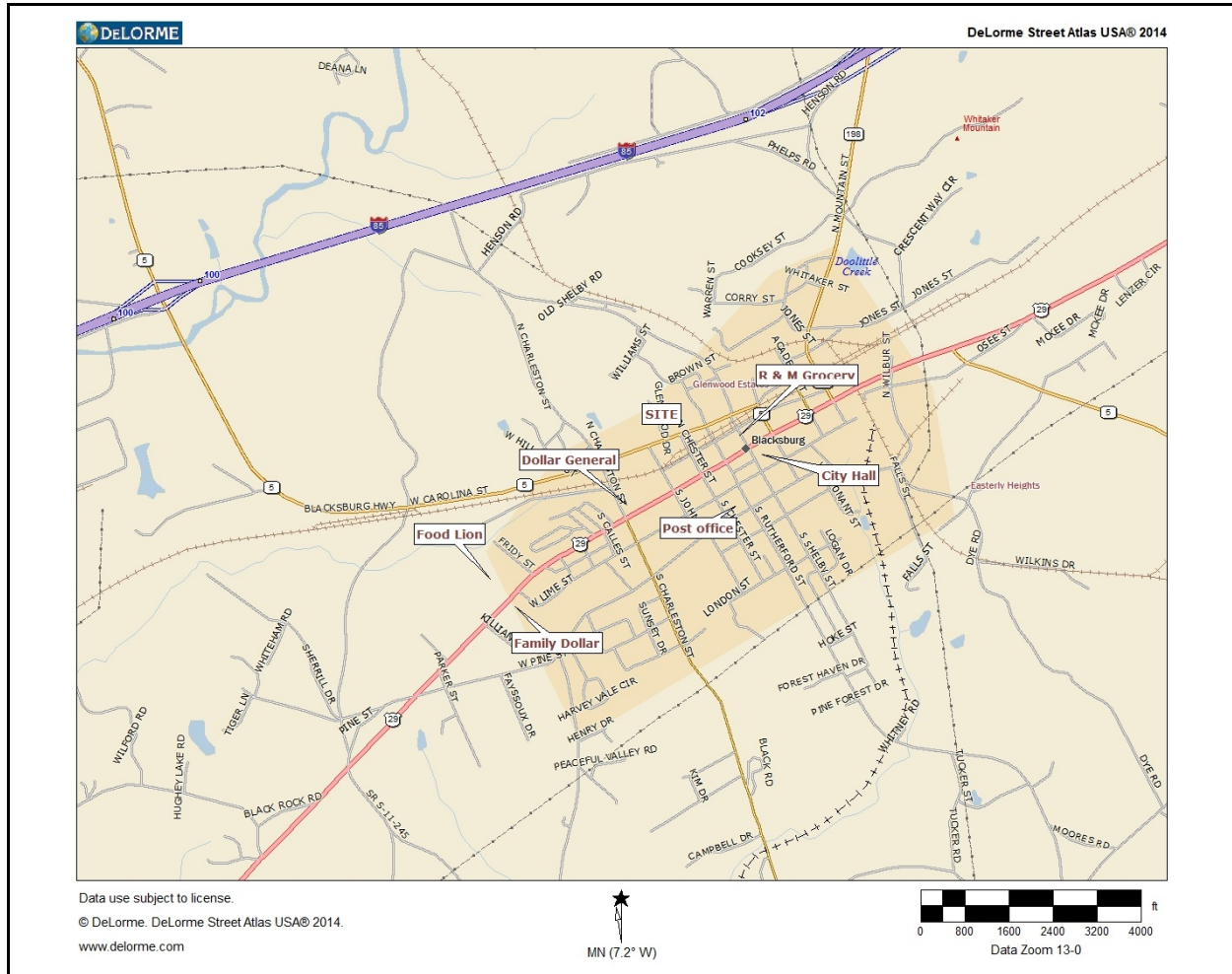
The site is with of one -fourth of one mile of both the Town Hall and Post Office.

Other shopping, health, government, and other services are located in larger communities - such as Gaffney (within ten miles).

We are not aware of any significant road or other infrastructure projects under way or planned in this area. A noteworthy public investment, however, is a new, small, museum/civic center which is approaching completion at a site in the downtown area.

Based on information from the management at the subject property, crime is not perceived to be an issue at this location.

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



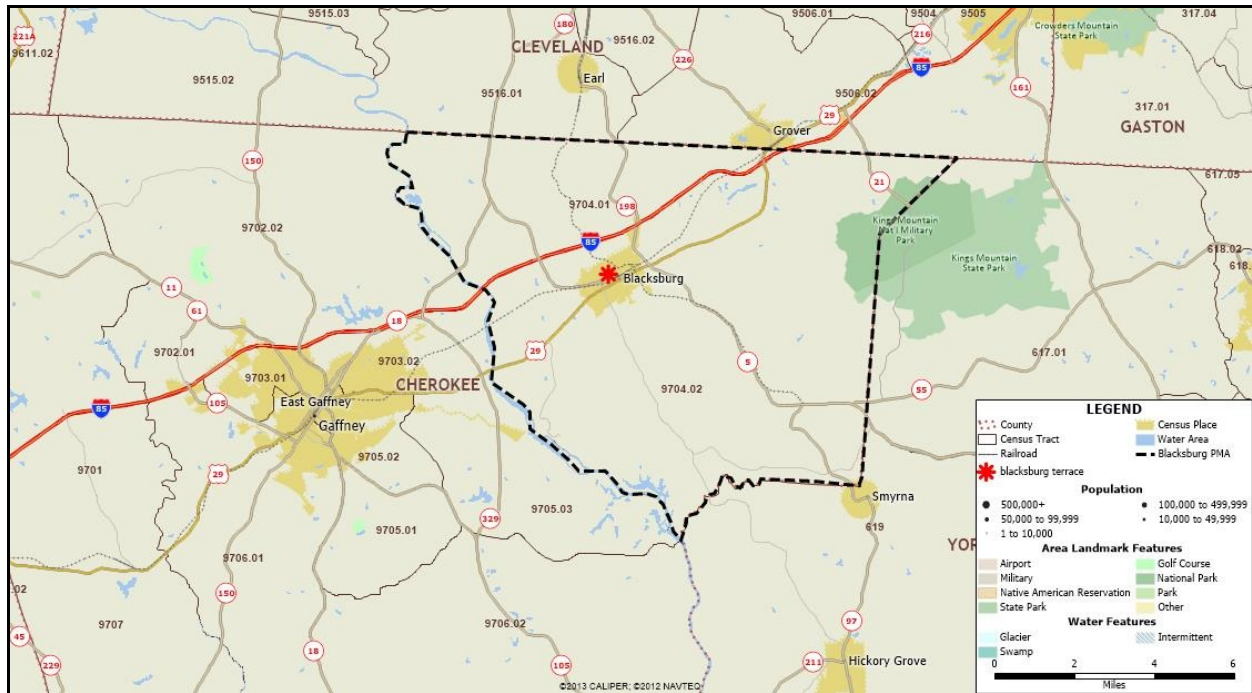
Site Location Map

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.

