

Market Feasibility Analysis

Keenan Oaks (*Scattered Sites*)

Site 1: West Academy Street

Site 2: Stutts Avenue

Union, Union County, South Carolina 29379

Prepared For

Mr. Randall F. Aldridge
Quad-State Development, Inc.
841 Sweetwater Avenue
Florence, Alabama 35630

Effective Date

March 6, 2015

Job Reference Number

15-126 JW/PB



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

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

Development Name:	Keenan Oaks	Total # Units:	40
Location:	West Academy Street & Stutts Avenue (scattered sites), Union, SC 29379	# LIHTC Units:	40
PMA Boundary:	Union County to the north, east and west; Sumter National Forest and Tyger River to the south		
Development Type:	<input checked="" type="checkbox"/> Family <input type="checkbox"/> Older Persons	Farthest Boundary Distance to Subject:	14.3 miles

RENTAL HOUSING STOCK (found on page 10)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	15	910	29	96.8%
Market-Rate Housing	4	99	18	88.9%
Assisted/Subsidized Housing not to include LIHTC	3	391	0	100.0%
LIHTC (All that are stabilized)*	6	307	0	100.0%
Stabilized Comps**	1	40	0	100.0%
Non-stabilized Comps	2	59	11	81.4%

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

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

Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
4	Two-Br.	2.0	1,000	\$365	\$670	\$0.67	45.52%	\$939	\$0.92
8	Two-Br.	2.0	1,000	\$450	\$670	\$0.67	32.84%	\$939	\$0.92
4	Three-Br.	2.0	1,200	\$410	\$755	\$0.63	45.70%	\$1,060	\$0.84
20	Three-Br.	2.0	1,200	\$490	\$755	\$0.63	35.76%	\$1,060	\$0.84
4	Three-Br.	2.0	1,300	\$485	\$755	\$0.58	35.10%	\$1,060	\$0.84
Gross Potential Rent Monthly*				\$18,440	\$29,180		36.81%		

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

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

	2000		2014		2017	
Renter Households	N/A	N/A	3,268	32.4%	3,228	32.4%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	1,003	30.7%	981	30.4%
Income-Qualified Renter HHs (MR)	(if applicable)	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	-19	-20				-22
Existing Households (Overburd + Substand)	191	150				227
Homeowner conversion (Seniors)	N/A	N/A				N/A
Other:	N/A	N/A				N/A
Less Comparable/Competitive Supply	0	0				0
Net Income-qualified Renter HHs	172	130				205

CAPTURE RATES (found on page G-5)

Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	4.7%	24.6%				19.5%

ABSORPTION RATE (found on page G-6)

Absorption Period	5 months
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2015 S-2 RENT CALCULATION WORKSHEET

# Units	Bedroom Type	Proposed Tenant Paid Rent	Proposed Tenant Rent by Bedroom	Adjusted Market Rent	Adjusted Market Rent by Bedroom	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
4	2 BR	\$365	\$1,460	\$670	\$2,680	
8	2 BR	\$450	\$3,600	\$670	\$5,360	
	2 BR		\$0		\$0	
4	3 BR	\$410	\$1,640	\$755	\$3,020	
4	3 BR	\$485	\$1,940	\$755	\$3,020	
20	3 BR	\$490	\$9,800	\$755	\$15,100	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	40		\$18,440		\$29,180	36.81%

B. PROJECT DESCRIPTION

The proposed project involves the new construction of a 40-unit family (general-occupancy) Low-Income Housing Tax Credit (LIHTC) rental community to be located on two scattered lots in Union, South Carolina. The first site will contain 36 total units in five (5), two-story walk-up buildings and is located at the northeast corner of West Academy Street and Keenan Avenue. The second site will contain four single-family home units and is located on the south side of Stutts Avenue, east of Richards Street. The proposed project, Keenan Oaks, will be available to households with incomes up to 50% and 60% of Area Median Household Income (AMHI). The site will consist of 12 two-bedroom/2.0-bath and 28 three-bedroom/2.0-bath units with proposed collected Tax Credit rents ranging from \$365 and \$490. The project is anticipated to be complete in July 2016. Additional details regarding the project are as follows:

- a. Property Location:** Site 1: West Academy Street
Site 2: Stutts Avenue
Union, South Carolina 29379
(Union County)
- QCT: Yes DDA: No
- b. Construction Type:** New Construction
- c. Occupancy Type:** Family
- d. Target Income Group:** 50% and 60% AMHI
- e. Special Needs Population:** Not Applicable
- f. and h. to j. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent of AMHI	Proposed Rents			2015 Max Allowable LIHTC Rent
						Collected	Utility Allowance	Gross	
4	Two-Br.	2.0	Garden	1,000	50%	\$365	\$155	\$520	\$608
8	Two-Br.	2.0	Garden	1,000	60%	\$450	\$155	\$605	\$730
4	Three-Br.	2.0	Garden	1,200	50%	\$410	\$193	\$603	\$703
20	Three-Br.	2.0	Garden	1,200	60%	\$490	\$193	\$683	\$843
4	Three-Br.	2.0	SFH	1,300	60%	\$485	\$216	\$701	\$843
40	Total								

Source: Tri-State Development, Inc.

AMHI – Area Median Household Income (Union County, SC; 2015)

SFH - Single-Family Home

g. Number Of Stories/Buildings:

Site 1: Five (5) two-story walk-up residential buildings with 36 total garden-style units and a stand-alone community building.

Site 2: Four ranch-style single-family homes.

k. Project-Based Rental Assistance (Existing or Proposed):

None

l. Community Amenities:

The subject property will include the following community features, all located at Site 1. Note that Site 2 will have access to these community features.

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

m. Unit Amenities:

Each unit will include the following amenities:

- Electric Range
- Refrigerator
- Dishwasher
- Microwave Oven
- Central Air Conditioning
- Washer/Dryer Appliances
(single-family homes only)
- Carpet
- Window Blinds
- Washer/Dryer Hookups
- Patio/Balcony
- Ceiling Fan

n. Parking:

A surface parking lot will be located at each site location at no additional cost to the residents.

o. Utility Responsibility:

The cost of trash collection will be included in the rent, while tenants will be responsible for all other utilities and services, including the following:

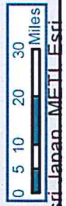
- Electric Heat
- Electric Air Conditioning
- General Electric
- Cold Water
- Electric Water Heating
- Electric Cooking
- Sewer

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



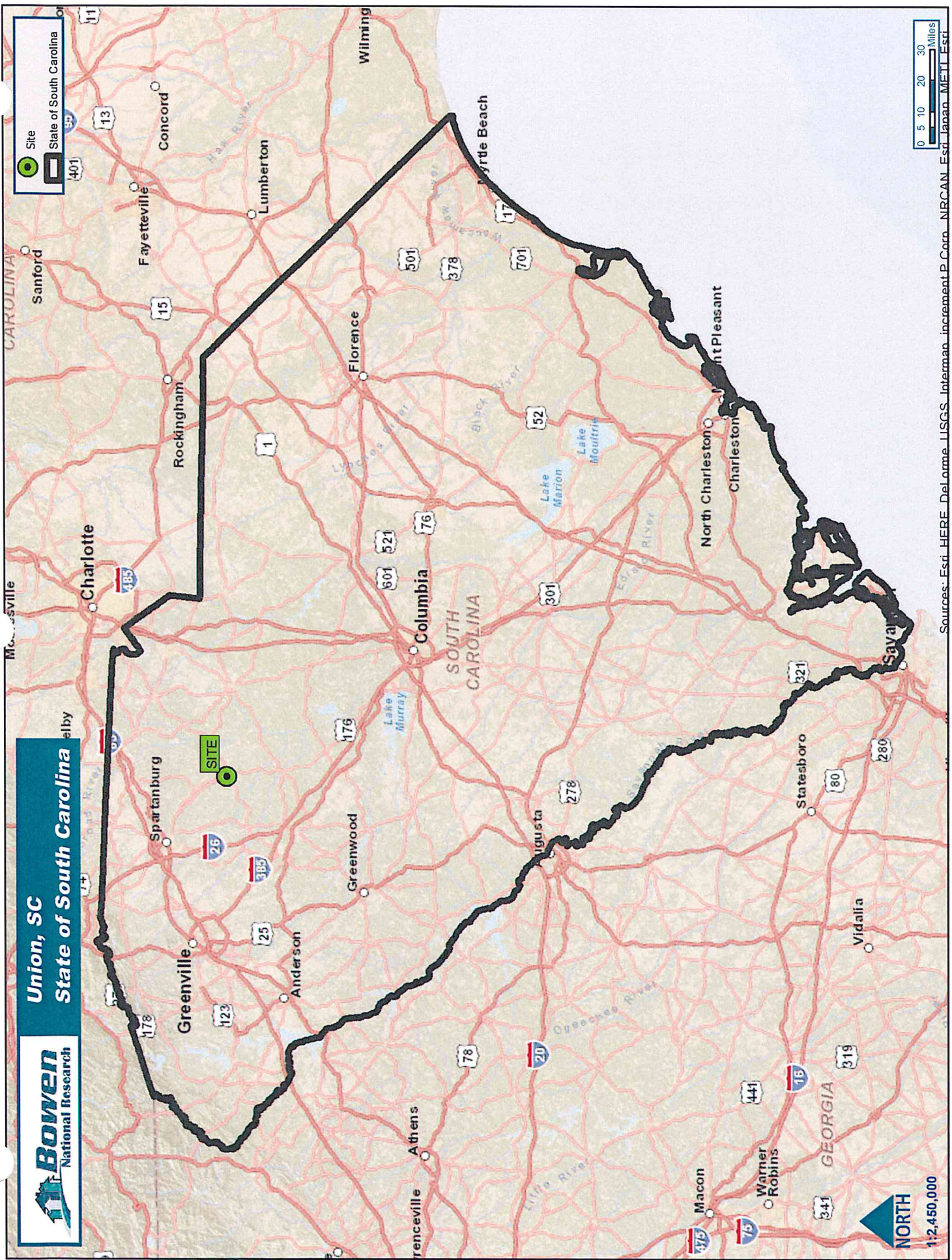
Union, SC
State of South Carolina

Legend:
● Site
▭ State of South Carolina



NORTH
1:2,450,000

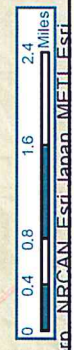
Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esri, Japan, METI, Esri



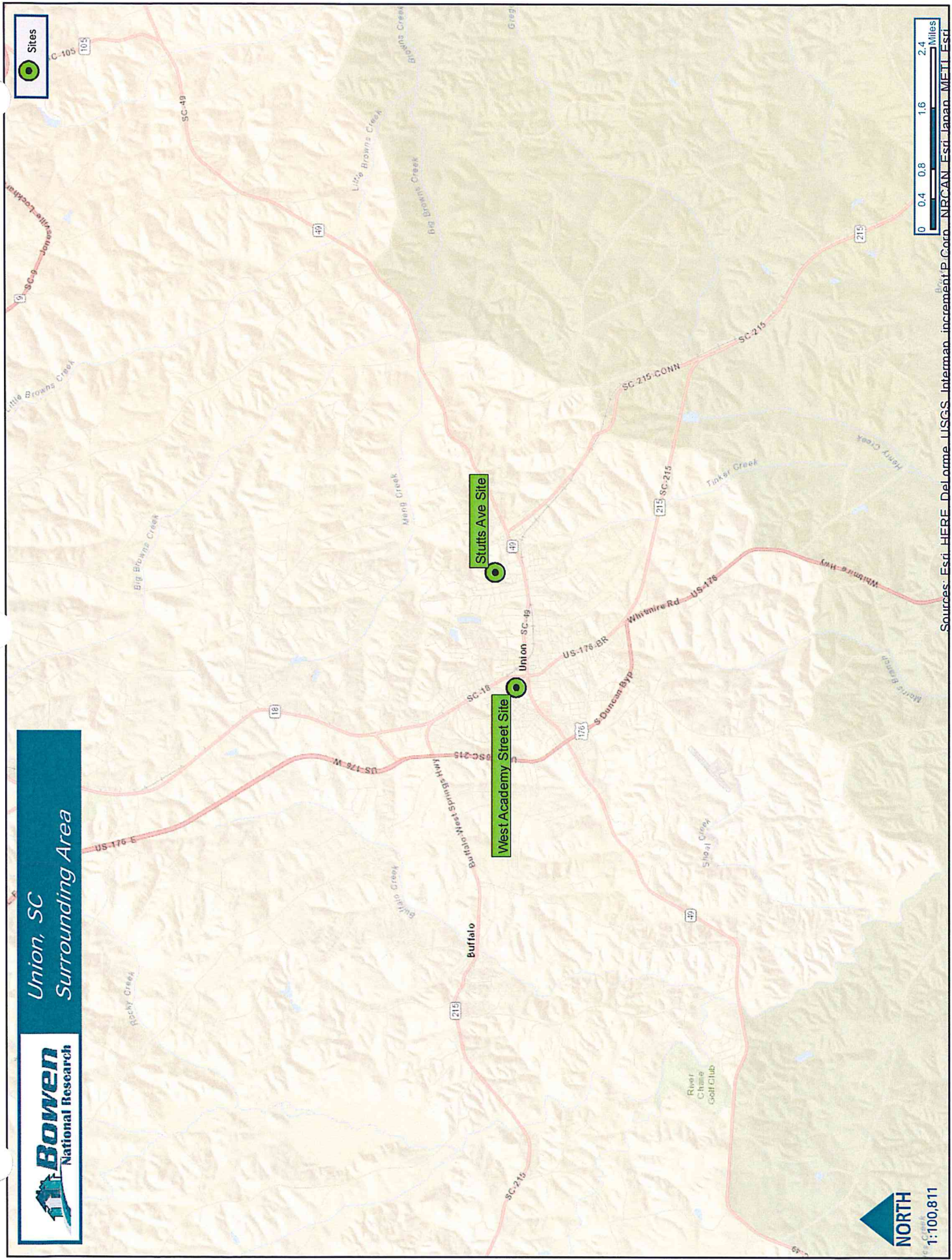
Union, SC
Surrounding Area



Sites



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp, NRCAN, Esri, Japan, METI, Esri



C. SITE DESCRIPTION AND EVALUATION

1. SITE INSPECTION DATE

Bowen National Research personally inspected the subject site during the week of February 9, 2015. The following is a summary of our site evaluation, including an analysis of the site's proximity to community services.

2. SITE DESCRIPTION AND SURROUNDING LAND USES

The subject site consists of two locations. The first location will offer the majority of the units (90.0%) and is situated west of the intersection of West Academy Street and Keenan Avenue in the central portion of Union, South Carolina. The second location is located on the south side of Stutts Avenue, east of Richards Street in the eastern portion of Union. Located within Union County, Union is approximately 30.0 miles southeast of Spartanburg, South Carolina and approximately 54.0 miles southwest of Charlotte, North Carolina. Following is a description of surrounding land uses for the first site location:

North -	The northern boundary is defined by Hicks Street and Keenan Avenue, both two-lane lightly traveled roadways. Continuing north are various single-family homes, commercial businesses and heavily wooded land.
East -	The eastern boundary is defined by Keenan Avenue, West Academy Street and North Enterprise Street, all are two-lane, lightly traveled roadways. Farther east is the downtown area of Union, which includes numerous retailers and commercial businesses.
South -	The southern boundary is defined by single-family homes considered to be in fair condition and the Union Mall Crossing Apartments (Map ID 13) considered to be in good condition. Continuing south is West Main Street, a moderately-traveled roadway that connects to the downtown area of Union, additional residential dwellings and local businesses.
West -	Directly west of the site are the Union Mill Crossing Apartments and vacant land. Continuing west are a pond, single-family dwellings and commercial businesses.

Site one is located within a residential/commercial area within Union. The surrounding land uses are in fair to good condition and are conducive to multifamily housing. In addition, the proximity to the downtown area of Union is anticipated to contribute to the site's marketability.

Site two is located within a residential/undeveloped area. The surrounding land uses consist of heavily wooded land, residential dwellings generally considered to be in good condition. Both site locations fit in well with their surrounding land uses and they should contribute to their marketability.

3. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

The first site location (West Academy Street and Keenan Avenue) is served by the community services detailed in the following table:

Community Services	Name	Driving Distance From Site (Miles)
Major Highways	State Route 18	0.1 East
	State Route 49	0.2 South
	State Route 215	0.9 Southwest
Major Employers/ Employment Centers	Wallace Thomson Hospital	0.2 Southwest
	Walmart Supercenter	1.7 Northwest
	Timken Roller Bearings	2.0 West
Convenience Store	Li'l Cricket	0.2 Southwest
	Murphy USA	1.2 Northwest
Grocery	Save-A-Lot	0.9 West
	Food Lion	1.1 West
	Walmart Supercenter	1.7 Northwest
Discount Department Store	Family Dollar Store	0.7 Southeast
	Dollar General	0.9 West
	Walmart Supercenter	1.7 Northwest
Shopping Center	Downtown Union	0.2 South
	Merchants Walk	0.9 West
Schools: Elementary Middle/Junior High High	Foster Park Elementary	1.0 East
	Sims Middle School	3.3 Southeast
	Union County High School	2.8 Northeast
Hospital	Wallace Thomson Hospital	0.2 Southwest
Police	Union City Police	0.5 North
Fire	Union Fire Department	0.5 North
Post Office	U.S. Post Office	1.3 Southwest
Bank	Park Sterling Bank	0.1 South
	Arthur State Bank	0.5 Southeast
Gas Station	Valero	0.2 Southwest
	Wingos	0.6 Northwest
Pharmacy	CVS Pharmacy	0.1 Southwest
	Palmetto Drugs	0.9 East
Restaurant	Dawkins Restaurant	0.5 Southeast
	Bojangles' Famous Chicken	0.7 West
	Dairi-O	0.7 Northwest
	Little Caesars Pizza	0.9 West
Day Care	Kidz Lane Day Care	0.6 East
Library	Union County Carnegie Library	0.7 Southeast
Recreation	Union County Park and Recreation	0.3 Southwest
	Veterans Memorial Park	1.0 Northeast
Museum	Union County Museum	0.2 Southeast

The second site location (Stutts Avenue, east of Richards Street) is served by the community services detailed in the following table:

Community Services	Name	Driving Distance From Site (Miles)
Major Highways	State Route 49	0.1 South
	State Route 18	1.4 West
	State Route 215	2.2 West
Major Employers/ Employment Centers	Wallace Thomson Hospital	2.0 Southwest
	Walmart Supercenter	2.7 Northwest
	Timken Roller Bearings	3.1 West
Convenience Store	Kangaroo Express	0.6 South
Grocery	Fresh Air Galaxy	0.3 South
	Save-A-Lot	2.3 West
	Food Lion	2.3 West
	Walmart Supercenter	2.7 Northwest
Discount Department Store	Dollar General	0.6 South
	Family Dollar Store	1.2 Southwest
	Walmart Supercenter	2.7 Northwest
Shopping Center	Merchants Walk	2.3 West
Schools:		
Elementary	Foster Park Elementary	0.3 Northwest
Middle/Junior High	Sims Middle School	3.5 South
High	Union County High School	3.0 North
Hospital	Wallace Thomson Hospital	2.0 Southwest
Police	Union City Police	1.5 Northwest
Fire	Union Fire Department	1.5 Northwest
Post Office	U.S. Post Office	2.6 Southwest
Bank	Wells Fargo	1.4 Southwest
	Arthur State Bank	1.4 Southwest
Gas Station	Marathon	0.6 South
Pharmacy	Palmetto Drugs	1.0 Southwest
	CVS Pharmacy	1.8 Southwest
Restaurant	Dairi-O	2.0 Northwest
	Bojangles' Famous Chicken	2.1 West
	Little Caesars Pizza	2.2 West
Day Care	Kidz Lane Day Care	1.0 West
Library	Union County Carnegie Library	1.4 Southwest
Recreation	Veterans Memorial Park	0.6 Northwest

Both subject locations are within 2.0 miles of numerous community services including grocery, discount shopping, restaurants, pharmacies, banks and gas stations/convenience stores. Additionally, there is a Walmart Supercenter located within 2.7 miles.