Blacksburg is located in northeastern Cherokee County in Upstate South Carolina. The market area for the proposed apartments for the elderly is northeastern Cherokee County as defined by the two census tracts east of the Broad River. This area is focused on Blacksburg and extends to up to an approximately three- to six-mile rural hinterland. This area excludes larger and potentially competing communities such as Gaffney. This area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character, and with elderly residents, or potential residents, likely to be interested in the project.



Market area map

As noted, the site is located in census tract 970.01. Needs assessment guidelines require provision of the most recent (decennial Census) statistics on race available for the census tract in which the project is located. This information is set out in Table 1, below.

Table 1 - Statistics on Race, Tract 970.01

		number	percent
Race	Total	3,646	100.0
	One race	3,675	100.8
	White	3,076	84.4
	Black or African American	460	12.6
	American Indian and Alaska Native	10	0.3
	Asian	3	0.1
	Native Hawaiian/other Pacific	-	0.0
	Some other race	26	0.7
	Two or more races	71	1.9
	Two races, with some other race	3	0.1
	Two races without some other race	64	1.8
	Three races, with some other race	-	0.0
	Three races without some other race	4	0.1
	Hispanic or Latino	Total population	3,646
Hispanic or Latino (any race)		53	1.5
Mexican		32	0.9
Puerto Rican		8	0.2
Cuban		-	0.0
Other Hispanic or Latino		13	0.4
Not Hispanic or Latino		3,593	98.5
Race and Hispanic or Latino		Total population	3,646
	One race	3,675	100.8
	Hispanic or Latino	50	1.4
	Not Hispanic or Latino	3,525	96.7
	Two or more races	71	1.9
	Hispanic or Latino	3	0.1
	Two or more races	68	1.9

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

D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the Blacksburg market area is set out in Table 2, below. This information is from the 2009 to 2013 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 as much as 29.4 percent of the total. Other important sectors include retail trade.

Table 2 - Employment by Industry, Market Area

	number	percent
Agriculture, etc	6	0.2
Construction	245	7.2
Manufacturing	990	29.1
Wholesale trade	39	1.1
Retail trade	460	13.5
Transp, Warehousing	272	8.0
Utilities	65	1.9
Information	23	0.7
Finance, Insurance, Real Estate	35	1.0
Professional, scientific, management	88	2.6
Educational Services	261	7.7
Health care	283	8.3
Arts, entertainment, recreation	-	0.0
Accommodation and food services	320	9.4
Other services	244	7.2
Public Administration	72	2.1

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major (manufacturing) employers in Cherokee County are listed in Table 3, below. From this table it is seen that the largest manufacturing employer in the area is Nestle, a manufacturer of frozen foods. Both Nestle and Timken employ at least 1,000 persons. Other large, non-manufacturing, employers would include the public schools and the local hospital.

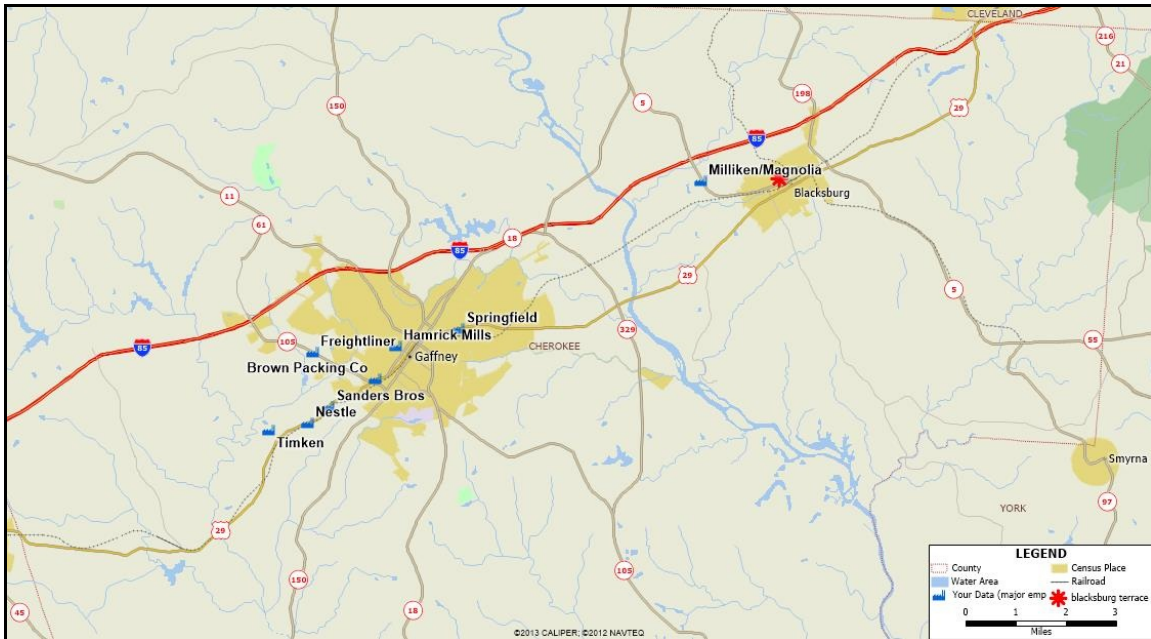
Table 3 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Nestle Frozen Food Company	Prepared foods	1,583
The Timken Company	Roller bearings	1,000
Freightliner Custom Chassis Corp	School bus and motor chassis	900
Sanders Brothers	Contractors	700
Milliken and Co./Magnolia Finishing	Dyeing and finishing	600
Hamrick Mills	Print cloth, shade cloth, sheeting	431
Brown Packing Co	Animal processing	350
Hamrick Industries	Textile cutting and sewing	265
Springfield	Fabrics	246

Source: Cherokee County Development Board

Recent new job announcements for the area include the location of the Recon Group to Blacksburg with the creation of 248 new jobs, in addition to the opening of a new Wastequip plant. Job losses in the local area have included the loss of 20 jobs with the closure of a Piggly-Wiggly store.

The locations of the area’s major employers relative to the site of the proposed development is illustrated in the map, below (excluding employers where employment is scattered throughout the area). Here employment is seen to be concentrated in and around Gaffney. The closest facility to the site of the proposed development is Milliken and Company.



LABOR FORCE AND EMPLOYMENT

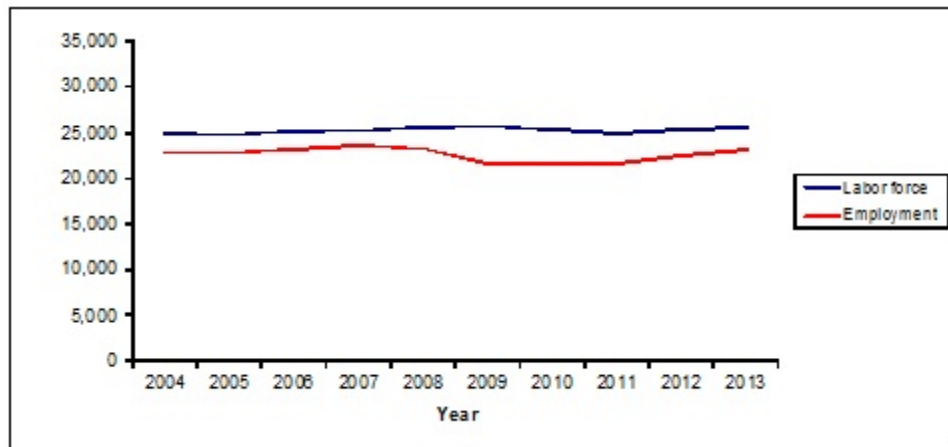
The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2013, the most recent year for which annualized data are available, the Cherokee County labor force comprised an estimated 25,549 persons. Of this total, 23,113 were employed and 2,436 or 9.5 percent were unemployed. Labor force figures have been relatively stable over the last decade or so, but employment fell significantly in 2009. Since 2001 the labor force has increased by 2.2 percent and employment has increased by 1.4 percent - although 2013 was the first year since 2008 that employment exceeded the 2004 figure. Under these circumstances unemployment has increased from, for example 6.7 percent in 2007 to 16.1 percent in 2009 and 14.4 percent in 2010.

Given the current economic conditions, it is noteworthy that the most recent monthly estimate is for a labor force of 25,561, with 23,603 employed, and 1,958 unemployed. This represented an increase in labor force from the same month the previous year (25,152). Over that year, employment grew, from 23,156 and the number unemployed decreased, from 1,996- equivalent to a decrease in the rate of unemployment from 7.9 percent to 7.7 percent over that period. Under these circumstances it is difficult to predict labor force and employment levels in the short-term.

Table 4 - Cherokee County Labor Force and Employment

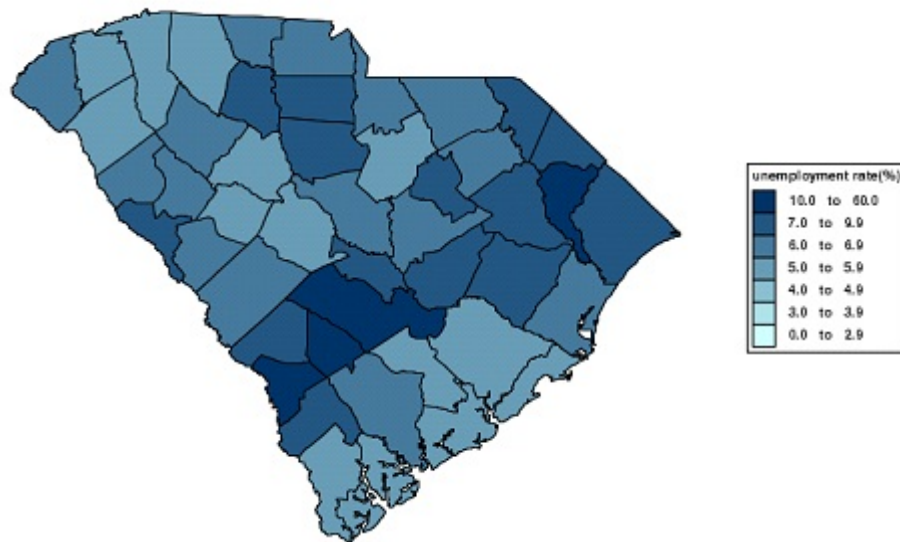
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	
			<u>Total</u>	<u>Rate (%)</u>
2004	25,010	22,797	2,213	8.8
2005	24,827	22,857	1,970	7.9
2006	25,050	23,148	1,902	7.6
2007	25,293	23,596	1,697	6.7
2008	25,555	23,254	2,301	9.0
2009	25,679	21,549	4,130	16.1
2010	25,327	21,684	3,643	14.4
2011	24,988	21,664	3,324	13.3
2012	25,414	22,500	2,914	11.5
2013	25,549	23,113	2,436	9.5
Nov-13	25,152	23,156	1,996	7.9
Nov-14	25,561	23,603	1,958	7.7

Source: US Department of Labor



Recent levels of unemployment throughout South Carolina are illustrated, below

Unemployment rates by county, not seasonally adjusted, South Carolina December 2014



COMMUTING

Based on data from the American Community Survey , 18.5 percent of workers resident in Blacksburg were employed in Blacksburg, with 86.2 percent employed in Cherokee County as a whole. The average driving time to work for residents of Blacksburg was 25.9 minutes.

Table 5 - Commuting Data

	number	percent
Total Workers	572	100.0
Worked in Place of residence	106	18.5
Worked in County of residence	493	86.2
Worked outside Place of residence	466	81.5
Worked outside County of residence	79	13.8
Mean travel time to work (minutes)	25.9	

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

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

In 2000, the population of Cherokee County was 52,537, and in 2010 the population was recorded as 55,647. Population projections for Cherokee County are based on South Carolina State Data Center projections. Based on these data, the population of the county is projected to be 56,516 by 2014, and to be around 57,412 by 2017.

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, corrected for the county projections. The projection is that in 2014 the project market area will have a population of around 9,729 and around 9,785 in 2017. In 2010, the population of the market area was 9,653.

Information on population trends and changes between 2000 and 2017 are set out in Table 6, below.