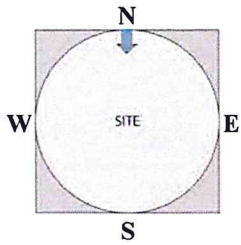
Public safety services are provided by the Union Police and Fire departments, both located within 1.5 miles of both site locations. The nearest hospital is the Wallace Thomson Hospital, located within 2.0 miles.

Overall, the proximity of most basic community services and all public safety services is expected to contribute to the marketability of the site.

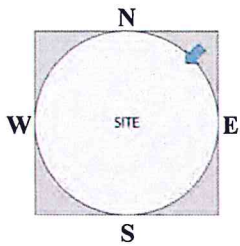
4. **SITE PHOTOGRAPHS**

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

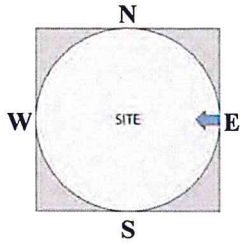
SITE PHOTOGRAPHS



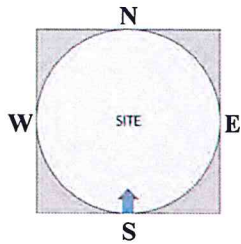
View of site from the north (1st Site)



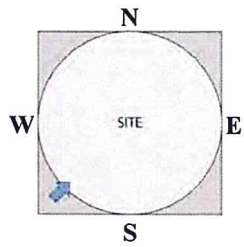
View of site from the northeast (1st Site)



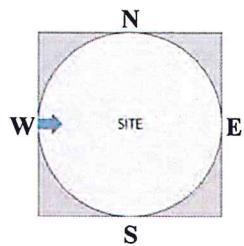
View of site from the east (1st Site)



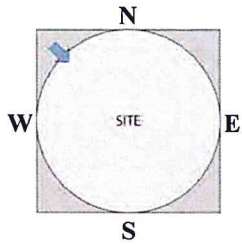
View of site from the south (1st Site)



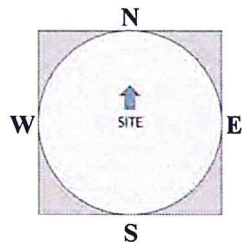
View of site from the southwest (1st Site)



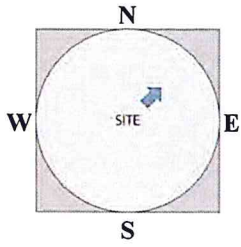
View of site from the west (1st Site)



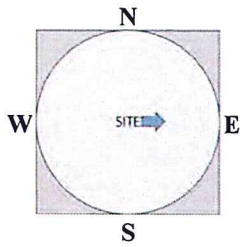
View of site from the northwest (1st Site)



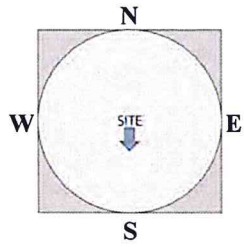
North view from site (1st Site)



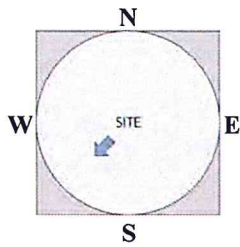
Northeast view from site (1st Site)



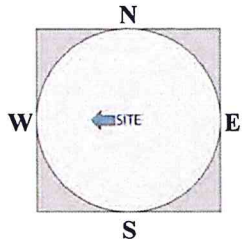
East view from site (1st Site)



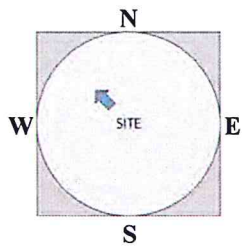
South view from site (1st Site)



Southwest view from site (1st Site)



West view from site (1st Site)



Northwest view from site (1st Site)



Streetscape - South View of North Enterprise Street (1st Site)



Streetscape - North View of North Enterprise Street (1st Site)



Streetscape - Northwest View of Leeman Avenue (1st Site)



Streetscape - Southeast View of Leeman Avenue (1st Site)



Streetscape - Northeast View of Hicks Street (1st Site)



Streetscape - Southwest View of Hicks Street (1st Site)



Site Photo (1) (2nd Site)



Site Photo (2) (2nd Site)



Streetscape - West View of Stutts Avenue (2nd Site)



Streetscape - East View of Stutts Avenue (2nd Site)



Surrounding Land Use - Typical Home (1) (2nd Site)



Surrounding Land Use - Typical Home (2) (2nd Site)


5. SITE AND COMMUNITY SERVICES MAPS

Maps of the subject site and relevant community services follow.

Union, SC (West Academy Street Site) Site Neighborhood



Legend

 Site Area




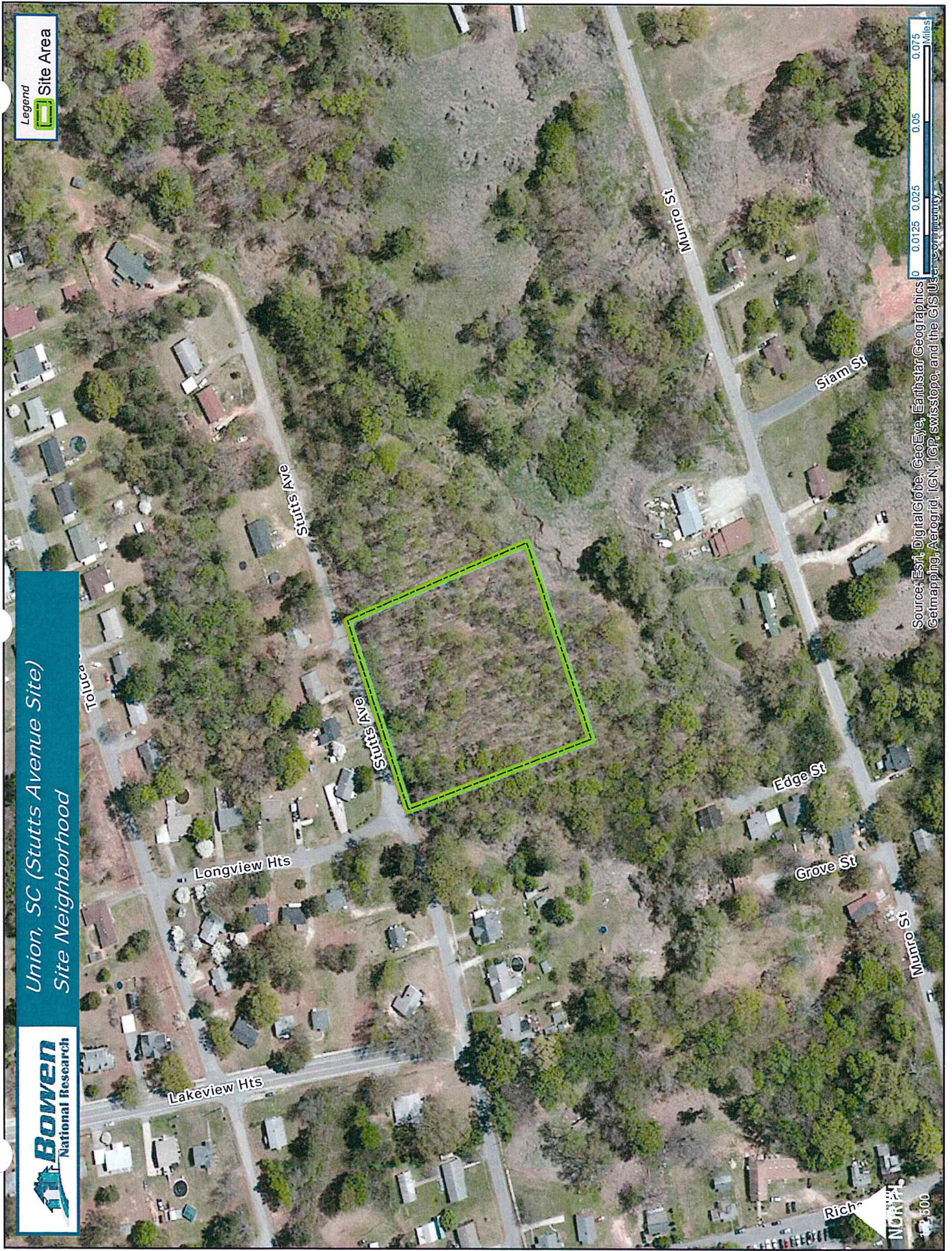
Sources: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNR Aero, IGN, IGN, iGP, swisstopo, and the GIS User Community

NORTH
1:3,500

Union, SC (Stutts Avenue Site)
Site Neighborhood



Legend
 Site Area



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

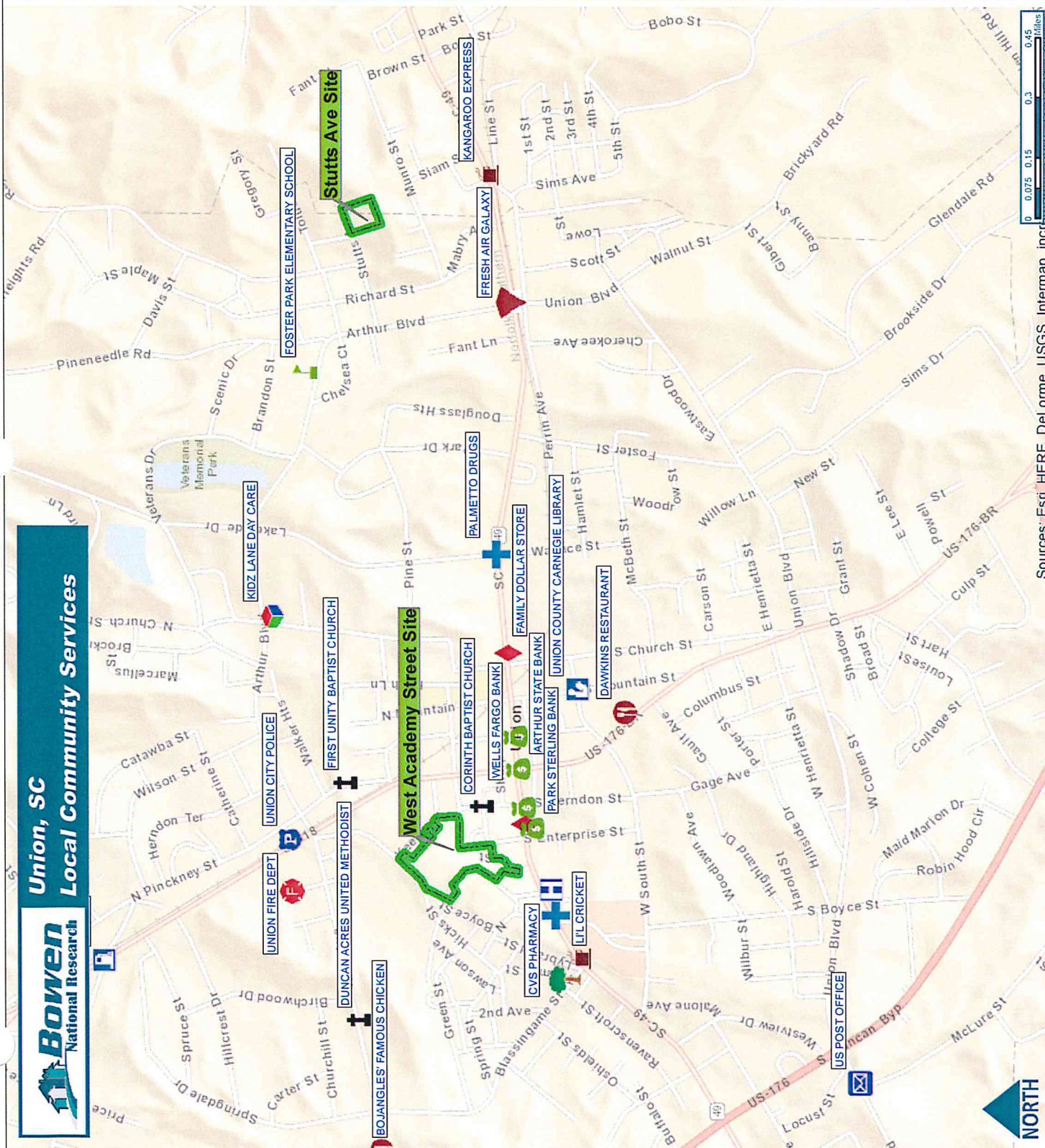
0 0.0125 0.025 0.05 0.075 Miles



Union, SC Local Community Services

Legend

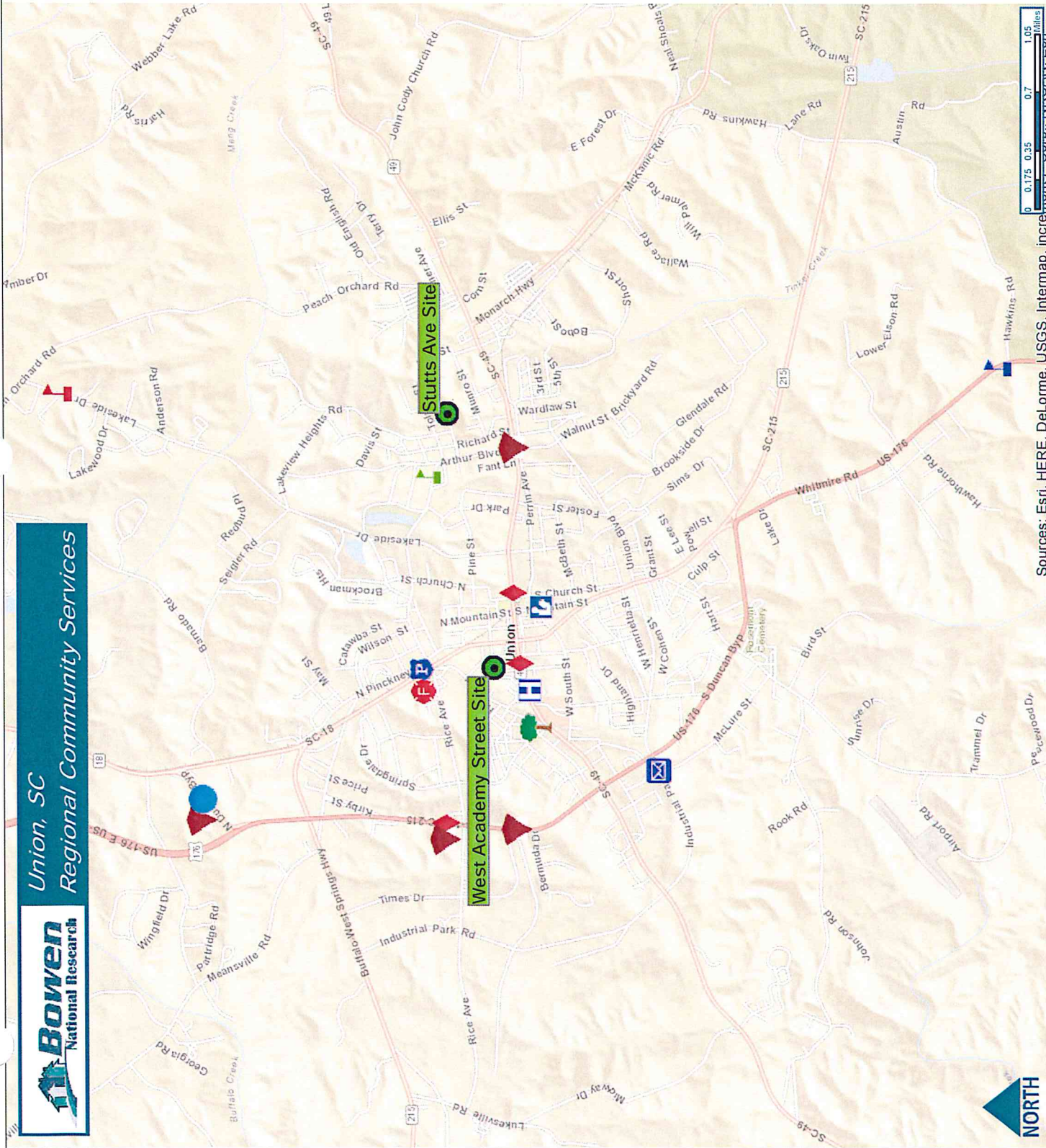
- Site Areas
- bank
- child care
- church
- convenience store
- elementary school
- fire
- gas
- grocery
- hospital
- library
- park
- pharmacy
- police
- post office
- shopping





Union, SC Regional Community Services

- Legend**
- Sites
 - elementary school
 - fire
 - grocery
 - high school
 - hospital
 - library
 - middle school
 - park
 - police
 - post office
 - shopping
 - employers_1000_5000



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment

1:50,625

6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

The subject site is located within 0.1 mile of State Route 18. According to local planning and zoning officials, no significant road construction or infrastructure improvements are planned for the immediate neighborhood.

7. CRIME ISSUES

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

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

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

Total crime risk (93) for the Site PMA is below the national average with an overall personal crime index of 129 and a property crime index of 78. Total crime risk (95) for Union County is below the national average with indexes for personal and property crime of 131 and 79, respectively.

	Crime Risk Index	
	Site PMA	Union County
Total Crime	93	95
Personal Crime	129	131
Murder	89	103
Rape	117	110
Robbery	54	51
Assault	185	191
Property Crime	78	79
Burglary	94	94
Larceny	77	80
Motor Vehicle Theft	50	50

Source: Applied Geographic Solutions

As the preceding table illustrates, the crime risk indices for both the Site PMA (93) and Union County (95) are similar to the national average (100). As such, the perception of crime will not likely be a contributing factor in the marketability of the subject project.

A map illustrating crime risk is on the following page.

Union, SC
2014 Crime Risk



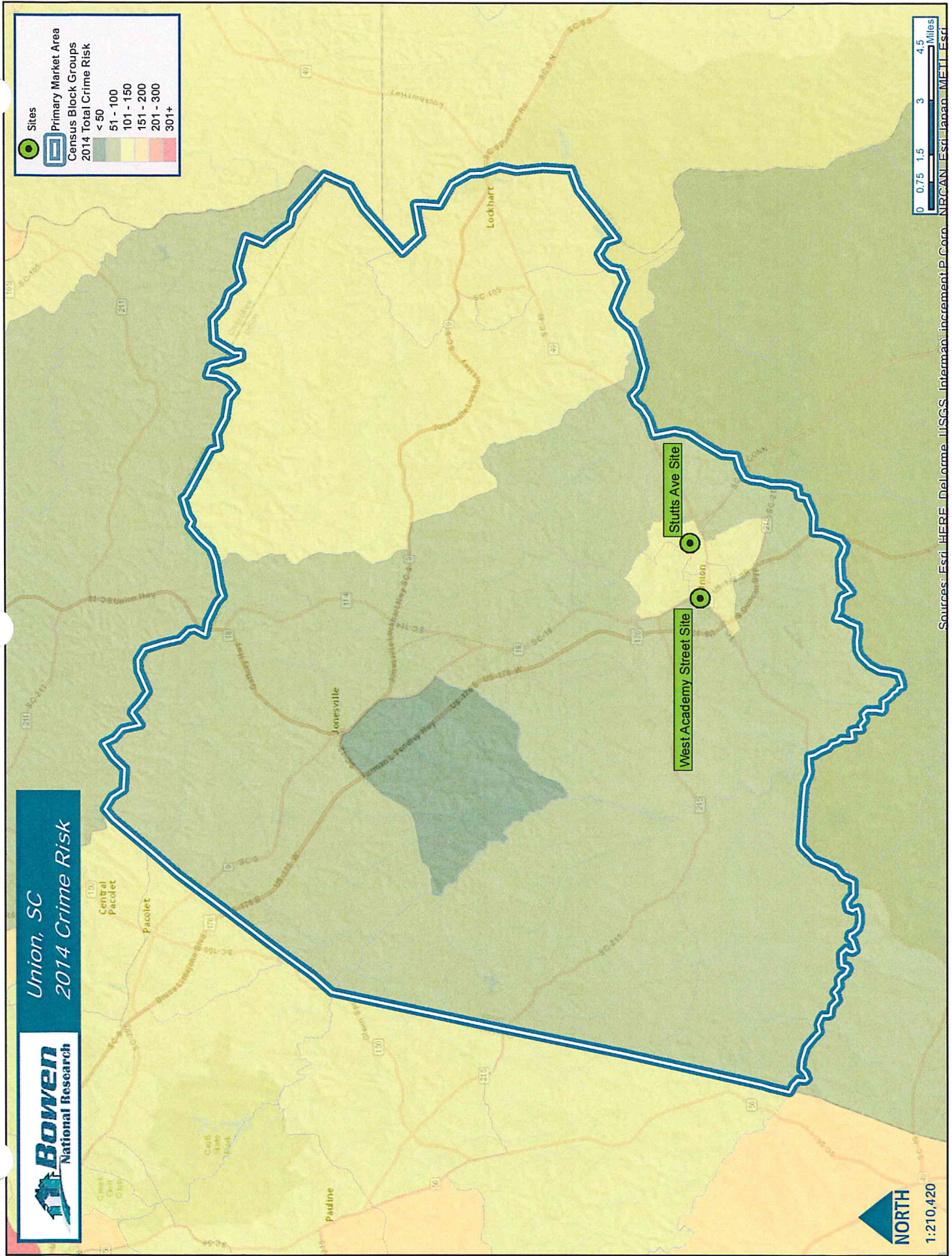
Sites

- Primary Market Area
- Census Block Groups
- 2014 Total Crime Risk

< 50
51 - 100
101 - 150
151 - 200
201 - 300
301 +



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esri, Japan, METI, Esri



8. ACCESS AND VISIBILITY

The first site location is situated on the west side of Keenan Avenue, a lightly traveled roadway from where access will derive. Ingress and egress of the site along this roadway is considered good, as there are clear lines of sight provided in both directions. Accessibility is further enhanced by the site's proximity to State Routes 18, 49 and 215. Visibility of the site is considered good within the immediate area; however, the subject is not visible from arterial roadways. Promotional signage is recommended near the intersection of State Routes 18 and 49 to increase its awareness during the initial lease-up process.

The second site location is on the south side of Stutts Avenue, east of Richards Street. This location is also within close proximity of State Routes 18, 49 and 215. Although not visible from arterial roadways, the units at this location will be leased through the main office located at West Academy Street and Keenan Avenue. Overall, visibility of the second site is considered adequate.

9. VISIBLE OR ENVIRONMENTAL ISSUES

There are railroad tracks adjacent to the site; however, they are not currently functional. As such, they are not anticipated to have an adverse impact on the proposed development's marketability. This is further evidenced by the 100.0% occupancy rate of the adjacent Union Mill Crossing Apartments (Map I.D. 12).

10. OVERALL SITE CONCLUSIONS

Both site locations are within predominantly residential areas of Union. The majority of the surrounding structures are considered to be in satisfactory condition and are conducive for multifamily housing. Access to both site areas is considered good, as they are within close proximity of State Routes 18, 49 and 215. Visibility of the first site location is considered good within the immediate area; however, it is not visible from arterial roadways. Therefore, promotional signage is recommended near the intersection of State Routes 18 and 49 to increase its awareness during the initial lease-up process. Visibility of the second site location is considered adequate, as it is within an established residential area and is not visible from arterial roadways. Nonetheless, the units at the second site location will be leased through the main office located at West Academy Street and Keenan Avenue. The subject sites are also located within close proximity of numerous community services, most of which are within 2.0 miles. Overall, the subject site locations are consistent with the surrounding land uses and their convenient accessibility, proximity to community and public safety services should contribute to their marketability.

D. PRIMARY MARKET AREA DELINEATION

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

The Union Site PMA includes Union, Monarch Mill, Jonesville and Buffalo, as well as surrounding unincorporated areas of Union County. Specifically, the boundaries of the Site PMA include the Union County to the north, east and west and the Sumter National Forest and Tyger River to the south.

301	302*	303*	304
305	307	308	309

*Subject site location

Vickie Smith, Property Manager of Lakeside Manor Apartments (Map ID 10), a government-subsidized community in Union, confirmed the boundaries of the Site PMA, stating that residents within Union County, but outside of the city limits of Union in areas such as Lockhart and Jonesville, will be willing to relocate to Union for available affordable housing. This is especially true, considering that Union is the county seat, offering more services such as medical, employment and shopping.

Though we expect a portion of prospective residents to originate from outside the delineated borders of the PMA, due to the rural nature of the surrounding area, we believe the majority of the prospective site population will come from the areas within the PMA. We have therefore not included a secondary market area for this study.

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

E. MARKET AREA ECONOMY

1. EMPLOYMENT BY INDUSTRY

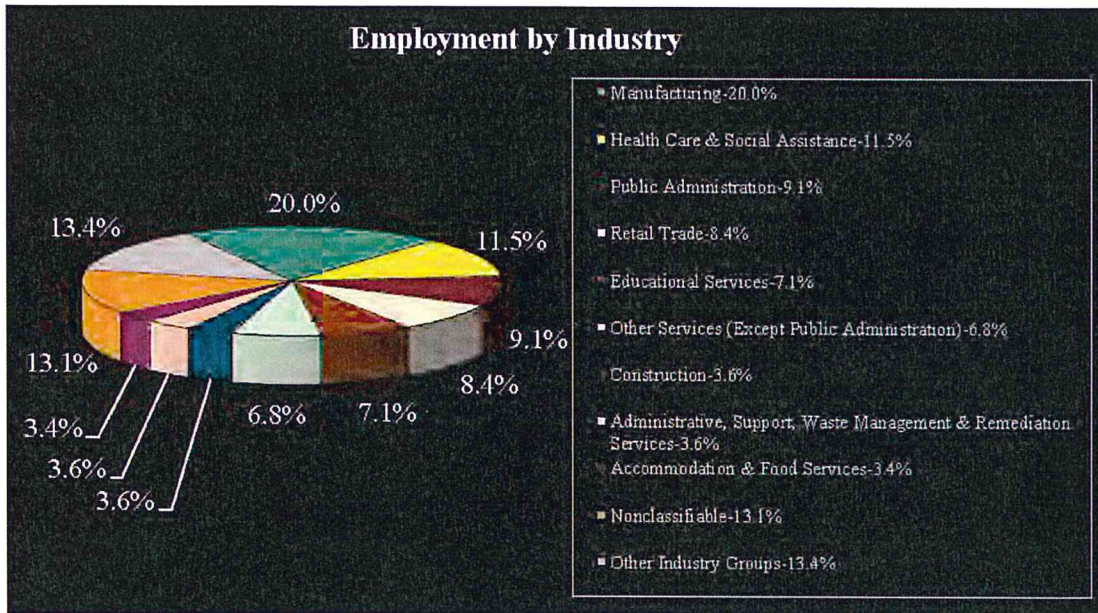
The labor force within the Union Site PMA is based primarily in two sectors. Manufacturing (which comprises 20.0%) and Health Care & Social Assistance comprise nearly 32% of the Site PMA labor force. Non-classifiable jobs comprised over 13% of the labor force. Employment in the Union Site PMA, as of 2014, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	29	2.6%	81	0.9%	2.8
Mining	1	0.1%	6	0.1%	6.0
Utilities	4	0.4%	78	0.8%	19.5
Construction	97	8.7%	341	3.6%	3.5
Manufacturing	47	4.2%	1,890	20.0%	40.2
Wholesale Trade	33	2.9%	132	1.4%	4.0
Retail Trade	138	12.3%	794	8.4%	5.8
Transportation & Warehousing	35	3.1%	116	1.2%	3.3
Information	15	1.3%	286	3.0%	19.1
Finance & Insurance	36	3.2%	204	2.2%	5.7
Real Estate & Rental & Leasing	36	3.2%	122	1.3%	3.4
Professional, Scientific & Technical Services	75	6.7%	208	2.2%	2.8
Management of Companies & Enterprises	2	0.2%	6	0.1%	3.0
Administrative, Support, Waste Management & Remediation Services	173	15.4%	337	3.6%	1.9
Educational Services	23	2.1%	674	7.1%	29.3
Health Care & Social Assistance	64	5.7%	1,088	11.5%	17.0
Arts, Entertainment & Recreation	11	1.0%	27	0.3%	2.5
Accommodation & Food Services	44	3.9%	317	3.4%	7.2
Other Services (Except Public Administration)	210	18.7%	638	6.8%	3.0
Public Administration	47	4.2%	855	9.1%	18.2
Nonclassifiable	1	0.1%	1,239	13.1%	1239.0
Total	1,121	100.0%	9,439	100.0%	8.4

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

E.P.E. - Average Employees Per Establishment

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



2. LOW-INCOME EMPLOYMENT OPPORTUNITIES

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

Typical Wage by Occupation Type		
Occupation Type	Upper Savannah South Carolina Nonmetropolitan Area	South Carolina
Management Occupations	\$91,620	\$94,400
Business and Financial Occupations	\$57,380	\$59,050
Computer and Mathematical Occupations	\$64,950	\$64,430
Architecture and Engineering Occupations	\$69,450	\$73,510
Community and Social Service Occupations	\$34,850	\$38,260
Art, Design, Entertainment and Sports Medicine Occupations	\$37,280	\$41,730
Healthcare Practitioners and Technical Occupations	\$62,530	\$66,190
Healthcare Support Occupations	\$24,220	\$25,350
Protective Service Occupations	\$35,320	\$33,200
Food Preparation and Serving Related Occupations	\$20,080	\$19,650
Building and Grounds Cleaning and Maintenance Occupations	\$23,270	\$22,470
Personal Care and Service Occupations	\$21,840	\$22,220
Sales and Related Occupations	\$26,160	\$30,800
Office and Administrative Support Occupations	\$29,680	\$31,460
Construction and Extraction Occupations	\$35,610	\$37,050
Installation, Maintenance and Repair Occupations	\$38,920	\$40,660
Production Occupations	\$34,430	\$34,720
Transportation and Moving Occupations	\$28,780	\$30,290

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

Most annual blue-collar salaries range from \$20,080 to \$38,920 within the MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$69,186. It is important to note that most occupational types within the nonmetropolitan area have lower typical wages than the State of South Carolina's typical wages. The area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

3. AREA'S LARGEST EMPLOYERS

The ten largest employers within the Union County area comprise a total of 3,121 employees. These employers are summarized as follows:

Employer Name	Business Type	Total Employed
Union County Schools	Education	600
Wallace Thomson Hospital	Health Care	540
Dollar General Distribution Center	Retail	605
Timken Roller Bearings	Manufacturing	310
Milliken-Cedar Hill Plant	Textiles	203
Union County Government	Government	220
Carlisle Finishing Plant	Textiles	120
Gestamp	Automotive	286
City of Union	Government	121
Haemonetics	Veterinary Pharmaceuticals	116
Total		3,121

Source: Union County Chamber of Commerce; January 2015

According to a representative with the Union County Chamber of Commerce, the Union County economy is improving. The following are summaries of key economic factors impacting the local employment base:

- Vapor Apparel, a leading performance apparel manufacturer and digital print on demand service, has purchased an existing building on an 8.5 acre lot located at 1243 Riley Road in Union. The company will be investing \$1.3 million to renovate the 30,000 square-property and is expected to create 114 new jobs over the next five years. It is anticipated that the company will be online within the first quarter of 2015.
- In December 2014, Standard Textile Company announced it would be investing \$5 million to expand their facility located at 100 Highpoint Drive in Union. The 39,000 square-foot expansion will allow additional opportunities in yarn spinning, preparation and weaving while also creating 35 new jobs. This expansion project has broke ground; however, a completion date was not available.

- The county recently hired MB Kahn Construction Company based out of Columbia, South Carolina to construct a 60,000 square-foot spec building in the Union Commerce Park.
- In the neighboring County of Spartanburg in Greer (approximately 52.0 miles northwest of Union), BMW announced that it would be investing \$1 billion to expand their facility for the production of the X7 and is expected to create 800 new jobs that will bring BMW's employment to 8,800 people. The expansion will allow production to increase from 300,000 to approximately 450,000 annually in 2016 making the South Carolina plant the largest of the company's 28 plants. Experts are anticipating that more manufacturers will venture into the area hoping to become a supplier for BMW. At the time of this interview, information regarding the construction timeline was unavailable.

WARN (layoff notices):

According to the scworks.org website, there have been no WARN notices of large-scale layoffs/closures reported for the Union County in the past 24 months.

4. EMPLOYMENT TRENDS

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

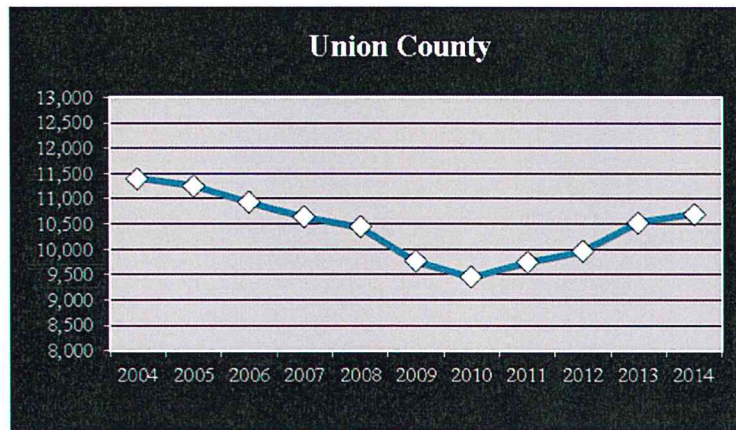
Excluding 2014, the employment base has increased by 7.8% over the past five years in Union County, more than the South Carolina state increase of 5.5%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Union County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2004	11,403	-	1,888,050	-	139,967,126	-
2005	11,262	-1.2%	1,922,367	1.8%	142,299,506	1.7%
2006	10,933	-2.9%	1,970,912	2.5%	145,000,043	1.9%
2007	10,635	-2.7%	2,010,252	2.0%	146,388,369	1.0%
2008	10,442	-1.8%	1,998,368	-0.6%	146,047,748	-0.2%
2009	9,768	-6.5%	1,911,658	-4.3%	140,696,560	-3.7%
2010	9,454	-3.2%	1,925,093	0.7%	140,457,589	-0.2%
2011	9,743	3.1%	1,954,726	1.5%	141,727,933	0.9%
2012	9,963	2.3%	1,989,055	1.8%	143,566,680	1.3%
2013	10,531	5.7%	2,016,188	1.4%	144,950,662	1.0%
2014*	10,704	1.6%	2,046,602	1.5%	146,735,092	1.2%

Source: Department of Labor; Bureau of Labor Statistics

*Through December



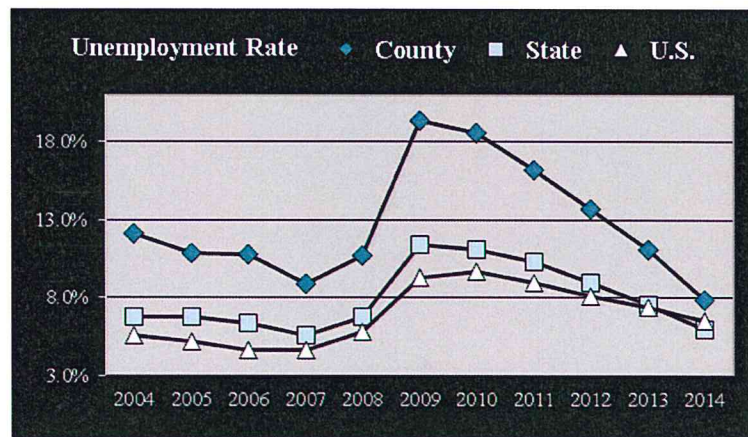
As the preceding illustrates, the Union County employment base consistently declined between 2004 and 2010. On a positive note, since 2010, the county's employment base has consistently experienced growth, increasing by 1,250, or 13.2%. In light of the recent business announcements within the county, it is anticipated that the employment base will continue to experience growth within the foreseeable future.