Table 6 - Population Trends

	Blacksburg	Market Area	Cherokee County
2000	1,880	9,462	52,537
2010	1,848	9,653	55,467
2014	n/a	9,729	56,516
2017	n/a	9,785	57,412
absolute change			
2000-2010	-32	191	2,930
2010-2014	n/a	76	1,049
2014-2017	n/a	56	896
annual change			
2000-2010	-3	19	293
2010-2014	n/a	19	262
2014-2017	n/a	19	299

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

AGE

The distribution of the population, by age, for Blacksburg, the Blacksburg market area, and for Cherokee County are set out in Table 7, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Blacksburg was recorded as 35.1 years, with that for Cherokee County being 38.3 years.

Table 7 - Age Distribution

	Blacksburg		Market Area		Cherokee County	
	number	percent	number	percent	number	percent
Under 5 years	142	7.7	596	6.2	3,724	6.7
5 to 9 years	142	7.7	629	6.5	3,713	6.7
10 to 14 years	142	7.7	694	7.2	3,830	6.9
15 to 19 years	154	8.3	704	7.3	3,830	6.9
20 to 24 years	138	7.5	623	6.5	3,618	6.6
25 to 29 years	102	5.5	485	5.0	3,166	5.7
30 to 34 years	102	5.5	582	6.0	3,200	5.8
35 to 39 years	143	7.7	695	7.2	3,812	6.9
40 to 44 years	119	6.4	702	7.3	3,900	7.1
45 to 49 years	100	5.4	753	7.8	4,001	7.3
50 to 54 years	121	6.5	667	6.9	3,875	7.0
55 to 59 years	92	5.0	656	6.8	3,712	6.7
60 to 64 years	98	5.3	612	6.3	3,350	6.1
65 to 69 years	78	4.2	441	4.6	2,575	4.7
70 to 74 years	71	3.8	311	3.2	1,766	3.2
75 to 79 years	48	2.6	244	2.5	1,318	2.4
80 to 84 years	35	1.9	160	1.7	942	1.7
85 years and over	21	1.1	99	1.0	841	1.5
55 and older	443	24.0	2,523	26.1	14,504	26.3
65 and older	253	13.7	1,255	13.0	7,442	13.5
median	35.1		n/a		38.3	

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

HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for Blacksburg, the project market area, and for Cherokee County set out in Table 8, below. These projections are based on the population projections set out, above.

The projection is that in 2014 the project market area will have around 3,814 households, and around 3,832 in 2017. In 2000, there were 3,789 households in the market area.

Table 8- Household Trends

	Blacksburg	Market Area	Cherokee County
2000	785	3,760	20,495
2010	747	3,789	21,519
2014	n/a	3,814	21,943
2017	n/a	3,832	22,266
absolute change			
2000-2010	-38	29	1,024
2010-2014	n/a	25	424
2014-2017	n/a	18	323
annual change			
2000-2010	-4	3	102
2010-2014	n/a	6	106
2014-2017	n/a	6	108

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

POPULATION AND HOUSEHOLD TRENDS AND PROJECTIONS, BY AGE

Official population projections by age at the county level are not available at present. However, we obtained projections prepared by the South Carolina State Budget and Control Board, Health and Demographics Section, for the Department of Health and Environmental Control. Based on these, the population of Cherokee County aged 65 and older is projected to be around 8,200 in 2014 and 9,000 by 2017. The number of older households is projected to increase from 5,483 to 6,018 over this period.

In 2010, there were a total of 1,255 persons aged 65 years or older in the project market area. By 2014, it is projected (on the basis of survivorship rates and the County projection) that there will be 1,413 elderly persons in 978 households in the market area. The corresponding figures for 2017 are 1,563 persons and 1,081 elderly households.

In 2010 there were 246 elderly renter households in the market area - 28.3 percent of all older households. Assuming that this proportion were to hold for 2014 and 2017, this suggests around 277 and 306 older renter households in those years.

Table 9 - Population and Households, 65 years and older

	Market Area		Cherokee County	
	Population	Households	Population	Households
2010	1,255	868	7,442	1,819
2014	1,413	978	8,200	5,483
2017	1,563	1,081	9,000	6,018

Source: 2010 Census; SC State Budget and Control Board; T Ronald Brown: Research & Analysis

TENURE

Table 10, below, sets out the number and proportion of owner and renter households for Blacksburg, the project market area, and for Cherokee County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 27.5 percent of households in the market area were renters, compared with 46.7 percent for Blacksburg, and 31.1 percent for Cherokee County.

Table 10 - Tenure

Blacksburg		households	persons per household	Owner-occupied		Renter-occupied	
population				number	percent	number	percent
2000	1,880	785	2.39	471	60.0	314	40.0
2010	1,848	747	2.47	398	53.3	349	46.7
2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2017	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	9,462	3,760	2.52	2,892	76.9	868	23.1
2010	9,653	3,789	2.55	2,747	72.5	1,042	27.5
2014	9,729	3,814	2.55	2,689	70.5	1,125	29.5
2017	9,785	3,832	2.55	2,641	68.9	1,191	31.1
Cherokee County		households	persons per household	Owner-occupied		Renter-occupied	
population				number	percent	number	percent
2000	52,537	20,495	2.56	15,146	73.9	5,349	26.1
2010	55,467	21,519	2.58	14,833	68.9	6,686	31.1
2014	56,516	21,943	2.58	14,633	66.7	7,310	33.3
2017	57,412	22,266	2.58	14,450	64.9	7,816	35.1

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

TENURE, BY AGE

Table 11, below, sets out the number of owner and renter households, by age of household head for older households in Blacksburg, the market area, and Cherokee County. From this table it can be seen that, for example, 120 out of 868 households headed by a person 65 years or older in the market area are renters (13.8 percent). The corresponding proportion for Cherokee County is 18.9 percent.

Table 11 - Tenure of Elderly Households

	Households	Owner-occupied		Renter-occupied	
		number	percent	number	percent
Blacksburg					
55 to 64 years	114	76	66.7	38	33.3
65 to 74 years	106	71	67.0	35	33.0
75 to 84 years	70	52	74.3	18	25.7
85 years and older	18	15	83.3	3	16.7
total, 55 and older	308	214	69.5	94	30.5
total, 65 and older	194	138	71.1	56	28.9
Market Area					
55 to 64 years	726	600	82.6	126	17.4
65 to 74 years	492	423	86.0	69	14.0
75 to 84 years	303	263	86.8	40	13.2
85 years and older	73	62	84.9	11	15.1
total, 55 and older	1,594	1,348	84.6	246	15.4
total, 65 and older	868	748	86.2	120	13.8
Cherokee County					
55 to 64 years	4,194	3,317	79.1	877	20.9
65 to 74 years	2,824	2,315	82.0	509	18.0
75 to 84 years	1,611	1,333	82.7	278	17.3
85 years and older	541	386	71.3	155	28.7
total, 55 and older	9,170	7,351	80.2	1,819	19.8
total, 65 and older	4,976	4,034	81.1	942	18.9

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

There were 246 elderly renter households in the market area in 2010 - 28.3 percent of all older households. Assuming that this proportion were to hold for 2014 and 2017, this suggests around 277 and 306 older renter households in those years.