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

Year	Total Unemployment					
	Union County		South Carolina		United States	
	Number	Percent	Number	Percent	Number	Percent
2004	1,569	12.1%	138,430	6.8%	8,261,839	5.6%
2005	1,376	10.9%	139,983	6.8%	7,756,938	5.2%
2006	1,323	10.8%	134,123	6.4%	7,118,073	4.7%
2007	1,036	8.9%	119,068	5.6%	7,187,820	4.7%
2008	1,256	10.7%	144,925	6.8%	9,048,051	5.8%
2009	2,356	19.4%	246,508	11.4%	14,430,156	9.3%
2010	2,159	18.6%	240,572	11.1%	15,068,747	9.7%
2011	1,887	16.2%	224,693	10.3%	14,029,523	9.0%
2012	1,575	13.7%	195,657	9.0%	12,688,021	8.1%
2013	1,316	11.1%	165,451	7.6%	11,629,596	7.4%
2014*	917	7.9%	131,588	6.0%	10,261,373	6.5%

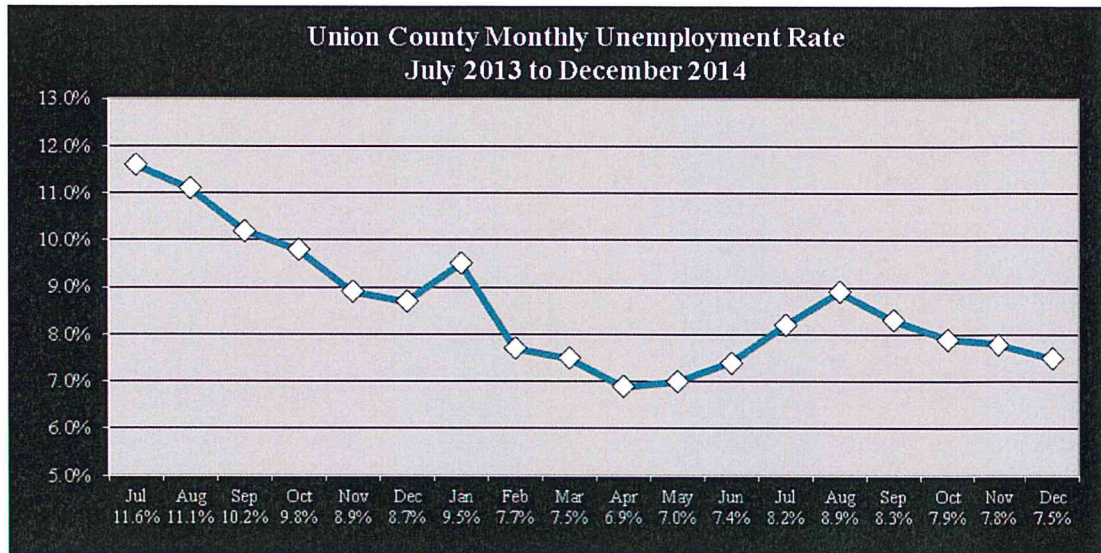
Source: Department of Labor; Bureau of Labor Statistics

*Through December



The unemployment rate in Union County has ranged between 7.9% and 19.4%, well above both state and national averages since 2004. It should be noted that the unemployment rate increased by over ten percentage points between 2007 and 2009, which is consistent with trends experienced by much of the country during the national recession. On a positive note, the unemployment rate has consistently declined over the preceding six-year period; however, it still remains high at 7.9%.

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



While the county has experienced fluctuations in the unemployment rate over the past 18 months, it has generally trended downward. The current unemployment rate is more than one percentage point lower than it was in December 2013.

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

In-Place Employment Union County			
Year	Employment	Change	Percent Change
2004	8,284	-	-
2005	8,072	-212	-2.6%
2006	7,522	-550	-6.8%
2007	7,251	-271	-3.6%
2008	7,042	-209	-2.9%
2009	6,450	-592	-8.4%
2010	5,898	-552	-8.6%
2011	6,284	386	6.5%
2012	6,251	-33	-0.5%
2013	6,833	582	9.3%
2014*	7,143	310	4.5%

Source: Department of Labor, Bureau of Labor Statistics

*Through June

Data for 2013, the most recent year that year-end figures are available, indicates in-place employment in Union County to be 64.9% of the total Union County employment. This means that Union County has more employed persons staying in the county for daytime employment than those who work outside of the county. This will have a positive impact on the subject's marketability, as it is likely that the site's residents will have minimal commute times to their place of employment.

5. EMPLOYMENT CENTERS MAP

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

Union, SC Major Employers



Dollar General Distribution Center
10.1 Miles Northwest

Milliken-Cedar Hill Plant

Gestamp

West Academy Street Site
Haemonetics
Union County Government
Timken Roller Bearings

Stutts Ave Site

City of Union
Union County Schools
Wallace Thomson Hospital

Carlisle Finishing Plant
14 Miles Southeast

Sites (Green circle icon)
Employment Centers (Blue square icon)



NORTH
1:76,337

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri, Japan, METI, Esri

6. COMMUTING PATTERNS

Based on the American Community Survey (2006-2010), the following is a distribution of commuting patterns for Site PMA workers age 16 and over:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	7,836	83.3%
Carpooled	1,120	11.9%
Public Transit	0	0.0%
Walked	120	1.3%
Other Means	176	1.9%
Worked at Home	158	1.7%
Total	9,410	100.0%

Source: American Community Survey (2006-2010); ESRI; Urban Decision Group; Bowen National Research

Over 83% of all workers drove alone and 11.9% carpooled.

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

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	3,422	36.4%
15 to 29 Minutes	2,655	28.2%
30 to 44 Minutes	1,719	18.3%
45 to 59 Minutes	916	9.7%
60 or More Minutes	541	5.7%
Worked at Home	158	1.7%
Total	9,410	100.0%

Source: American Community Survey (2006-2010); ESRI; Urban Decision Group; Bowen National Research

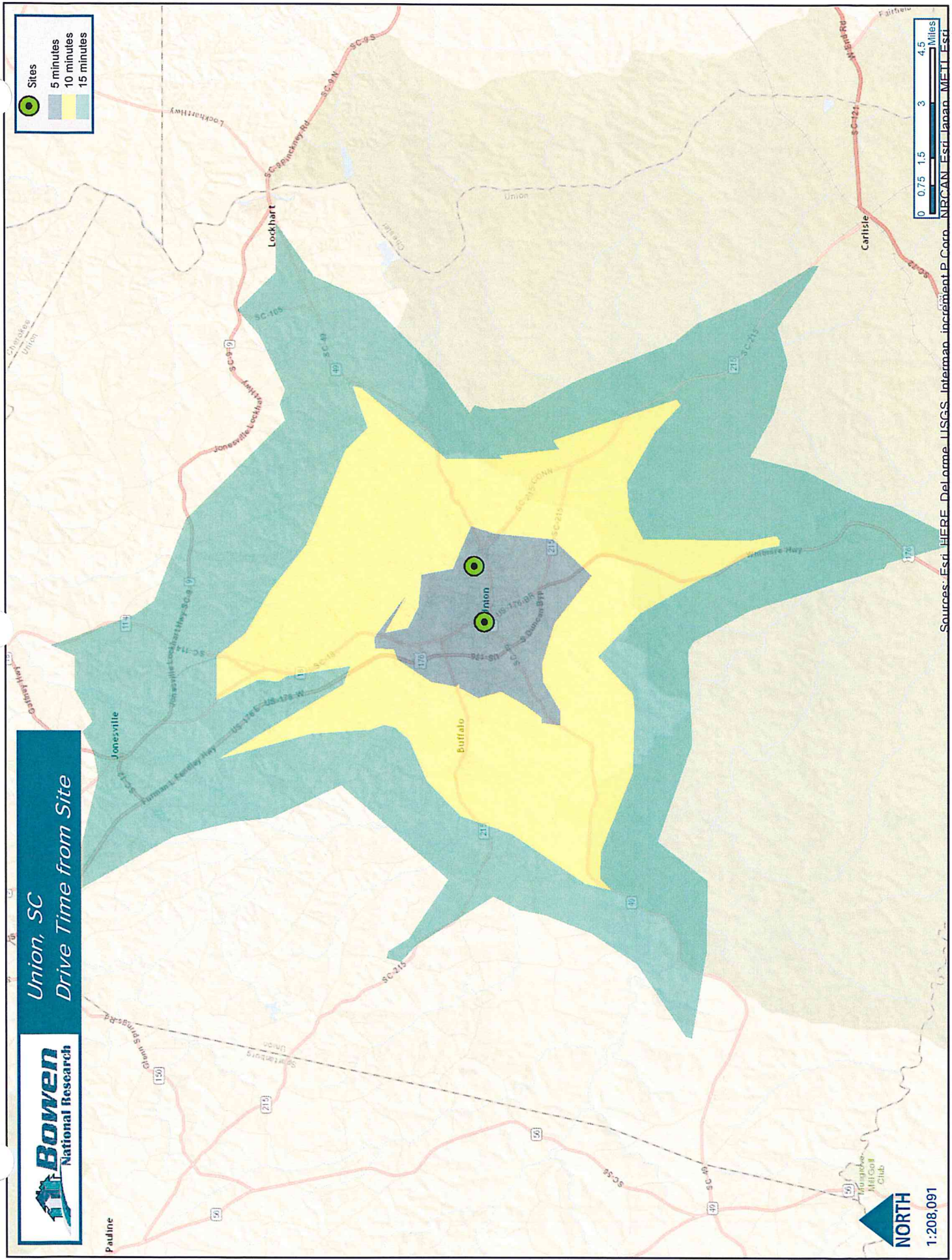
The largest share of area commuters has typical travel times to work ranging from zero to 15 minutes. The subject site is within a 15-minute drive to most of the area's largest employers, which should contribute to the project's marketability. A drive-time map for the subject site is on the following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

Sites

- 5 minutes
- 10 minutes
- 15 minutes



Union, SC
Drive Time from Site



1:208,091

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri, Japan, METI, Esri

7. ECONOMIC FORECAST AND HOUSING IMPACT

According to local economic representatives and data provided by the U.S. Department of Labor: Bureau of Labor Statistics, the Union County economy is growing. Notably, over \$6 million will be invested in the county, anticipated to create nearly 150 jobs within the next five years. Additionally, aside from a significant downturn between 2007 and 2010, the employment base within the county has consistently increased over the preceding five-year period. In fact, the employment base has increased by 1,250, or 13.2%, since 2010. Further, the unemployment rate has decreased each of the past six years; however, it is still considered high at 7.9%, above both state and national averages. Considering the recent investment announcements within the county, it is anticipated that the local economy will continue to improve for the foreseeable future. Nonetheless, given the relatively high unemployment rate, the need for affordable housing is anticipated to remain strong. A high rate of unemployment contributes to the demand for affordable housing, as households with lower incomes due to unemployment or underemployment may not be able to afford their current housing costs. The subject site will provide a good quality housing option to low-income households in an economy where lower-wage employees are most vulnerable.

F. COMMUNITY DEMOGRAPHIC DATA

The following demographic data relates to the Site PMA. It is important to note that not all 2017 projections quoted in this section agree because of the variety of sources and rounding methods used. In most cases, the differences in the 2017 projections do not vary more than 1.0%.

1. POPULATION TRENDS

a. Total Population

The Site PMA population bases for 2000, 2010, 2014 (estimated) and 2017 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2014 (Estimated)	2017 (Projected)
Population	25,288	24,503	24,103	23,768
Population Change	-	-785	-400	-335
Percent Change	-	-3.1%	-1.6%	-1.4%

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

Since 2000, the market's population base has generally been stable. The population base within the Site PMA is anticipated to remain relatively stable through 2017.

Based on the 2010 Census, the population residing in group-quarters is represented by 2.0% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	498	2.0%
Population not in Group Quarters	24,005	98.0%
Total Population	24,503	100.0%

Source: 2010 Census

b. Population by Age Group

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

Population by Age	2010 (Census)		2014 (Estimated)		2017 (Projected)		Change 2014-2017	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	6,229	25.4%	5,764	23.9%	5,571	23.4%	-193	-3.4%
20 to 24	1,330	5.4%	1,395	5.8%	1,307	5.5%	-88	-6.3%
25 to 34	2,616	10.7%	2,625	10.9%	2,639	11.1%	14	0.5%
35 to 44	3,148	12.8%	2,948	12.2%	2,771	11.7%	-177	-6.0%
45 to 54	3,750	15.3%	3,468	14.4%	3,277	13.8%	-191	-5.5%
55 to 64	3,339	13.6%	3,486	14.5%	3,485	14.7%	-1	0.0%
65 to 74	2,229	9.1%	2,562	10.6%	2,790	11.7%	228	8.9%
75 & Over	1,862	7.6%	1,855	7.7%	1,928	8.1%	73	3.9%
Total	24,503	100.0%	24,103	100.0%	23,768	100.0%	-335	-1.4%

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

As the preceding table illustrates, approximately 52% of the population is expected to be between 25 and 64 years old in 2014. This age group is the prime group of potential renters for the subject site and will likely represent a significant number of the tenants.

c. Elderly and Non-Elderly Population

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

d. Special Needs Population

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

e. Minority Concentrations

As requested by SCSHFDA, we have provided data regarding the composition of minorities within the site Census Tract. The following table compares the concentration of minorities in the state of South Carolina to the site Census Tract:

Minority Group	Statewide Share	Equal To or Greater Than	Site Census Tract Share
Total Minority Population	33.8%	33.8% + 20.0% = 53.8%	56.6%
Black or African American	27.9%	27.9% + 20.0% = 47.9%	54.1%
American Indian and Alaska Native	0.4%	0.4% + 20.0% = 20.4%	0.4%
Asian	1.3%	1.3% + 20.0% = 21.3%	0.3%
Native Hawaiian and Other Pacific Islander	0.1%	0.1% + 20.0% = 20.1%	0.0%
Hispanic or Latino	5.1%	5.1% + 20.0% = 25.1%	0.4%

Source: U.S. Census Bureau, 2010 Census

Based on the data in the preceding table, the site Census Tract does contain a high share of minorities. However, based on Table B25074 of the American Community Survey (ACS) 2009-2013 5-year estimates, nearly 55% of households residing in the site Census Tract are considered to be rent overburdened. Therefore, low-income renter households within the area are in need of affordable rental housing. The proposed development will be able to provide an affordable rental housing option that is much needed within the Census Tract it will be located.

2. HOUSEHOLD TRENDS

a. Total Households

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

	Year			
	2000 (Census)	2010 (Census)	2014 (Estimated)	2017 (Projected)
Households	10,300	10,168	10,085	9,960
Household Change	-	-132	-83	-125
Percent Change	-	-1.3%	-0.8%	-1.2%
Household Size	2.46	2.41	2.34	2.33

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

Similar to population trends, the market's household base has been generally stable since 2000 and is projected to remain relatively stable through 2017.

b. Households by Tenure

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2014 (Estimated)		2017 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	7,078	69.6%	6,817	67.6%	6,732	67.6%
Renter-Occupied	3,090	30.4%	3,268	32.4%	3,228	32.4%
Total	10,168	100.0%	10,085	100.0%	9,960	100.0%

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

In 2014, homeowners occupied 67.6% of all occupied housing units, while the remaining 32.4% were occupied by renters. The 3,228 renter households projected in 2017 represent a significant base of potential support in the market for the subject development.

c. Households by Income

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

Household Income	2010 (Census)		2014 (Estimated)		2017 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	1,385	13.6%	1,625	16.1%	1,594	16.0%
\$10,000 to \$19,999	1,731	17.0%	1,679	16.7%	1,650	16.6%
\$20,000 to \$29,999	1,559	15.3%	1,627	16.1%	1,597	16.0%
\$30,000 to \$39,999	1,174	11.5%	1,197	11.9%	1,180	11.8%
\$40,000 to \$49,999	1,007	9.9%	899	8.9%	890	8.9%
\$50,000 to \$59,999	748	7.4%	701	7.0%	695	7.0%
\$60,000 to \$74,999	824	8.1%	748	7.4%	742	7.5%
\$75,000 to \$99,999	1,011	9.9%	888	8.8%	880	8.8%
\$100,000 to \$124,999	395	3.9%	427	4.2%	433	4.3%
\$125,000 to \$149,999	168	1.6%	172	1.7%	175	1.8%
\$150,000 to \$199,999	78	0.8%	77	0.8%	79	0.8%
\$200,000 & Over	87	0.9%	44	0.4%	45	0.5%
Total	10,168	100.0%	10,085	100.0%	9,960	100.0%
Median Income	\$33,481		\$30,926		\$31,173	

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

In 2010, the median household income was \$33,481. This declined by 7.6% to \$30,926 in 2014. By 2017, it is projected that the median household income will be \$31,173, an increase of 0.8% from 2014.

d. Average Household Size

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

e. Households by Income by Tenure

The following tables illustrate renter household income by household size for 2010, 2014 and 2017 for the Union Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	526	96	68	67	12	769
\$10,000 to \$19,999	167	221	99	44	9	541
\$20,000 to \$29,999	162	272	86	76	60	655
\$30,000 to \$39,999	128	44	119	44	26	361
\$40,000 to \$49,999	62	32	74	26	20	213
\$50,000 to \$59,999	44	11	20	61	8	144
\$60,000 to \$74,999	18	25	12	13	12	79
\$75,000 to \$99,999	25	63	54	17	35	194
\$100,000 to \$124,999	18	10	3	12	9	51
\$125,000 to \$149,999	15	12	4	5	4	39
\$150,000 to \$199,999	5	3	2	6	5	21
\$200,000 & Over	7	4	4	2	6	23
Total	1,177	793	544	372	205	3,090

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2014 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	637	115	93	83	18	946
\$10,000 to \$19,999	155	227	113	44	10	550
\$20,000 to \$29,999	158	302	89	89	64	703
\$30,000 to \$39,999	131	43	122	41	23	360
\$40,000 to \$49,999	47	34	64	34	20	200
\$50,000 to \$59,999	57	14	24	52	6	153
\$60,000 to \$74,999	13	25	14	10	10	71
\$75,000 to \$99,999	19	50	41	15	38	163
\$100,000 to \$124,999	20	14	2	9	11	56
\$125,000 to \$149,999	11	10	5	5	6	38
\$150,000 to \$199,999	5	1	1	4	3	15
\$200,000 & Over	3	1	4	1	3	13
Total	1,259	836	572	388	212	3,268

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2017 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	631	113	92	75	17	928
\$10,000 to \$19,999	156	224	113	44	10	546
\$20,000 to \$29,999	157	289	90	88	60	683
\$30,000 to \$39,999	135	44	119	37	22	356
\$40,000 to \$49,999	48	34	65	34	18	200
\$50,000 to \$59,999	58	15	21	50	7	151
\$60,000 to \$74,999	13	25	13	11	12	74
\$75,000 to \$99,999	21	49	42	15	35	162
\$100,000 to \$124,999	20	17	2	12	9	60
\$125,000 to \$149,999	11	11	4	3	8	38
\$150,000 to \$199,999	6	2	2	4	4	18
\$200,000 & Over	3	1	3	2	3	12
Total	1,258	822	565	376	206	3,228

Source: Ribbon Demographics; ESRI; Urban Decision Group

Data from the preceding tables is used in our demand estimates.

Demographic Summary

Nearly one-third of the market is occupied by renter households. Overall, population and household trends have generally been stable since 2000 and are projected to remain stable through 2017. Regardless, the 3,228 renter households projected in 2017 represent a significant base of potential support in the market for the subject development. As discussed later in Section H of this report, most affordable communities in the market are 100.0% occupied. This indicates that there is pent-up demand for such housing and the continuing need for additional affordable housing options within the Site PMA, particularly when factoring in rent overburdened households or those living in substandard housing.

G. PROJECT-SPECIFIC DEMAND ANALYSIS

1. INCOME RESTRICTIONS

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

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

The subject site is within Union County, South Carolina, which has a four-person median household income of \$43,200 for 2015. The project location, however, is eligible for the National Non-Metropolitan Income and Rent Floor adjustment. Therefore, the income restrictions for the subject project are based on the national non-metropolitan four-person median household income of \$54,100 in 2015. The subject property will be restricted to households with incomes up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size at various levels of AMHI:

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$18,950	\$22,740
Two-Person	\$21,650	\$25,980
Three-Person	\$24,350	\$29,220
Four-Person	\$27,050	\$32,460
Five-Person	\$29,200	\$35,040

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income at the subject site is \$35,040.

2. AFFORDABILITY

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

The proposed LIHTC units will have a lowest gross rent of \$520 (at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,240. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$17,829.

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

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$17,829	\$29,200
Tax Credit (Limited To 60% Of AMHI)	\$20,743	\$35,040
Overall Project	\$17,829	\$35,040

3. DEMAND COMPONENTS

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

- a. **Demand for New Households.** *New units required in the market area due to projected household growth should be determined using 2014 Census data estimates and projecting forward to the anticipated placed-in-service date of the project (2017) using a growth rate established from a reputable source such as ESRI. The population projected must be limited to the age and income cohort and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.*

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

- b. **Demand from Existing Households:** *The second source of demand should be determined using 2000 and 2010 Census data (as available), ACS 5 year estimates or demographic estimates provided by reputable companies. All data in tables should be projected from the same source:*

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

Based on Table B25074 of the American Community Survey (ACS) 2006-2010 5-year estimates, approximately 15.6% to 22.6% (depending upon the targeted income level) of renter households within the market were rent overburdened. These households have been included in our demand analysis.

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

Based on the 2010 ACS 5-Year Estimates Table B25016, 2.4% of all households within the market were living in substandard housing (lacking complete indoor plumbing and overcrowded households/1+ persons per room).

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

The subject project is not age-restricted, thus we have not considered elderly homeowner conversion in our demand estimates.

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

4. METHODOLOGY

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

- a. **Demand:** The two overall demand components (3a and 3b) added together represent total demand for the project.
- b. **Supply:** Comparable/competitive units funded, under construction, or placed in service in 2014 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2014 which have not reached a stabilized occupancy must also be considered as part of the supply.
- c. **Capture Rates:** Capture rates must be calculated for each targeted income group and each bedroom size proposed as well as for the project overall.
- d. **Absorption Rates:** The absorption rate determination should consider such factors as the overall estimate of new renter household growth, the available supply of comparable/competitive units, observed trends in absorption of comparable/competitive units, and the availability of subsidies and rent specials.

5. DEMAND/CAPTURE RATE CALCULATIONS

Within the Site PMA, there are no affordable housing projects that were funded and/or built during the projection period (2014 to current). Note that there are two LIHTC projects placed in service prior to 2014 in the market that are operating at below than stable occupancy levels, Fairforest Apartments (Map ID 6) and Rose Hill Gardens (Map ID 12). However, as indicated in Addendum C *Troubled Tax Credit Properties in Union County*, these properties have reached stable occupancy levels at or above 93% in the past. As such, no units were included in the following demand estimates.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% AMHI (\$17,829-\$29,200)	60% AMHI (\$20,743-\$35,040)	Overall (\$17,829-\$35,040)
Demand From New Renter Households (Age- And Income-Appropriate)	747 - 766 = -19	812 - 832 = -20	981 - 1,003 = -22
+			
Demand From Existing Households (Rent Overburdened)	766 X 22.6% = 173	832 X 15.6% = 130	1,003 X 20.2% = 203
+			
Demand From Existing Households (Renters In Substandard Housing)	766 X 2.4% = 18	832 X 2.4% = 20	1,003 X 2.4% = 24
+			
Demand From Existing Households (Senior Homeowner Conversion)	N/A	N/A	N/A
=			
Total Demand	172	130	205
-			
Supply (Directly Comparable Units Built And/Or Funded Since 2014)	0	0	0
=			
Net Demand	172	130	205
Proposed Units	8	32	40
		130	
Proposed Units/ Net Demand	8 / 172	32 / 124	40 / 205
Capture Rate	= 4.7%	= 24.6%	= 19.5%

The capture rates for units targeting households at 50% and 60% of AMHI range from 4.7% to 24.6% and are considered low and achievable. The overall capture rate for the subject project is also considered low and achievable at 19.5%. The capture rates demonstrate that there is a significant base of income-qualified renter households that will be able to support the subject project.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	15%
Two-Bedroom	50%
Three-Bedroom+	35%
Total	100.0%

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

Units Targeting 50% Of AMHI (172 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (15%)	26	0	26	-	-
Two-Bedroom (50%)	86	0	86	4	4.7%
Three-Bedroom (35%)	60	0	60	4	6.7%

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

Units Targeting 60% Of AMHI (130 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (15%)	19	0	19	-	-
Two-Bedroom (50%)	65	0	65	8	12.3%
Three-Bedroom (35%)	46	0	46	24	52.2%

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

The capture rates by bedroom type for the proposed 50% and 60% income level units range from 4.7% to 52.2%. These capture rates are considered achievable, especially considering the value that the subject project will represent to low-income households within the market. The subject project will provide a modern affordable housing alternative to low-income households that is currently lacking availability in the market.

6. ABSORPTION PROJECTIONS

For the purpose of this analysis, we assume the absorption period at the proposed subject site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow Agency guidelines that assume a 2017 opening date for the site, we also assume that the first completed units at the site will be available for rent sometime in 2017. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and will continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support has been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development ultimately receives.

It is our opinion that the proposed 40 LIHTC units at the subject site will experience an average initial absorption rate of approximately seven units per month and reach a stabilized occupancy of 93.0% within approximately five months.

H. RENTAL HOUSING ANALYSIS (SUPPLY)

1. COMPETITIVE DEVELOPMENTS

We identified three family (general-occupancy) non-subsidized Low-Income Housing Tax Credit (LIHTC) properties within the Union Site PMA. These properties target households with incomes of up to 50% and/or 60% of Area Median Household Income (AMHI); therefore, they are considered competitive properties and are summarized with the proposed project in the following table:

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Keenan Oaks	2016	40	-	-	-	Families; 50% & 60% AMHI
6	Fairforest Apts. II	1994	19	73.7%	0.3 Miles	None	Families; 60% AMHI
12	Rose Hill Gardens	1999	40	85.0%	1.8 Miles	None	Families; 50% & 60% AMHI
13	Union Mill Crossing	2005	40	100.0%	0.3 Miles	25 H.H.	Families; 50% & 60% AMHI

OCC. – Occupancy

H.H. – Households

The three LIHTC projects have a combined occupancy rate of 88.9%, a low rate for affordable rental housing. According to the owner of Fairforest Apartments II (Map ID 6), vacancies are attributed to property deficiencies. This property was originally built in 1920 (renovated into apartments in 1994), offers some of the smallest LIHTC unit sizes and a limited amenities package. As illustrated in Addendum C *Troubled Tax Credit Properties in Union County*, this property has reported occupancies at or below 72% since 2010. Based on these characteristics, it is likely that this property will continue to experience occupancy issues. Note that this property is not currently offering any rent concessions. According to the owner of Rose Hill Gardens (Map ID 12), vacancies are attributed to previous management issues. As indicated in Addendum C, this property ranged in occupancy between 93% and 98% between 2011 and 2013. Based on historical data obtained by Bowen National Research, this property was 70.0% occupied (as a result of 12 vacancies) in November 2014. Since that time, six additional units have been leased. It is anticipated that this property will once again stabilize in the near future. This property is offering a \$99 move-in special. Conversely, Union Mill Crossing (Map ID 13) is 100.0% occupied and maintains a waitlist of up to 25 households. This property is at least six years newer, and as illustrated later in this analysis, offers larger unit sizes and a superior amenities package relative to the other existing LIHTC projects in the market. As such, it can be concluded that demand does exist for modern affordable rental units in the market. The vacancies at Fairforest Apartments II and Rose Hill Gardens are attributed to product and/or management deficiencies and not reflective of the strength of the overall Union rental housing market.

The gross rents for the competing projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	Keenan Oaks	-	\$520/50% (4) \$605/60% (8)	\$603/50% (4) \$683/60% (20) \$701/60% (4)	-
6	Fairforest Apts. II	\$383/60% (7/3)	\$473/60% (12/2)	-	None
12	Rose Hill Gardens	-	\$578/50% (5/0) \$598/60% (19/3)	\$669/50% (2/0) \$742/60% (14/3)	\$99 Move-In
13	Union Mill Crossing	-	\$704/50% (10/0) \$812/60% (10/0)	\$821/50% (10/0) \$945/60% (10/0)	None

The proposed subject gross rents, ranging from \$520 and \$701, will be some of the lowest LIHTC rents within the market, targeting similar income levels. Notably, the subject's rents are significantly lower than the rents offered at Union Mill Crossing (Map ID 13), which is 100.0% occupied and maintains a wait list. Considering that the subject project will be 11 years newer, generally offering larger unit sizes and a slightly superior amenities package relative to Union Mill Crossing, as illustrated later in this section of the report, this will provide the subject project with a substantial competitive advantage.

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

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
6	Fairforest Apts. II	19	3	15.8%
12	Rose Hill Gardens	40	12	30.0%
13	Union Mill Crossing	40	12	30.0%
Total		99	27	27.3%

As the preceding table illustrates, Union Mill Crossing (Map ID 13) has a total of 12 residents utilizing Housing Choice Vouchers. This comprises 30.0% of the 40 units at this property. Therefore, 70.0% of the units at Union Mill Crossing are occupied by tenants who are currently not receiving rental assistance. As such, it can be concluded that the gross rents at this property are achievable, as evidenced by its 100.0% occupancy rate and wait list.

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

6 Fairforest Apts. II 0.3 miles to site



No Picture
on File

Address 200 N. Gadberry St. Union, SC 29379	
Phone (864) 429-3211	Contact Tracy
Total Units 19	Vacancies 5 Percent Occupied 73.7%
Project Type Tax Credit	
Year Open 1994	Floors 2
Concessions No Rent Specials	
Parking Surface Parking	
Waiting List NONE	
Quality Rating B+ Neighborhood Rating B	
Remarks 60% AMHI; HCV (3 units); Vacancies attributed to age, condition & newer properties in the area; Adaptive reuse, built in 1920; Year built & square footage estimated	

Features and Utilities

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	7	3	560	\$0.55	\$310	60%
2	1	G	12	2	799	\$0.47	\$375	60%

12 **Rose Hill Gardens** 1.8 miles to site



Address	175 Industrial Park Rd. Union, SC 29379		
Phone	(864) 429-5014	Contact	Loranda
Total Units	40	Vacancies	6
		Percent Occupied	85.0%
Project Type	Tax Credit		
Year Open	1999	Floors	2
Concessions	\$99 move-in		
Parking	Surface Parking		
Waiting List	NONE		
Quality Rating	A-	Neighborhood Rating	B
Remarks	50% & 60% AMHI; HCV (12 units)		

Features and Utilities

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Range, Central AC, Carpet, Blinds
Project Amenities	On-site Management, Laundry Facility, Playground

Unit Configuration

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
2	1	G	19	3	781	\$0.57	\$445	60%
2	1	G	5	0	781	\$0.54	\$425	50%
3	2	G	14	3	1062	\$0.52	\$555	60%
3	2	G	2	0	1062	\$0.45	\$482	50%

13 Union Mill Crossing 0.3 miles to site



Address	120 N. Boyce St. Union, SC 29379		
Phone	(864) 429-3717	Contact	Pat
Total Units	40	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2005	Floors	2
Concessions	No Rent Specials		
Parking	Surface Parking		
Waiting List	25 households		
Quality Rating	A	Neighborhood Rating	B-
Remarks	50% & 60% AMHI; HCV (12 units)		

Features and Utilities

Utilities	No landlord paid utilities
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Storage
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Playground, Sports Court, Storage, Picnic Area, Gazebo

Unit Configuration

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
2	2	G	10	0	964	\$0.67	\$645	60%
2	2	G	10	0	964	\$0.56	\$537	50%
3	2	G	10	0	1236	\$0.60	\$744	60%
3	2	G	10	0	1236	\$0.50	\$620	50%

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

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
Site	Keenan Oaks	-	1,000	1,200 - 1,300
6	Fairforest Apts. II	560	799	-
12	Rose Hill Gardens	-	781	1,062
13	Union Mill Crossing	-	964	1,236

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
Site	Keenan Oaks	-	2.0	2.0
6	Fairforest Apts. II	1.0	1.0	-
12	Rose Hill Gardens	-	1.0	2.0
13	Union Mill Crossing	-	2.0	2.0

The proposed development will offer some of the largest unit sizes, in terms of square footage and number of bathrooms offered, in the market. As such, this will provide the subject with a competitive advantage.

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

COMPARABLE PROPERTIES AMENITIES - UNION, SOUTH CAROLINA

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

MAP ID	PROJECT AMENITIES														OTHER				
	POOL	ON-SITE MGMT	LAUNDRY	CLUB HOUSE	COMMUNITY SPACE	FITNESS CENTER	JACUZZI / SAUNA	PLAYGROUND	TENNIS COURT	SPORTS COURT	STORAGE	ELEVATOR	SECURITY GATE	COMPUTER LAB		LIBRARY	PICNIC AREA	SOCIAL SERVICES	BUSINESS CENTER
SITE		X	X	X	X	X		X			X			X		X			
6		X	X																
12		X	X					X											
13		X	X		X			X		X						X			Gazebo

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

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

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

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

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

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

As the preceding table illustrates, the proposed unit amenities are comprehensive and will be superior to those offered at the comparable Tax Credit rental alternatives in the market. The fact that the proposed development will be one of few properties offering a dishwasher, microwave oven, in-unit washer/dryer hookups, patio/balcony and ceiling fan will provide the project with a competitive advantage. In addition, the subject project will be the only LIHTC project to include in-unit washer/dryer appliances on select units in the market. The subject project will also offer a comprehensive property amenities package that will also be superior to the comparable LIHTC properties, as the proposed development will be one of few properties to offer a community room, picnic area and storage, and the only community to offer a fitness center and computer center. This will also provide the proposed development with a competitive advantage.

Competitive Tax Credit Summary

Based on our analysis of the subject's proposed rents, unit sizes (square footage), amenities, location and anticipated quality, it is our opinion that the subject development will be very competitive. Although two of the competitive LIHTC communities in the market are experiencing occupancy issues, they are attributed to product and/or management deficiencies and are not reflective of the overall Union affordable rental housing market. This is further evidenced by the 100.0% occupancy rate and waiting list maintained at Union Mill Crossing (Map ID 13). Overall, it is anticipated that the proposed subject development will be met with positive demand.

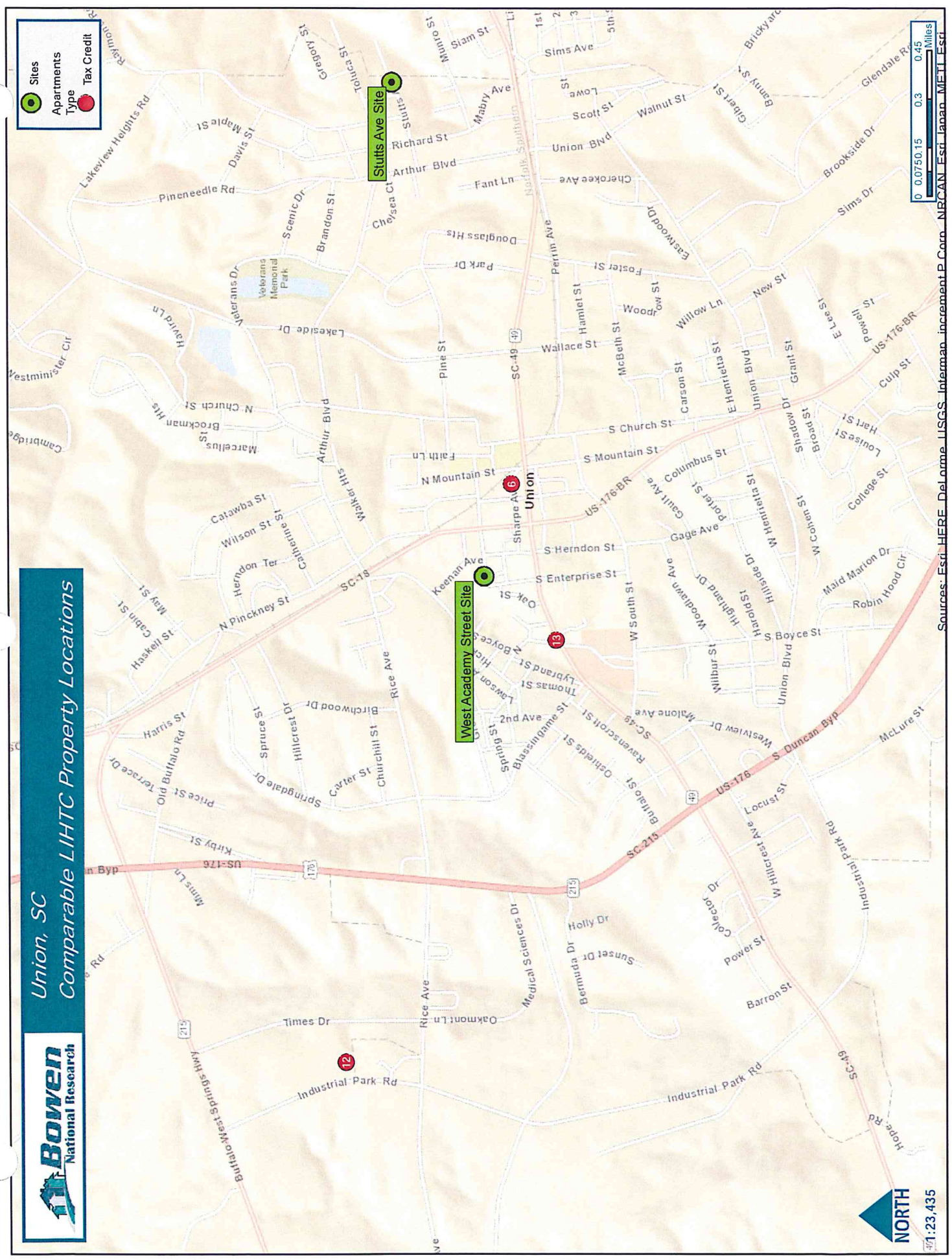
2. COMPARABLE TAX CREDIT PROPERTIES MAP

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

 Sites
 Apartments
 Type
 Tax Credit



Union, SC
 Comparable LIHTC Property Locations



Sources: Esd. HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esd. Japan, METI, Esri

 NORTH
 1:23,435

3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Union Site PMA in 2010 and 2014 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2014 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	10,168	85.5%	10,085	84.7%
Owner-Occupied	7,078	69.6%	6,817	67.6%
Renter-Occupied	3,090	30.4%	3,268	32.4%
Vacant	1,720	14.5%	1,816	15.3%
Total	11,888	100.0%	11,901	100.0%

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

Based on a 2014 update of the 2010 Census, of the 11,901 total housing units in the market, 15.3% were vacant. In 2014, it was estimated that homeowners occupied 67.6% of all occupied housing units, while the remaining 32.4% were occupied by renters. The share of renters is considered typical for a rural market and the 3,268 renter households in 2014 represent a significant base of potential support in the market for the proposed development.