HOUSEHOLD SIZE

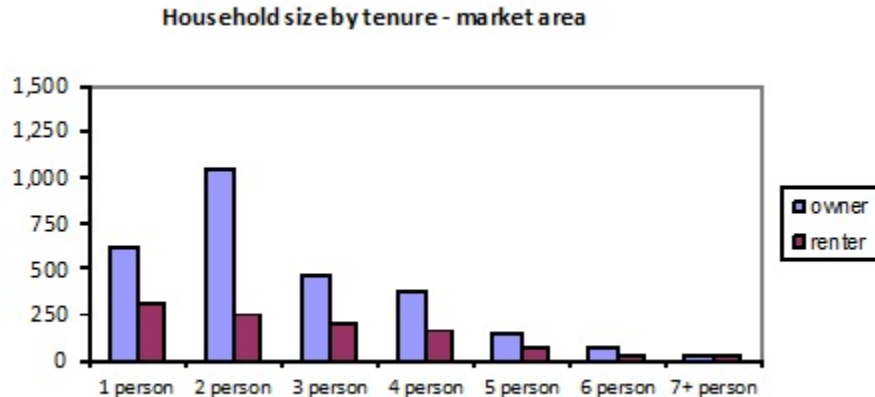
Table 12 below, sets out household size, by tenure, for households in Blacksburg, the project market area, and Cherokee County.

Table 12 - Household Size, by Tenure

	Blacksburg		Market Area		Cherokee County	
	owner	renter	owner	renter	owner	renter
1 person	106	111	623	311	3,302	2,256
2 person	149	77	1,048	246	5,412	1,655
3 person	53	81	468	205	2,704	1,231
4 person	57	52	375	166	2,031	868
5 person	20	18	146	65	854	406
6 person	9	6	61	28	347	185
7+ person	4	4	26	21	183	85

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 Blacksburg, the market area, and for Cherokee County are set out in Table 13, below. These figures are taken from the 2009 to 2013 American Community Survey, and as such are subject to the limitations imposed by this source.

Table 13 - Household Income

	Blacksburg		Market area		Cherokee County	
	number	percent	number	percent	number	percent
less than \$10,000	136	18.8	411	11.4	2,538	12.2
\$10,000 to \$14,999	75	10.4	284	7.9	1,784	8.6
\$15,000 to \$19,999	24	3.3	310	8.6	1,740	8.4
\$20,000 to \$24,999	138	19.1	429	11.9	1,843	8.9
\$25,000 to \$29,999	40	5.5	155	4.3	1,195	5.8
\$30,000 to \$34,999	52	7.2	244	6.8	1,505	7.2
\$35,000 to \$39,999	20	2.8	179	5.0	1,051	5.1
\$40,000 to \$44,999	22	3.0	168	4.7	998	4.8
\$45,000 to \$49,999	30	4.2	178	5.0	959	4.6
\$50,000 to \$59,999	42	5.8	367	10.2	1,704	8.2
\$60,000 to \$74,999	86	11.9	447	12.5	2,009	9.7
\$75,000 to \$99,999	47	6.5	248	6.9	1,586	7.6
\$100,000 to \$124,999	7	1.0	90	2.5	784	3.8
\$125,000 to \$149,999	-	0.0	59	1.6	528	2.5
\$150,000 to \$199,999	3	0.4	3	0.1	316	1.5
\$200,000 or more	-	0.0	18	0.5	222	1.1

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME, BY AGE

The distribution of household incomes for persons aged 65 years and older in Blacksburg, the market area, and Cherokee County are set out in Table 14, below. Again, these figures are taken from the 2009 to 2013 American Community Survey, and as such are subject to the limitations imposed by this source.

Table 14 - Household Income, by Age

	Blacksburg		Market area		Cherokee County	
	number	percent	number	percent	number	percent
less than \$10,000	24	12.2	98	12.1	419	8.2
\$10,000 to \$14,999	36	18.4	129	15.9	865	17.0
\$15,000 to \$19,999	10	5.1	83	10.2	711	14.0
\$20,000 to \$24,999	34	17.3	116	14.3	558	10.9
\$25,000 to \$29,999	6	3.1	47	5.8	378	7.4
\$30,000 to \$34,999	10	5.1	91	11.2	485	9.5
\$35,000 to \$39,999	7	3.6	24	3.0	264	5.2
\$40,000 to \$44,999	13	6.6	50	6.2	195	3.8
\$45,000 to \$49,999	12	6.1	41	5.0	156	3.1
\$50,000 to \$59,999	13	6.6	60	7.4	290	5.7
\$60,000 to \$74,999	27	13.8	41	5.0	318	6.2
\$75,000 to \$99,999	0	0.0	11	1.4	179	3.5
\$100,000 to \$124,999	4	2.0	4	0.5	108	2.1
\$125,000 to \$149,999	0	0.0	17	2.1	69	1.4
\$150,000 to \$199,999	0	0.0	0	0.0	47	0.9
\$200,000 or more	0	0.0	0	0.0	54	1.1

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Blacksburg, the market area, and Cherokee County set out in Table 15, below. These figures are also taken from the 2009 to 2013 American Community Survey.