We identified and personally surveyed 15 conventional housing projects containing a total of 910 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 96.8%, a good rate for rental housing. Among these projects, seven are non-subsidized (market-rate and Tax Credit) projects containing 252 units. These non-subsidized units are 88.5% occupied. The remaining eight projects contain 658 government-subsidized units, which are 100.0% occupied.

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

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	4	153	18	88.2%
Tax Credit	3	99	11	88.9%
Tax Credit/Government-Subsidized	5	267	0	100.0%
Government-Subsidized	3	391	0	100.0%
Total	15	910	29	96.8%

As illustrated in the preceding table, the market-rate and Tax Credit rental housing segments are performing at less than stable occupancies of 88.2% and 88.9%, respectively. Note, as discussed earlier in this section of the report, that the vacancies among the two non-subsidized LIHTC properties in the market are attributed to product and/or management deficiencies. The newest LIHTC project in the market, Union Mill Crossing (Map ID 13), offers the

highest rents and is 100.0% occupied with a wait list, demonstrating that demand does exist for new LIHTC product in the Union Site PMA. Most of the vacancies (12, or 66.7%) among the market-rate product surveyed are concentrated within two properties, 49 West Apartments (Map ID 1) and Fairforest Apartments IV (Map ID 7). According to management at 49 West Apartments, vacancies are attributed to evictions. It should also be pointed out that this property was given a "D+" quality rating and a "C" neighborhood rating by our analyst. Further, this property offers a very limited amenities package. According to management at Fairforest Apartments IV, vacancies are attributed to product deficiencies. When excluding these two market-rate projects, the overall market-rate occupancy rate increases to 94.3%, a good rate for rental housing. Therefore, it can be concluded that the majority of the vacancies that exist in the Site PMA are likely attributed to product and/or management deficiencies and not reflective of the overall strength of the local rental housing market.

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

4. **RENTAL HOUSING INVENTORY MAP**

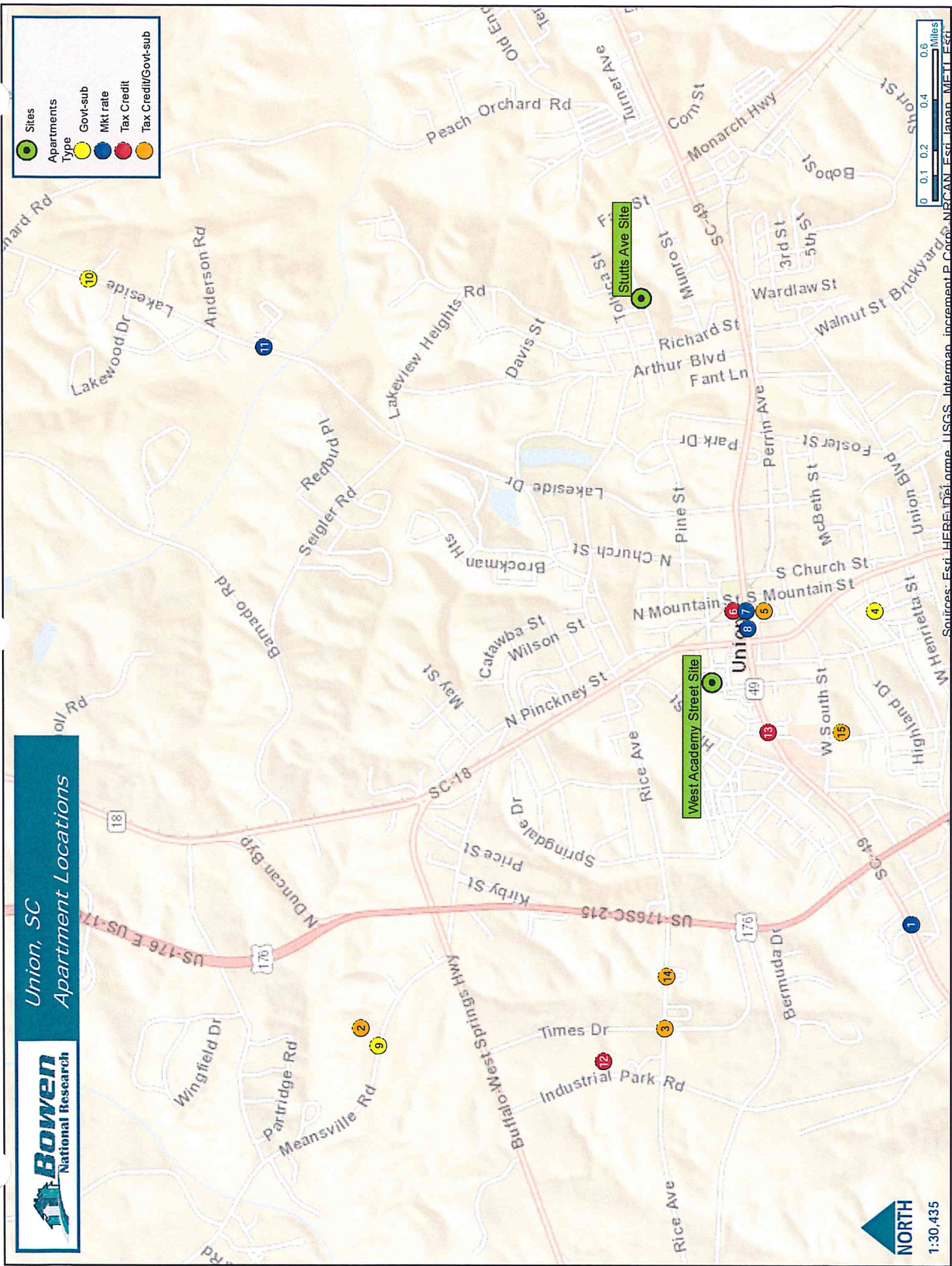
A map identifying the location of all properties surveyed within the Union Site PMA is on the following page.

Union, SC
Apartment Locations



Sites

- Govt-sub
- Mkt rate
- Tax Credit
- Tax Credit/Govt-sub



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esri, Japan, METI, Esri

5. & 6. PLANNED AND PROPOSED DEVELOPMENTS

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

7. ADDITIONAL SCSHFDA VACANY DATA

Stabilized Comparables

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

As discussed earlier in this analysis, we identified a total of three comparable LIHTC projects within the Site PMA that have received Tax Credit funding, one of which is currently maintaining a stabilized occupancy level of 93.0% or higher. In addition, we identified a total of four market-rate projects, none of which are considered both economically and conceptually comparable. The one stabilized comparable Tax Credit project identified in the Site PMA is detailed in the following table:

Stabilized Comparable Tax Credit Projects					
Map I.D.	Project Name	Year Built	Project Type	Total Units	Occupancy Rate
Site	Keenan Oaks	2016	TC	40	-
13	Union Mill Crossing	2005	TC	40	100.0%

TC – Tax Credit

The one stabilized comparable Tax Credit project, Union Mill Crossing (Map ID 13), identified in the Site PMA is 100.0% occupied and maintains a wait list of up to 25 households.

8. MARKET RENT ADVANTAGE

We identified one market-rate property, Lakeview Gardens (Map ID 11), within the Union Site PMA that we consider comparable to the proposed subject development based on the bedroom types offered. It should be noted that there is a limited supply of conventional market-rate rentals available within the market area. As such, this older and less desirable apartment community within the market has been selected. However, this less desirable apartment community has been adjusted appropriately to determine the appropriate market rent. In addition, it was necessary to survey four additional developments located within the nearby cities of Spartanburg and Rock Hill that we consider comparable to the subject development based on their modern design and age. Note, adjustments for the differences between the Union market and the Spartanburg and Rock Hill markets have been made. Combined, these five selected properties are used to derive market rent for a project with characteristics similar to the subject development. It is important to note that for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the subject units without maximum income and rent restrictions.

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

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

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

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

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	Keenan Oaks	2016	40	-	-	12	28
						(-)	(-)
11	Lakeview Gardens	1971 / 2005	96	94.8%	8 (87.5%)	56 (94.6%)	32 (96.9%)
901	Brookstone Apts.	2002	348	100.0%	140 (100.0%)	162 (100.0%)	46 (100.0%)
902	Cowan Farms	2003	248	99.2%	104 (100.0%)	104 (99.0%)	40 (97.5%)
904	Reserve at Park West	2008	264	91.7%	90 (90.0%)	132 (96.2%)	42 (81.0%)
905	River Run	2010	216	98.6%	12 (91.7%)	120 (99.2%)	84 (98.8%)

900 Series Map ID's are located outside the Site PMA

The five selected market-rate projects have a combined total of 1,172 units with an overall occupancy rate of 97.3%, a strong rate for housing. This demonstrates that these comparable properties have been well received within their respective markets and will serve as accurate benchmarks with which to compare to the proposed subject development.

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

Rent Comparability Grid

Unit Type → **TWO BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Keenan Oaks West Academy Street & Keenan Ave. Union, SC		Lakeview Gardens 720 Lakeside Dr. Union, SC		Brookstone Apts. 1800 Marett Blvd. Rock Hill, SC		Cowan Farms 1310 Cypress Pointe Dr. Rock Hill, SC		Reserve at Park West 100 Keats Dr. Spartanburg, SC		River Run 901 Meridian River Run Spartanburg, SC	
Data		S Adj		S Adj		S Adj		S Adj		S Adj	
A. Rents Charged		Data		Data		Data		Data		Data	
1	S Last Rent / Restricted?	\$465		\$905		\$805		\$939		\$899	
2	Date Surveyed	Feb-15		Feb-15		Feb-15		Feb-15		Feb-15	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	95%		100%		99%		96%		99%	
5	Effective Rent & Rent/ sq. ft	\$465	0.53	\$905	0.86	\$805	0.84	\$939	0.92	\$899	0.83
B. Design, Location, Condition		Data		Data		Data		Data		Data	
6	Structure / Stories	WU/2		WU/2,3		WU/2		WU/3		WU/3,4	
7	Yr. Built/Yr. Renovated	2016	\$28	2002	\$14	2003	\$13	2008	\$8	2010	\$6
8	Condition /Street Appeal	E	\$15	E		G	\$15	E		E	
9	Neighborhood	G		E	(\$10)	G		G		E	(\$10)
10	Same Market?	Yes		No	(\$226)	No	(\$201)	No	(\$188)	No	(\$180)
C. Unit Equipment/ Amenities		Data		Data		Data		Data		Data	
11	# Bedrooms	2		2		2		2		2	
12	# Baths	2	\$30	2		2		2		2	
13	Unit Interior Sq. Ft.	1000	\$26	1050	(\$10)	960	\$8	1023	(\$5)	1086	(\$17)
14	Balcony/ Patio	Y	\$5	Y		Y		N	\$5	Y	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y	\$15	N/Y	\$5	N/Y	\$5	Y/Y		Y/Y	
18	Washer/Dryer	HU/L	\$10	HU/L		HU	\$5	HU/L		HU/L	
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/Security System	N/N		N/N		N/N		N/Y	(\$3)	N/N	
22	Garbage Disposal	N		Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
23	Ceiling Fans	Y	\$5	Y		Y		Y		Y	
D. Site Equipment/ Amenities		Data		Data		Data		Data		Data	
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Gate	N		N		N		N		Y	(\$5)
27	Clubhouse/ Meeting Rooms	Y	\$5	N	\$5	N	\$5	Y		Y	
28	Pool/ Recreation Areas	F	\$5	P/F/S	(\$13)	P/F	(\$10)	P/F/S/MT	(\$16)	P/F	(\$10)
29	Computer Center/Storage	Y/Y	\$8	Y/N	\$5	N/Y	\$3	Y/N	\$5	Y/Y	
30	Picnic Area	Y		Y		Y		Y		Y	
31	Playground	Y		Y		N	\$3	Y		Y	
32	Cable Included?	N		N		N		Y	(\$30)	N	
E. Utilities		Data		Data		Data		Data		Data	
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	N/N	(\$55)	N/N		N/N		N/N		N/N	
39	Trash /Recycling	Y/N		N/N	\$14	Y/N		Y/N		Y/N	
F. Adjustments Recap		Pos		Neg		Pos		Neg		Pos	
40	# Adjustments B to D	11		4		8		3		3	
41	Sum Adjustments B to D	\$152		\$29		(\$264)		(\$216)		\$18	
42	Sum Utility Adjustments			(\$55)		\$14					
		Net		Gross		Net		Gross		Net	
43	Net/ Gross Adjmts B to E	\$97		\$207		(\$221)		\$307		(\$139)	
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$562		\$684		\$646		\$710		\$678	
45	Adj Rent/Last rent	121%		76%		80%		76%		75%	
46	Estimated Market Rent	\$670		\$0.67 ← Estimated Market Rent/ Sq. Ft							

Rent Comparability Grid

Unit Type → **THREE BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Keenan Oaks West Academy Street & Keenan Ave. Union, SC		Lakeview Gardens 720 Lakeside Dr. Union, SC		Brookstone Apts. 1800 Marett Blvd. Rock Hill, SC		Cowan Farms 1310 Cypress Pointe Dr. Rock Hill, SC		Reserve at Park West 100 Keats Dr. Spartanburg, SC		River Run 901 Meridian River Run Spartanburg, SC	
Data		Data		Data		Data		Data		Data	
Subject		Subject		Subject		Subject		Subject		Subject	
Rents Charged		Data		Data		Data		Data		Data	
1	S Last Rent / Restricted?	\$500		\$1,060		\$985		\$999		\$999	
2	Date Surveyed	Feb-15		Feb-15		Feb-15		Feb-15		Feb-15	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	97%		100%		98%		81%		99%	
5	Effective Rent & Rent/ sq. ft	\$500	0.49	\$1,060	0.84	\$985	0.83	\$999	0.81	\$999	0.78
Design, Location, Condition		Data		Data		Data		Data		Data	
Structure / Stories		WU/2	WU/2	WU/2,3		WU/2		WU/3		WU/3,4	
Yr. Built/Yr. Renovated		2016	1971/2005	2002	\$14	2003	\$13	2008	\$8	2010	\$6
Condition /Street Appeal		E	G	E		G	\$15	E		E	
Neighborhood		G	G	E	(\$10)	G		G		E	(\$10)
Same Market?		Yes		No	(\$265)	No	(\$246)	No	(\$200)	No	(\$200)
Unit Equipment/ Amenities		Data		Data		Data		Data		Data	
# Bedrooms		3	3	3		3		3		3	
# Baths		2	1.5	2		2		2		2	
Unit Interior Sq. Ft.		1200	1021	1256	(\$11)	1186	\$3	1236	(\$7)	1280	(\$15)
Balcony/ Patio		Y	N	Y		Y		N	\$5	Y	
AC: Central/ Wall		C	C	C		C		C		C	
Range/ Refrigerator		R/F	R/F	R/F		R/F		R/F		R/F	
Microwave/ Dishwasher		Y/Y	N/N	N/Y	\$5	N/Y	\$5	Y/Y		Y/Y	
Washer/Dryer		HU/L	L	HU/L		HU	\$5	HU/L		HU/L	
Floor Coverings		C	C	C		C		C		C	
Window Coverings		B	B	B		B		B		B	
Intercom/Security System		N/N	N/N	N/N		N/N		N/Y	(\$3)	N/N	
Garbage Disposal		N	N	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
Ceiling Fans		Y	N	Y		Y		Y		Y	
Site Equipment/ Amenities		Data		Data		Data		Data		Data	
Parking (\$ Fee)		LOT/\$0	LOT/\$0	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
On-Site Management		Y	Y	Y		Y		Y		Y	
Security Gate		N	N	N		N		N		Y	(\$5)
Clubhouse/ Meeting Rooms		Y	N	N	\$5	N	\$5	Y		Y	
Pool/ Recreation Areas		F	N	P/F/S	(\$13)	P/F	(\$10)	P/F/S/MT	(\$16)	P/F	(\$10)
Computer Center/Storage		Y/Y	N/N	Y/N	\$5	N/Y	\$3	Y/N	\$5	Y/Y	
Picnic Area		Y	Y	Y		Y		Y		Y	
Playground		Y	Y	Y		N	\$3	Y		Y	
Cable Included?		N	N	N		N		Y	(\$30)	N	
Utilities		Data		Data		Data		Data		Data	
Heat (in rent?/ type)		N/E	N/E	N/E		N/E		N/E		N/E	
Cooling (in rent?/ type)		N/E	N/E	N/E		N/E		N/E		N/E	
Cooking (in rent?/ type)		N/E	N/E	N/E		N/E		N/E		N/E	
Hot Water (in rent?/ type)		N/E	N/E	N/E		N/E		N/E		N/E	
Other Electric		N	N	N		N		N		N	
Cold Water/ Sewer		N/N	Y/Y	N/N	(\$66)	N/N		N/N		N/N	
Trash /Recycling		Y/N	Y/N	N/N	\$14	Y/N		Y/N		Y/N	
Adjustments Recap		Pos		Neg		Pos		Neg		Pos	
40	# Adjustments B to D	11		4		8		3		1	
41	Sum Adjustments B to D	\$145		\$29		\$52		\$18		\$6	
42	Sum Utility Adjustments			(\$66)		\$14					
		Net		Gross		Net		Gross		Net	
43	Net/ Gross Adjmts B to E	\$79		\$211		(\$261)		\$347		(\$209)	
		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted & Market Rents	\$579		\$799		\$776		\$756		\$760	
45	Adjusted Rent (5+ 43)										
45	Adj Rent/Last rent	116%		75%		79%		76%		76%	
46	Estimated Market Rent	\$755		\$0.63		← Estimated Market Rent/ Sq. Ft					

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

Based on the preceding Rent Comparability Grids, it was determined that the current achievable market rent for units similar to the subject development are \$670 for a two-bedroom unit and \$755 for a three-bedroom unit.

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

Bedroom Type	Proposed Collected Rent (AMHI)	Achievable Market Rent	Market Rent Advantage
Two-Bedroom	\$365 (50%)	\$670	45.52%
	\$450 (60%)		32.84%
Three-Bedroom	\$410 (50%)	\$755	45.70%
	\$485-\$490 (60%)		35.10%-35.76%
Weighted Average			36.81%

The proposed collected Tax Credit rents represent market rent advantages between 32.84% and 45.70%. Typically, Tax Credit rents should represent market rent advantages of at least 10.0% in order to be considered a value in most markets. Therefore, it is likely that all of the proposed units at the subject project will be viewed as a significant value within the Site PMA. It should be noted, although not illustrated in the preceding Rent Comparability Grids, the collected rents offered at Union Mill Crossing were considered while deriving the subject's achievable market rents. This property is considered to be very comparable to the proposed subject project and is achieving rents that are higher than the rents offered at the market-rate developments within the Site PMA, as evidenced by its 100.0% occupancy rate and wait list. Therefore, it is believed that if a new market-rate project were to be developed within the Union market, it would be able to offer higher rents than those offered at the newest LIHTC project in the market.

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

1. Rents for each property are reported as collected rents. This is the actual rent paid by tenants and does not consider tenant-paid utilities. The rent reported is typical and does not consider rent concessions or special promotions.

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1971 and 2010. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties. One property was built in 1971; however, was renovated in 2005. As such, this property was given an effective age of 1988.
8. It is anticipated that the subject project will have an excellent appearance, once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
9. Two of the five properties are located in neighborhoods with different qualities compared to the subject site. As such, we have adjusted the rents at these properties to account for the neighborhood difference.
10. As previously stated, four of the five selected properties are located outside of the Union Site PMA in Spartanburg and Rock Hill, which are approximately 26.0 miles northwest and approximately 42.0 miles northeast of Union, respectively. The Spartanburg and Rock Hill markets are significantly larger than Union in terms of population, community services and apartment selections. Given the difference in markets, the rents that are achievable in Spartanburg and Rock Hill will not directly translate to the Union market. Therefore, we have adjusted each collected rent at these four comparable projects in Spartanburg and Rock Hill by approximately 20.0% and 25.0%, respectively, to account for these market differences.
12. The number of bathrooms offered at each of the selected properties varies. We have made adjustments to reflect the difference in the number of bathrooms offered at the site and the number offered by the competitive properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar bases, we have used 25% of the average for this adjustment.
- 14.- 23. The subject project will offer a unit amenity package generally similar to the selected properties. We have made adjustments, however, for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.

- 24.-32. The proposed project will offer a comprehensive project amenities package. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences between the subject project's and the selected properties' utility responsibility. The utility adjustments were based on the local housing authority's utility cost estimates.

9. AFFORDABLE HOUSING IMPACT

The anticipated occupancy rates of the existing comparable Tax Credit developments located within the Site PMA following stabilization of the subject property are as follows:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2016
6	Fairforest Apts. II	73.7%	70.0%+
12	Rose Hill Gardens	85.0%	90.0%+
13	Union Mill Crossing	100.0%	95.0%+

As the preceding table illustrates, we anticipate that Rose Hill Gardens (Map ID 12) and Union Mill Crossing (Map ID 13) will operate at stable occupancy levels during the subject project's first year of occupancy. Considering the wait list of up to 25 households for the next available unit at Union Mill Crossing, it is not anticipated that the subject project will have a negative impact on the existing Tax Credit properties' occupancy levels, as more than half of the subject units could potentially be filled from such wait list. However, because of the design deficiencies that exist at Fairforest Apartments II (Map ID 6), it is likely that this project will continue to experience occupancy issues through 2016.

10. OTHER HOUSING OPTIONS (BUY VERSUS RENT)

According to ESRI, the median home value within the Site PMA was \$79,946. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$79,946 home is \$481, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$79,946
Mortgaged Value = 95% of Median Home Price	\$75,949
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$385
Estimated Taxes and Insurance*	\$96
Estimated Monthly Mortgage Payment	\$481

*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$365 to \$490 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is generally comparable to the cost of renting at the subject project. While it is possible that some of the tenants targeted by the subject project would be able to afford the monthly payments required to own a home, the number of tenants who would also be able to afford the down payment on such a home is considered minimal. Further, the estimated monthly mortgage payment does not include the cost and burden of home maintenance. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

11. HOUSING VOIDS

As previously noted, there are three competitive Tax Credit projects located within the Union Site PMA. A total of two of these projects, Fairforest Apartments II (Map ID 6) and Rose Hill Gardens (Map ID 12), are operating at below than stable occupancy levels. Based on our analysis, it appears that vacancies are attributed to project and/or management deficiencies at such properties, and are not reflective of the overall strength of the affordable rental housing market. This is further illustrated by the 100.0% occupancy rate and wait list maintained at Union Mill Crossing (Map ID 13). This project is the newest LIHTC project in the market, offering larger unit sizes and a superior amenities package relative to the aforementioned Tax Credit projects. As such, it appears that pent-up demand exists for new, high quality affordable rental product within the market. The proposed development will be able to accommodate a portion of the unmet demand for such product type in the Union Site PMA.

As outlined previously in this section of the report, there is a general lack of modern, non-subsidized rental product within the Union Site PMA. Nearly 61% of all non-subsidized projects surveyed were built before 1990. It is our opinion that the development of the subject project will add much needed modern units to a market that is generally aging and in need of updating. Given that there are currently no rental units under construction or planned for the market, the proposed project will help fill a need in the market that is currently being unmet.

I. INTERVIEWS

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

- Vickie Smith, Property Manager of Lakeside Manor Apartments (Map ID 10), a government-subsidized community in Union, believes there is a need for additional affordable housing in the area. Ms. Smith stated that because of the extensive waitlist that she regularly maintains for her property, she feels that additional affordable housing would definitely benefit the Union area.
- Donna Atkinson, Property Manager of Buena Vista I & II (Map ID 3) and Woodlawn Manor Apartments (Map ID 15), both Tax Credit and government-subsidized communities in Union, also believes that there is a need for additional affordable housing in Union. Specifically, Ms. Atkinson stated that there are not enough two- and three-bedroom units in Union. She also stated that she does maintain a wait list for one-bedroom units as well, but the larger units seem to be in high demand
- According to Donna Ivey, Section 8 Coordinator with the Union Housing Authority, there are approximately 234 Housing Choice Voucher holders within the housing authority's jurisdiction and 116 households currently on the waiting list for additional Vouchers. The waiting list is closed and it is unknown when the waiting list will reopen. Ms. Ivey explained that they rarely have anyone leave the Voucher program. The individuals who are currently on the wait list will continue to wait until they begin to experience turnover, which is unlikely until new housing is developed.

J. RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market exists for the 40 units proposed at the subject site, assuming it is developed as detailed in this report. Changes in the project's site, rents, amenities or opening date may alter these findings.

The project will be competitive within the market area in terms of design (square footage and number of bathrooms), amenities and overall quality. Given the 32.84% to 45.70% market rent advantage, the proposed project will be considered a substantial value.

As noted throughout this report, two of the three non-subsidized LIHTC projects are operating at below than stable occupancy levels, Fairforest Apartments II (Map ID 6) and Rose Hill Gardens (Map ID 12). However, according to management at these properties and based on our evaluation, it appears that vacancies at these projects are attributed to management and/or product deficiencies, and are not reflective of the overall strength of the affordable rental housing market in Union. To further illustrate this point, the newest non-subsidized LIHTC project, Union Mill Crossing (Map ID 13), is 100.0% occupied and maintains a waitlist of up to 25 households. Therefore it can be concluded that pent-up demand exists for modern affordable rental housing within the market. The proposed subject development will be able to accommodate a portion of the unmet demand that exists for this type of rental product within the Union Site PMA.

Based on the 19.5% capture rate illustrated in Section G of this report, there are a substantial number of income-qualified renter households present within the Site PMA. Additionally, many of these households have no modern affordable housing alternative at the moment given the 100.0% occupancy rate and waitlist maintained at the newest LIHTC project in the market. Therefore, the proposed project will fill a void in the Union rental housing market.

No recommendations are proposed at this time.

K. SIGNED STATEMENT REQUIREMENT

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

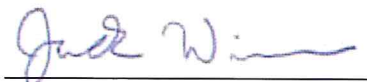
Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: March 6, 2015



Jeff Peters
Market Analyst
jeffp@bowennational.com
Date: March 6, 2015



Jack Wiseman
Market Analyst
jackw@bowennational.com
Date: March 6, 2015

L. Qualifications

The Company

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

The Staff

Patrick Bowen is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, since 1996. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

Benjamin J. Braley, Vice President and Market Analyst, has conducted market research since 2006 in more than 550 markets throughout the United States. He is experienced in preparing feasibility studies for a variety of applications, including those that meet standards required by state agency and federal housing guidelines. Additionally, Mr. Braley has analyzed markets for single-family home developments, commercial office and retail space, student housing properties and senior housing (i.e. nursing homes, assisted living, continuing care retirement facilities, etc.). Mr. Braley is a member of the National Council of Housing Market Analysts (NCHMA) and graduated from Otterbein College with a bachelor's degree in Economics.

Craig Rupert, Market Analyst, has conducted market analysis in both urban and rural markets throughout the United States since 2010. Mr. Rupert is experienced in the evaluation of multiple types of housing programs, including market-rate, Tax Credit and various government subsidies and uses this knowledge and research to provide both qualitative and quantitative analysis. Mr. Rupert has a degree in Hospitality Management from Youngstown State University.

Jack Wiseman, Market Analyst, has conducted extensive market research in over 200 markets throughout the United States since 2007. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, student housing, and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

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

Christine Atkins, In-House Research Coordinator, has experience in the property management industry and has managed a variety of rental housing types. With experience in conducting site-specific analysis since 2012, she has the ability to analyze market and economic trends and conditions. Ms. Atkins holds a Bachelor of Arts in Communication from the University of Cincinnati.

Greg Gray, Market Analyst, has been conducting site-specific analysis in markets throughout the country since 2000. He is especially trained in the evaluation of condominium and senior living developments. Mr. Gray has the ability to provide detailed site-specific analysis as well as evaluate market and economic trends and characteristics.

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

Jeff Peters, Market Analyst, has conducted on-site inspection and analysis for rental properties throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Peters graduated from The Ohio State University with a Bachelor of Arts in Economics.

Garth Semple, Market Analyst, has surveyed both urban and rural markets throughout the country. He is trained to understand the nuances of various rental housing programs and their construction and is experienced in the collection of rental housing data from leasing agents, property managers, and other housing experts within the market. Mr. Semple graduated from Elizabethtown College and has a Bachelor of Arts degree in Sociology.

Tyler Bowers, Market Analyst, has travelled the country and studied the housing industry in both urban and rural markets. He is able to analyze both the aesthetics and operations of rental housing properties, particularly as they pertain to each particular market. Mr. Bowers has a Bachelor Degree of Arts in History from Indiana University.

Adam Bowen, Market Analyst, has researched various rental housing alternatives, both conventional and non-conventional in markets throughout the United States. In addition, he has conducted on-site inspection for existing properties and vacant parcels of land. This experience allows him to evaluate a project's ability to operate successfully within a market and compare it to surrounding comparable properties

Desireé Johnson is the Executive Administrative Assistant at Bowen National Research. Ms. Johnson is involved in the day-to-day communication with clients. She has been involved in extensive market research in a variety of project types since 2006. Ms. Johnson has the ability to research, find, analyze and manipulate data in a multitude of ways. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

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

June Davis, Office Manager of Bowen National Research, has been in the market feasibility research industry since 1988. Ms. Davis has overseen production on over 20,000 market studies for projects throughout the United States.

In-House Researchers – Bowen National Research employs a staff of seven in-house researchers who are experienced in the surveying and evaluation of all rental and for-sale housing types, as well as in conducting interviews and surveys with city officials, economic development offices and chambers of commerce, housing authorities and residents.

M. METHODOLOGIES, DISCLAIMERS & SOURCES

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

1. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

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

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

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

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

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

2. REPORT LIMITATIONS

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

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

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

3. SOURCES

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

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

ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

UNION, SOUTH CAROLINA

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

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

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

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

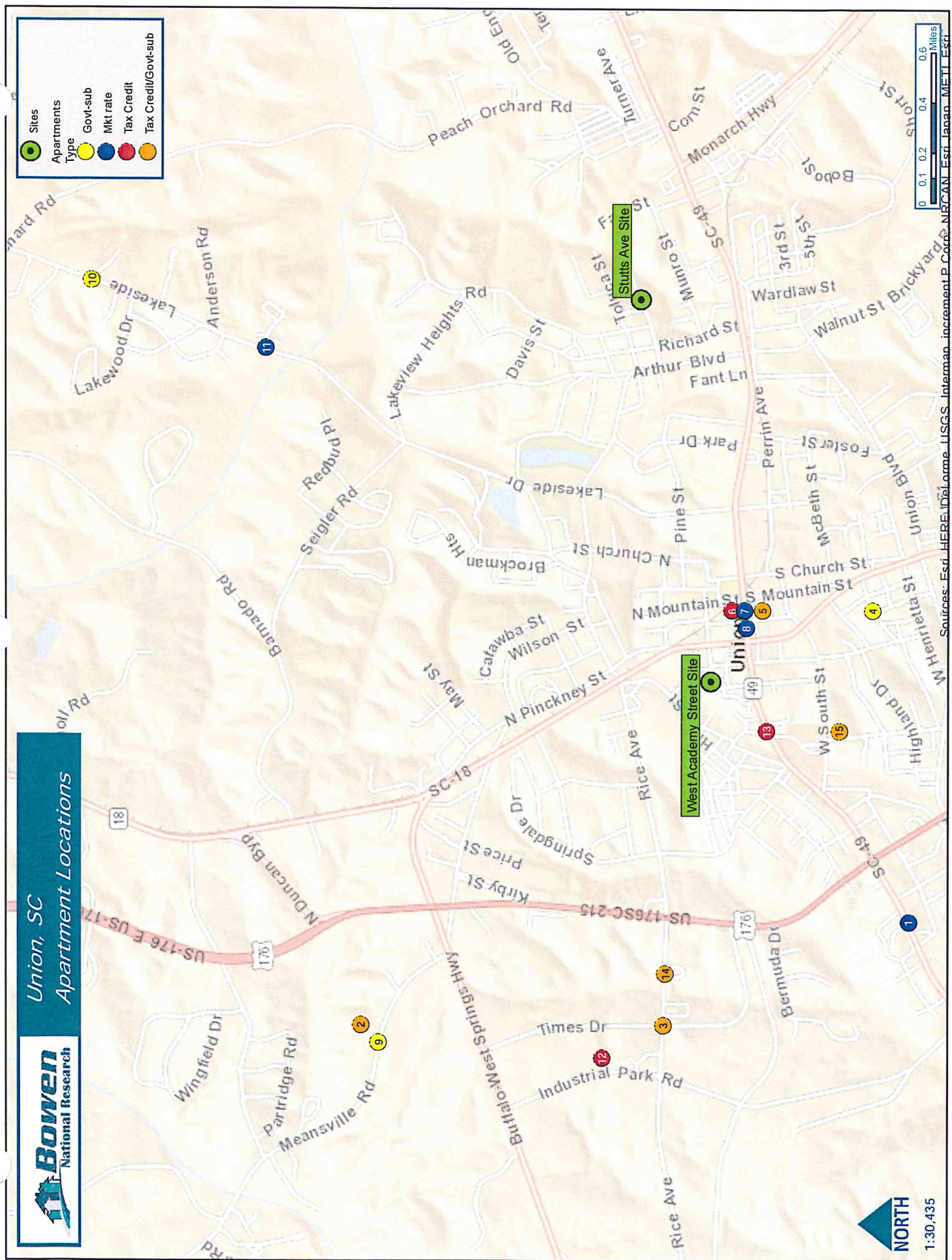
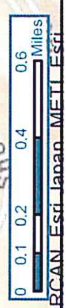
Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties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

Union, SC
Apartment Locations



Sites

- Apartment Type: Green circle with white center
- Govt-sub: Yellow circle
- Mkt rate: Blue circle
- Tax Credit: Red circle
- Tax Credit/Govt-sub: Orange circle



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., GEBCO, Esri, Japan, METI, Esri

MAP IDENTIFICATION LIST - UNION, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	49 West Apts.	MRR	D+	1972	39	9	76.9%	1.1
2	Brittany Manor	TGS	B	1989	78	0	100.0%	1.9
3	Buena Vista I & II	TGS	B	1982	96	0	100.0%	1.5
4	Cogdell Plaza	GSS	D+	1960	287	0	100.0%	0.8
5	Fairforest Apts. I	TGS	B+	1993	41	0	100.0%	0.3
6	Fairforest Apts. II	TAX	B+	1994	19	5	73.7%	0.3
7	Fairforest Apts. IV	MRR	B+	1920	9	3	66.7%	0.3
8	Fairforest Apts. V	MRR	B+	1920	9	1	88.9%	0.3
9	Fox Fire Apts.	GSS	B-	1983	50	0	100.0%	2.0
10	Lakeside Manor	GSS	C-	1975	54	0	100.0%	2.7
11	Lakeview Gardens	MRR	B-	1971	96	5	94.8%	2.1
12	Rose Hill Gardens	TAX	A-	1999	40	6	85.0%	1.8
13	Union Mill Crossing	TAX	A	2005	40	0	100.0%	0.3
14	West End Manor	TGS	B+	1991	28	0	100.0%	1.3
15	Woodlawn Manor Apts.	TGS	B+	1990	24	0	100.0%	0.6

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	4	153	18	88.2%	13
TAX	3	99	11	88.9%	0
TGS	5	267	0	100.0%	0
GSS	3	391	0	100.0%	0

Total units does not include units under construction.