Table 15 - Household Income, Renter Households

	Blacksburg		Market area		Cherokee County	
	number	percent	number	percent	number	percent
less than \$10,000	109	34.5	203	18.6	1,508	22.3
\$10,000 to \$19,999	49	15.5	194	17.8	1,415	20.9
\$20,000 to \$34,999	88	27.8	258	23.7	1,674	24.8
\$35,000 to \$49,999	11	3.5	113	10.4	998	14.8
\$50,000 to \$74,999	59	18.7	262	24.1	863	12.8
\$75,000 to \$99,999	0	0.0	50	4.6	276	4.1
\$100,000 or more	0	0.0	9	0.8	21	0.3

Source: 2009 to 2013 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2000

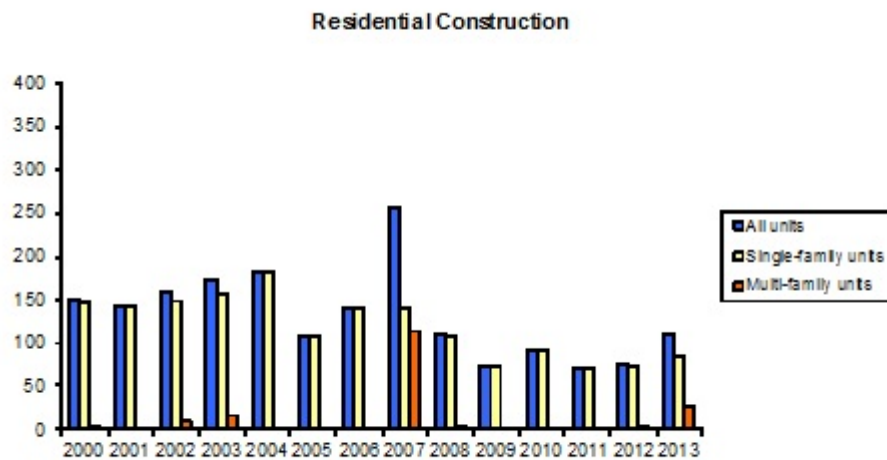
Table 16 below gives details of residential construction in Cherokee County since 2000. Where the data exist, it can be seen that a total of 1,835 units were added in Cherokee County. No data are available for Blacksburg or for the market area.

Table 16 - Residential Construction Since 2000

Cherokee County			
	Total	single-family	multi-family
2000	151	147	4
2001	142	142	0
2002	158	149	9
2003	172	156	16
2004	181	181	0
2005	108	108	0
2006	141	141	0
2007	255	141	114
2008	109	107	2
2009	72	72	0
2010	91	91	0
2011	71	71	0
2012	74	72	2
2013	110	84	26
Total	1,835	1,662	173

¹ Units

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



F. PROJECT SPECIFIC DEMAND ANALYSIS

INTRODUCTION

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 could move to the project were it to be made available. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

The complex is a USDA/Rural Development financed property which provides one-bedroom units, and rents to older adults—defined here as those aged 62 years and older. The calculations in this section focus on need and demand for the project, as proposed. Based on the nature of the Census and ACS data used, need and demand will be based on persons aged 65 years and older.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 32 units proposed, seven will be targeted to households with incomes up to 50 percent of the local area median, and 25 will be targeted to households at 60 percent, and therefore qualify their apartments for low income housing tax credit status. Calculations of demand for two-bedroom units will be provided, for reference. The 2015 income limits for Cherokee County are as follows:

Table 17 - Income Limits

	<u>50 percent</u>	<u>60 percent</u>
1 person	\$16,650	\$19,860
2 person	\$18,900	\$22,680
3 person	\$21,250	\$25,500

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 bedroom and that renters will pay no more than 30 percent of their income on housing expense (rent plus utilities). The maximum housing expenses for the proposed one-bedroom units will therefore be \$443 for units at 50 percent of the median, and \$532 for those at 60 percent.

The proposed development has full project-based rental assistance. Following South Carolina Housing Authority guidelines, this report will address the need for units both with and without rental assistance.

The proposed rents and utility allowances at the proposed apartments are set out in Table 18 below. From this it can be seen that housing expenses at the proposed apartments fall above the maximum figures for units at both the 50 percent and 60 percent level. Again, following state agency market study guidelines, demand for the unassisted units is based on the maximum tax credit rents (with tenants paying 40 percent of income on rent).

Table 18 - Proposed Housing Expenses

	<u>Utility Allowance</u>		
1 bedroom	\$49		
2 bedroom	\$75 (e)		
	<u>Proposed Rent</u>	<u>Maximum</u>	<u>Proportion of Maximum (%)</u>
<u>40 percent</u>			
1 bedroom	\$553	\$394	140.3
2 bedroom	\$640 (e)	\$456	140.3
<u>60 percent</u>			
1 bedroom	\$553	\$483	114.6
2 bedroom	\$640 (e)	\$563	113.8

(e) = estimate

Source: Client; 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 40 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.; however, that for the two-bedroom units is that for two-person households

The upper income limits for the proposed assisted units is the income needed to afford the proposed rents, or the 50 percent income limit, whichever is the lower.

Given that the proposed rents exceed the maximum allowable under program guidelines, the qualifying income range for those units is therefore set at the equivalent maximum level.

Table 19 - Qualifying Income Ranges

<u>Assisted</u>	<u>Minimum</u>	<u>Maximum</u>
1 bedroom	\$0	\$17,725 ¹
2 bedroom	\$0	\$18,900 ²
<u>50 Percent</u>	<u>Minimum</u>	<u>Maximum</u>
1 bedroom	\$13,294	\$19,725 ¹
2 bedroom	\$15,938	\$18,900 ²
<u>60 Percent</u>	<u>Minimum</u>	<u>Maximum</u>
1 bedroom	\$15,953	\$21,270 ¹
2 bedroom	\$19,125	\$22,680 ²

¹ based on one and one-half person household size

² based on two-person household size

Source: T Ronald Brown: Research & Analysis

Based on the qualifying income ranges for the unassisted units at the 50 and 60 percent levels, it is seen that there is a certain amount of overlap between these ranges. This overlap will be taken into consideration in our calculations.

The major variables to be examined are age, 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 population aged 65 and older, for the market area for the proposed complex, are set out below.

Table 20 - Household Income, Older Renter Households

<u>Income</u>	<u>All Older Renters</u>		<u>Overburdened renters</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
Up to \$10,000	32	25.4	15	32.6
\$10,000 - \$19,999	25	19.6	20	42.0
\$20,000 - \$34,999	29	22.9	11	24.3
\$35,000 - \$49,000	15	11.9	0	0.0
\$50,000 - \$74,999	19	14.8	1	1.1
\$75,000 - \$99,999	6	5.1	0	0.0
\$100,000 and over	0	0.3	0	0.0

Source: 2009 to 2013 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 2009 to 2013 - and not for a specific year.

From this table it can be seen that 25.4 percent of the market area older households have incomes less than \$10,000 and a further 19.6 percent have incomes between \$10,000 and \$20,000. Around 38 percent of all elderly renters are rent-overburdened.

Around 41.7 percent of older renter households are in the qualifying income range for assisted units, with 13.6 percent in the qualifying range for unassisted units.

NEW HOUSEHOLDS

Projections of need and demand are based upon a 2014 to 2017 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

With respect to household growth of older households, the projections of the older population and households for the project market area show that the number of elderly persons (65 years and older) was projected to increase from 1,413 in 2014 to 1,563 in 2017. Likewise, the number of older households was projected to increase from 978 to 1,081.

The number of elderly renters is projected to increase by 29 between 2014 and 2017 (from 277 to 306 households). Based on the distribution of elderly renter household incomes there are 12 new elderly renter households which qualify for rent-assisted units and four which would qualify for unassisted units.

EXISTING HOUSEHOLDS

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing older households—both homeowners and renters—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 128* older renter households in the qualifying income range for assisted units and 42 qualifying for unassisted units in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. This figure has 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 the most recent American Community Survey data, that 60.8 percent of renters qualifying for assisted units are rent-overburdened, 80.5 percent of those qualifying for unassisted units at 50 percent of the median, and 62.2 percent of those qualifying at 60 percent of the median are rent-overburdened. Here, these proportions are applied to the number of income eligible existing older renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

* with 32 units proposed, this suggests a penetration rate of 25.0 percent

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 market area occupied by income-eligible elderly tenants, this translates to an additional eight units, overall. Based on the number of rental units in the market area occupied by income-eligible elderly tenants, this translates to four assisted units and one unassisted unit.

Our calculations show that there will be a total of 250 older owner-occupied households in the qualifying income range for assisted units and 137 in the qualifying range for unassisted units in the market area. With respect to the existing elderly homeowners it is realistically assumed that perhaps 5 percent would consider moving to the proposed apartments. Thus, a total of 13 older homeowners who would qualify for assisted units might consider moving, with seven in the unassisted range.

Following this approach, the demand calculations are set out below. Here, there is seen to be a total demand for 107 rent-assisted elderly units as proposed, and 40 unassisted units.

Table 21 - Demand Calculations

	<u>Assisted</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Unassisted Total</u>
(i) New older renter households	12	2	2	4
(ii) Existing older renter households	128	22	24	42
(iii) Existing older renter households, likely to move	78	18	12	28
(iv) Need from obsolete elderly housing	4	1	1	1
(v) Existing older homeowner households	250	78	85	135
(vi) Existing older homeowner households likely to move	13	4	4	7
Total demand (i) + (iii) + (iv) + (vi)	107	25	20	40

Note: totals may not add due to rounding

Source: T Ronald Brown: Research & Analysis

DEMAND

Total demand is therefore seen to amount to 107 rent assisted units, and 40 unassisted units. This total demand has to be segmented to determine demand by number of bedrooms per unit. For the purposes of this report, it can be reasonably assumed that perhaps three-fourths of older households (65 years and older) would choose a one-bedroom unit, and one-fourth would chose a two-bedroom unit.

SUPPLY

These figures are based on a 2014 to 2017 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 added in the project market area over the projection period, nor have any been funded. The net need is therefore for 107 rent assisted units, and 40 unassisted units.

Table 22 - Demand Calculations and Capture Rates

Overall Demand	<u>Assisted</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Unassisted total</u>
1 bedroom	80	18	15	30
2 bedroom	27	6	6	10
Total	107	27	21	40
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
Total	0	0	0	0
Net Demand				
1 bedroom	80	18	15	30
2 bedroom	27	6	6	10
Total	107	27	21	40
Units proposed				
1 bedroom	32	7	25	32
2 bedroom	0	0	0	0
Total	32	7	25	32
Capture rates				
1 bedroom	33.9%	38.0%	168.6%	107.2%
2 bedroom	0.0%	0.0%	0.0%	0.0%
Total	29.9%	28.5%	119.2%	80.4%

Note: totals may not add due to rounding

Source: T Ronald Brown: Research & Analysis

CAPTURE RATES

A total of 32 units are to be provided at the proposed development. Here, this figure represents 29.9 percent of total need for assisted units, and is in excess of 100 percent for unassisted units.

The 32 rent-assisted one-bedroom units represent 33.9 percent of the calculated net need.

Thus, the capture rates presented above are considered reasonable for a rent-assisted property such as this in a relatively small, rural, market.

It should be noted that the capture rates set out here are based on the assumption that the proposed development would be a new property - not the rehabilitation of an existing development. This development is reported to have had a long history of high occupancy levels.

ABSORPTION RATES

Based on the above, the project could expect to lease-up over a period dictated by the rehabilitation schedule, plus 60 days, or so.

As an existing, fully leased, property the proposed rehabilitation will not have an impact on existing housing in the area.

G. EXISTING RENTAL UNITS

Blacksburg is a small rural community, and as such there are few rental housing options available locally. In fact, the subject property is the only complex in the market area that is designated for older renters. There are no unassisted tax credit-financed elderly (or family) complexes in the market area nor are there any conventional elderly or family properties.

Blacksburg Place was developed under the USDA/Rural Development Section 515 Rural Rental Housing program. The community opened in 1992, with a total of 32 units - each of which has project-based rental assistance. All 32 units are one-bedroom units, of 606 square feet. Currently, no units are reported to be vacant, and typical occupancy is seen to be around 100 percent - which reflects the fact that the project is fully assisted. There is a waiting list.

Existing non-elderly tax credit-financed subsidized housing comprises two USDA/RD complexes - 40 units at Chestnut Hills and 24 units at Mulberry Ridge (adjacent to Blacksburg Terrace). Chestnut Hills offers 40 units: all of which have rental assistance. There are 26 two-bedroom units and 14 three-bedroom units. Occupancy for 2014 is reported at 92.5 percent. Mulberry Ridge has eight one-bedroom units and 16 two-bedroom units. Of the 24 unit total, 22 have rental assistance. Occupancy is seen to be at 82.5 percent. In addition to these the Housing Authority administers 64 units at three site is the area - none of which have units designated for seniors.

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 subject property is set out, below. Here it is seen that full occupancy has been reported over this period on an consistent basis.

Blacksburg Terrace		
32 units		
	occupied	occupancy
June 2006	32	100.0%
December 2006	32	100.0%
June 2007	32	100.0%
December 2007	32	100.0%
June 2008	32	100.0%
December 2008	32	100.0%
June 2009	32	100.0%
December 2009	32	100.0%
June 2010	32	100.0%
December 2010	32	100.0%
June 2011	32	100.0%
December 2011	32	100.0%
June 2012	32	100.0%
December 2012	32	100.0%
June 2013	32	100.0%
December 2013	32	100.0%
June 2014	32	100.0%
December 2014	32	100.0%
Average	32	100.0%

There are no market rate apartment developments for the elderly in the Blacksburg market area, nor are there any in adjacent communities. Also, there are no local (market area) market rate properties that could be considered comparable to the proposed development. Thus, it is necessary to identify developments in adjacent localities to be included in the analysis. Here, we identified and surveyed market-rate family/non-elderly properties in nearby Gaffney.

We have included market data for each of these market rent developments surveyed for market rent determination purposes - with the understanding that they are not comparable to the proposed development, and that they are not located in the Blacksburg market area, as defined. Information for the one-bedroom units at these various properties are summarized below.

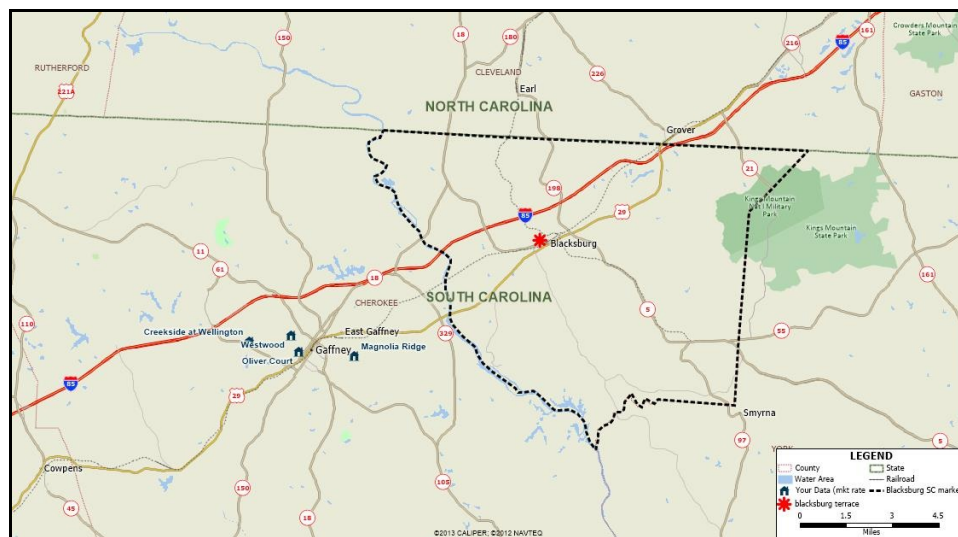
Table 23 - Market Rate Properties

Project	Location	Year Built	Rent 1 br
Creekside	Gaffney	1980's	\$595-610
Oliver Court	Gaffney	1987	\$475
Westwood	Gaffney	1989	\$430

Source: Apartment Managers; T Ronald Brown: Research & Analysis

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$460 for a one-bedroom unit. It should be noted that the preceding figures are for non-elderly projects, and these numbers do not necessarily translate to housing for the elderly.

A map showing the locations of these properties, relative to the site of the proposed apartments is provided, below. Again, these properties are not in the Blacksburg market area.



Map of surveyed market rate properties relative to site



Blacksburg Terrace

Location: 208 West Carolina Street, Blacksburg, SC
 Financing: USDA/RD § 515
 Year built: 1992

Total units: 32
 Rental assistance: 32
 Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 32
 Unit size (sq. ft.): 606
 Basic rent: \$553
 Market rent: \$680
 Vacant units: 0

Management: Hunt Elderly Housing (Sharon - 276.628.5000 [3/15])
 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 Parking (Garages) Laundry

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



Creekside at Wellington

Location: 1214 Overbrook Drive, Gaffrey, SC
 Financing: conventional
 Year built: 1980's

Total units: 92
 Rental assistance/vouchers: 0
 Typical occupancy: 95-98%

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/1½ ba</u>
Units:	14	4	42	24	8
Unit size (sq. ft.):	708	806	964	1,014	1,131
Rent:	\$595	\$610	\$640	\$625	\$700
Rent/sq. ft.:	\$0.84	\$0.76	\$0.66	\$0.62	\$0.62
Vacant units: 4, overall					

Management: Synco (Nicki - 864.487.5757 [3/4])
 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 Parking (Garages) Laundry

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



Magnolia Ridge

Location: 266 Goldmine Springs Road, Gaffrey, SC
 Financing: conventional
 Year built: 1976, rehabilitated 2002-2006

Total units: 84
 Rental assistance/vouchers: 4
 Typical occupancy: 95-97%

	<u>0 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>	<u>4 br/2 ba</u>
Units:	12	16	32	20	4
Unit size (sq. ft.):	470	720	860	1,000	1,160
Rent:	\$360	\$435	\$509	\$545	\$635
Rent/sq. ft.:	\$0.77	\$0.60	\$0.59	\$0.55	\$0.55
Vacant units: 6, overall					

Management: Owner Managed (864.489.0692 [3/5])
 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 Parking Laundry

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



Oliver Court

Location: 506 South Oliver Street, Gaffrey, SC
 Financing: conventional
 Year built: 1987

Total units: 48
 Rental assistance:/vouchers: n.a*
 Typical occupancy: varies

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>
Units:	16	32
Unit size (sq. ft.):	700	900
Rent:	\$475	\$550
Rent/sq. ft.:	\$0.68	\$0.61
Vacant units: 2, overall		

Management: Capstone Management (Andrea -864.489.8702 [3/12])
 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 Parking (Garages) Laundry

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

* cannot disclose



Westwood

Location: 1022 West Buford Street, Gaffrey, SC
 Financing: conventional
 Year built: 1989

Total units: 166
 Rental assistance/vouchers: n/a*
 Typical occupancy: 99% (waiting list)

	<u>0 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/2 ba</u>
Units:	20	70	84	16
Unit size (sq. ft.):	288	512	768	960
Rent:	\$410**	\$430	\$520	\$610
Rent/sq. ft.	\$1.42*	\$0.84	\$0.68	\$0.64
Vacant units: 4, overall				

Management: David Drye Company (Desika (864.487.2167 [3/4])
 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 Parking (Garages) Laundry

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

* not authorized to disclose

** furnished: includes water/sewer, and electric

H. INTERVIEWS

The proposed development is the rehabilitation of an existing USDA/Rural Development apartment complex. As such it does not represent a net addition to the local housing stock - thus this proposal represents a potential qualitative rather than a quantitative impact on the market. Representatives of the property management company confirmed that the current residents would benefit significantly from the improvement to their apartments.

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: March 18, 2015

ANALYST QUALIFICATIONS

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis.

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 economic vacancy rate	<p>Percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.</p>
Market physical vacancy rate	<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	<p>Structures that contain more than two housing units.</p>

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 805 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 (RD) Market Rent		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 (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)		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.