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

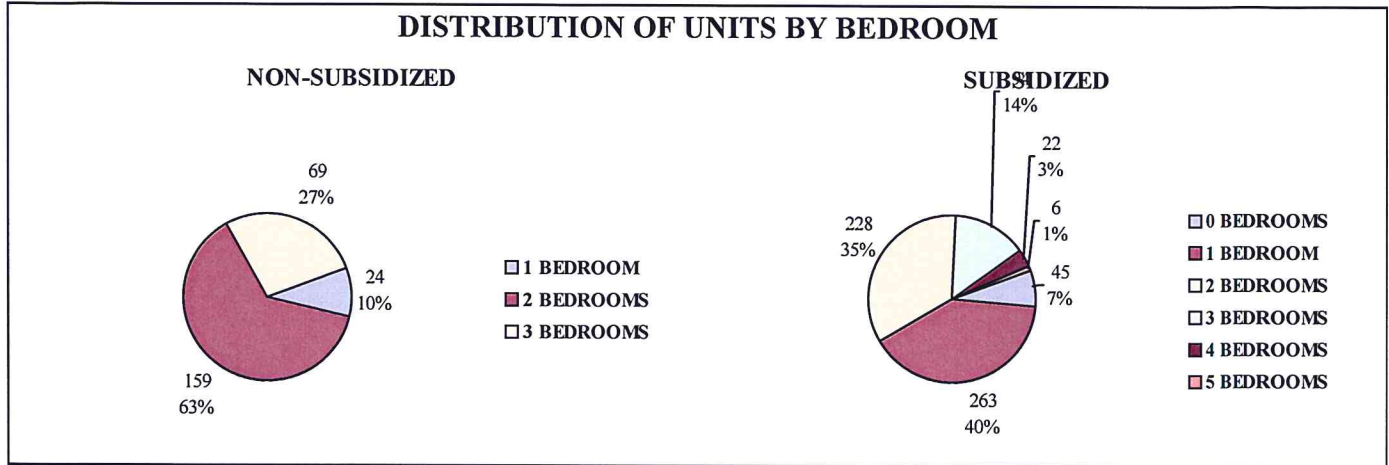
* - Drive Distance (Miles)

Survey Date: February 2015






DISTRIBUTION OF UNITS - UNION, SOUTH CAROLINA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	17	11.1%	3	17.6%	\$414
2	1	103	67.3%	14	13.6%	\$563
3	1	1	0.7%	0	0.0%	\$607
3	1.5	32	20.9%	1	3.1%	\$621
TOTAL		153	100.0%	18	11.8%	
13 UNITS UNDER CONSTRUCTION						
TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	7	7.1%	3	42.9%	\$383
2	1	36	36.4%	5	13.9%	\$598
2	2	20	20.2%	0	0.0%	\$704
3	2	36	36.4%	3	8.3%	\$821
TOTAL		99	100.0%	11	11.1%	
TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	181	67.8%	0	0.0%	N.A.
2	1	62	23.2%	0	0.0%	N.A.
2	1.5	16	6.0%	0	0.0%	N.A.
3	1.5	8	3.0%	0	0.0%	N.A.
TOTAL		267	100.0%	0	0.0%	
GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
0	1	45	11.5%	0	0.0%	N.A.
1	1	82	21.0%	0	0.0%	N.A.
2	1	84	21.5%	0	0.0%	N.A.
2	1.5	66	16.9%	0	0.0%	N.A.
3	1	80	20.5%	0	0.0%	N.A.
3	1.5	6	1.5%	0	0.0%	N.A.
4	2	22	5.6%	0	0.0%	N.A.
5	2	6	1.5%	0	0.0%	N.A.
TOTAL		391	100.0%	0	0.0%	
GRAND TOTAL		910	-	29	3.2%	








DISTRIBUTION OF UNITS - UNION, SOUTH CAROLINA



SURVEY OF PROPERTIES - UNION, SOUTH CAROLINA






1 49 West Apts.			
	Address 1208 W. Main St. Union, SC 29379	Phone (864) 427-2499 (Contact in person)	Total Units 39 Vacancies 9 Occupied 76.9% Floors 1 Quality Rating D+
	Year Built 1972 Renovated 2015 Contact Jamie Comments Accepts HCV; 13 units under renovations, all units to be completed by Summer 2015; Vacancies due evictions		
2 Brittany Manor			
	Address 269 Meansville Rd. Union, SC 29379	Phone (864) 427-4646 (Contact in person)	Total Units 78 Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B Senior Restricted (62+) Waiting List 13 households
	Year Built 1989 Renovated 2011 Contact Amanda Comments 50% & 60% AMHI; RD 515, has RA (78 units); Two manager units not included; Unit mix estimated		
3 Buena Vista I & II			
	Address 683 Rice Ave. Ext. Union, SC 29379	Phone (864) 427-1712 (Contact in person)	Total Units 96 Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating B Waiting List 1 month
	Year Built 1982 Renovated 2010 Contact Donna Comments 60% AMHI, Tax Credit Bond; RD 515, has RA (21 units); HCV (20 units); Phase II opened in 1991; 1 & 2-br units have patios; Square footage estimated		
4 Cogdell Plaza			
	Address 201 Porter St. Union, SC 29379	Phone (864) 427-9679 (Contact in person)	Total Units 287 Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating D+
	Year Built 1960 Contact Trina Comments Public Housing; Washer hookups only; Year built, unit mix & square footage estimated		
5 Fairforest Apts. I			
	Address 221 E. Main St. Union, SC 29379	Phone (864) 429-3211 (Contact in person)	Total Units 41 Vacancies 0 Occupied 100.0% Floors 5 Quality Rating B+ Senior Restricted (62+) Waiting List None
	Year Built 1993 Contact Tracy Comments 60% AMHI; RD 515, has RA (36 units); Accepts HCV (0 currently); Adaptive reuse, originally built in 1899		

Project Type

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

Survey Date: February 2015

SURVEY OF PROPERTIES - UNION, SOUTH CAROLINA


6 Fairforest Apts. II			
	Address 200 N. Gadberry St. Union, SC 29379	Phone (864) 429-3211 (Contact in person)	Total Units 19
	Year Built 1994 Comments 60% AMHI; HCV (3 units); Vacancies attributed to age, condition & newer properties in the area; Adaptive reuse, built in 1920; Year built & square footage estimated	Contact Tracy	Vacancies 5 Occupied 73.7% Floors 2 Quality Rating B+ Waiting List None
7 Fairforest Apts. IV			
	Address 218 E. Main St. Union, SC 29379	Phone (864) 429-3211 (Contact in person)	Total Units 9
	Year Built 1920 Renovated 1997 Comments Accepts HCV (0 currently); Year built, square footage & renovation date estimated	Contact Shelly	Vacancies 3 Occupied 66.7% Floors 2 Quality Rating B+ Waiting List None
8 Fairforest Apts. V			
	Address 129 E. Main St. Union, SC 29379	Phone (864) 429-3211 (Contact in person)	Total Units 9
	Year Built 1920 Renovated 2001 Comments Does not accept HCV; 1st floor retail; Year built, renovation date & square footage estimated	Contact Tracy	Vacancies 1 Occupied 88.9% Floors 2 Quality Rating B+ Waiting List None
9 Fox Fire Apts.			
	Address 271 Meansville Rd. Union, SC 29379	Phone (864) 427-6301 (Contact in person)	Total Units 50
	Year Built 1983 Comments RD 515, no RA; HCV (5 units); 1-br have patio	Contact Name not given	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B- Waiting List 10 households
10 Lakeside Manor			
	Address 1111 Lakeside Dr. Union, SC 29379	Phone (864) 427-7498 (Contact in person)	Total Units 54
	Year Built 1975 Comments HUD Section 8; Year built & square footage estimated	Contact Vicki	Vacancies 0 Occupied 100.0% Floors 1,2 Quality Rating C- Waiting List 15 households

Project Type

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

Survey Date: February 2015

SURVEY OF PROPERTIES - UNION, SOUTH CAROLINA

11 Lakeview Gardens			
	Address 720 Lakeside Dr. Union, SC 29379	Phone (864) 427-5544 (Contact in person)	Total Units 96
	Year Built 1971 Renovated 2005 Comments HCV (8 units)	Contact Donna	Vacancies 5 Occupied 94.8% Floors 2 Quality Rating B- Waiting List None
12 Rose Hill Gardens			
	Address 175 Industrial Park Rd. Union, SC 29379	Phone (864) 429-5014 (Contact in person)	Total Units 40
	Year Built 1999 Comments 50% & 60% AMHI; HCV (12 units)	Contact Loranda	Vacancies 6 Occupied 85.0% Floors 2 Quality Rating A- Waiting List None
	Rent Special \$99 move-in		
13 Union Mill Crossing			
	Address 120 N. Boyce St. Union, SC 29379	Phone (864) 429-3717 (Contact in person)	Total Units 40
	Year Built 2005 Comments 50% & 60% AMHI; HCV (12 units)	Contact Pat	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating A Waiting List 25 households
14 West End Manor			
	Address 629 Rice Ave. Ext. Union, SC 29379	Phone (864) 429-8754 (Contact in person)	Total Units 28
	Year Built 1991 Comments 60% AMHI; RD 515, has RA (25 units); HCV (2 units)	Contact Patricia	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B+ Senior Restricted (62+) Waiting List RA: 5 households
15 Woodlawn Manor Apts.			
	Address 222 S. Boyce St. Union, SC 29379	Phone (864) 427-2811 (Contact in person)	Total Units 24
	Year Built 1990 Comments 50% AMHI; RD 515, has RA (24 units); Square footage estimated	Contact Donna	Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B+ Senior Restricted (62+) Waiting List 3 households

Project Type

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

Survey Date: February 2015

COLLECTED RENTS - UNION, SOUTH CAROLINA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1			\$350						
6		\$310	\$375						
7		\$327	\$402						
8		\$297 to \$312	\$332 to \$437	\$472					
11		\$400	\$465	\$500					
12			\$425 to \$445	\$482 to \$555					
13			\$537 to \$645	\$620 to \$744					

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

Survey Date: February 2015

PRICE PER SQUARE FOOT - UNION, SOUTH CAROLINA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
7	Fairforest Apts. IV	1	565 to 600	\$414	\$0.69 to \$0.73
8	Fairforest Apts. V	1	550	\$384 to \$399	\$0.70 to \$0.73
11	Lakeview Gardens	1	672	\$473	\$0.70
6	Fairforest Apts. II	1	560	\$383	\$0.68
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
1	49 West Apts.	1	700	\$517	\$0.74
7	Fairforest Apts. IV	1	775 to 875	\$514	\$0.59 to \$0.66
8	Fairforest Apts. V	1	700	\$444 to \$549	\$0.63 to \$0.78
11	Lakeview Gardens	1	871	\$563	\$0.65
6	Fairforest Apts. II	1	799	\$473	\$0.59
12	Rose Hill Gardens	1	781	\$578 to \$598	\$0.74 to \$0.77
13	Union Mill Crossing	2	964	\$704 to \$812	\$0.73 to \$0.84
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
8	Fairforest Apts. V	1	900	\$607	\$0.67
11	Lakeview Gardens	1.5	1021	\$621	\$0.61
12	Rose Hill Gardens	2	1062	\$669 to \$742	\$0.63 to \$0.70
13	Union Mill Crossing	2	1236	\$821 to \$945	\$0.66 to \$0.76

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

Survey Date: February 2015

AVERAGE GROSS RENT PER SQUARE FOOT - UNION, SOUTH CAROLINA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.71	\$0.68	\$0.61
TOWNHOUSE	\$0.00	\$0.00	\$0.00

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.68	\$0.73	\$0.70
TOWNHOUSE	\$0.00	\$0.00	\$0.00

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.70	\$0.70	\$0.66
TOWNHOUSE	\$0.00	\$0.00	\$0.00

TAX CREDIT UNITS - UNION, SOUTH CAROLINA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
6	Fairforest Apts. II	7	560	1	60%	\$310
3	Buena Vista I & II	12	662	1	60%	\$322 - \$370
3	Buena Vista I & II	12	660 - 700	1	60%	\$322 - \$370
◆ 15	Woodlawn Manor Apts.	24	719	1	50%	\$405 - \$552
◆ 14	West End Manor	28	680	1	60%	\$436 - \$583
◆ 2	Brittany Manor	20	628	1	50%	\$503 - \$711
◆ 2	Brittany Manor	44	628	1	60%	\$503 - \$711
◆ 5	Fairforest Apts. I	41	680	1	60%	\$693 - \$845
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
3	Buena Vista I & II	32	812	1	60%	\$375 - \$423
3	Buena Vista I & II	32	812 - 900	1 - 1.5	60%	\$375 - \$423
6	Fairforest Apts. II	12	799	1	60%	\$375
12	Rose Hill Gardens	5	781	1	50%	\$425
12	Rose Hill Gardens	19	781	1	60%	\$445
13	Union Mill Crossing	10	964	2	50%	\$537
◆ 2	Brittany Manor	14	812	1	60%	\$538 - \$746
13	Union Mill Crossing	10	964	2	60%	\$645
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
3	Buena Vista I & II	8	1100	1.5	60%	\$435 - \$483
12	Rose Hill Gardens	2	1062	2	50%	\$482
12	Rose Hill Gardens	14	1062	2	60%	\$555
13	Union Mill Crossing	10	1236	2	50%	\$620
13	Union Mill Crossing	10	1236	2	60%	\$744

◆ - Senior Restricted

QUALITY RATING - UNION, SOUTH CAROLINA

MARKET-RATE PROJECTS AND UNITS

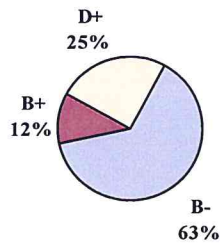
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B+	2	18	22.2%		\$414	\$514	\$607	
B-	1	96	5.2%		\$473	\$563	\$621	
D+	1	39	23.1%			\$517		

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

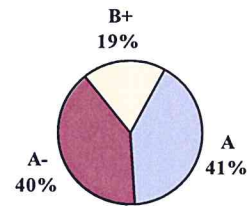
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	1	40	0.0%			\$704	\$821	
A-	1	40	15.0%			\$598	\$742	
B+	1	19	26.3%		\$383	\$473		

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



YEAR BUILT - UNION, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	2	18	4	22.2%	18	7.1%
1970 to 1979	2	135	14	10.4%	153	53.6%
1980 to 1989	0	0	0	0.0%	153	0.0%
1990 to 1999	2	59	11	18.6%	212	23.4%
2000 to 2005	1	40	0	0.0%	252	15.9%
2006	0	0	0	0.0%	252	0.0%
2007	0	0	0	0.0%	252	0.0%
2008	0	0	0	0.0%	252	0.0%
2009	0	0	0	0.0%	252	0.0%
2010	0	0	0	0.0%	252	0.0%
2011	0	0	0	0.0%	252	0.0%
2012	0	0	0	0.0%	252	0.0%
2013	0	0	0	0.0%	252	0.0%
2014	0	0	0	0.0%	252	0.0%
2015**	0	0	0	0.0%	252	0.0%
TOTAL	7	252	29	11.5%	252	100.0 %

YEAR RENOVATED - UNION, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	1	9	3	33.3%	9	5.9%
2000 to 2005	2	105	6	5.7%	114	68.6%
2006	0	0	0	0.0%	114	0.0%
2007	0	0	0	0.0%	114	0.0%
2008	0	0	0	0.0%	114	0.0%
2009	0	0	0	0.0%	114	0.0%
2010	0	0	0	0.0%	114	0.0%
2011	0	0	0	0.0%	114	0.0%
2012	0	0	0	0.0%	114	0.0%
2013	0	0	0	0.0%	114	0.0%
2014	0	0	0	0.0%	114	0.0%
2015**	1	39	9	23.1%	153	25.5%
TOTAL	4	153	18	11.8%	153	100.0 %

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

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

** As of February 2015

Survey Date: February 2015

A-15



APPLIANCES AND UNIT AMENITIES -
UNION, SOUTH CAROLINA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	7	100.0%	252
REFRIGERATOR	7	100.0%	252
ICEMAKER	0	0.0%	
DISHWASHER	1	14.3%	40
DISPOSAL	1	14.3%	40
MICROWAVE	1	14.3%	40
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	7	100.0%	252
AC - WINDOW	0	0.0%	
FLOOR COVERING	7	100.0%	252
WASHER/DRYER	0	0.0%	
WASHER/DRYER HOOK-UP	1	14.3%	40
PATIO/DECK/BALCONY	1	14.3%	40
CEILING FAN	2	28.6%	59
FIREPLACE	0	0.0%	
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	6	85.7%	213
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	0	0.0%	

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

PROJECT AMENITIES - UNION, SOUTH CAROLINA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	5	71.4%	234
LAUNDRY	4	57.1%	195
CLUB HOUSE	0	0.0%	
MEETING ROOM	1	14.3%	40
FITNESS CENTER	0	0.0%	
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	3	42.9%	176
COMPUTER LAB	0	0.0%	
SPORTS COURT	1	14.3%	40
STORAGE	1	14.3%	40
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	0	0.0%	
PICNIC AREA	2	28.6%	136
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

DISTRIBUTION OF UTILITIES - UNION, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
TENANT			
ELECTRIC	15	910	100.0%
			100.0%
COOKING FUEL			
TENANT			
ELECTRIC	15	910	100.0%
			100.0%
HOT WATER			
TENANT			
ELECTRIC	15	910	100.0%
			100.0%
ELECTRIC			
TENANT			
	15	910	100.0%
			100.0%
WATER			
LANDLORD	5	174	19.1%
TENANT	10	736	80.9%
			100.0%
SEWER			
LANDLORD	5	174	19.1%
TENANT	10	736	80.9%
TRASH PICK-UP			
LANDLORD	4	196	21.5%
TENANT	11	714	78.5%
			100.0%

UTILITY ALLOWANCE - UNION, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$23	\$16		\$7	\$8	\$11	\$13	\$5	\$32	\$15	\$26	\$14	\$20
1	GARDEN	\$26	\$19		\$8	\$9	\$13	\$13	\$6	\$35	\$16	\$28	\$14	\$20
1	TOWNHOUSE	\$29	\$19		\$8	\$9	\$13	\$13	\$6	\$42	\$16	\$28	\$14	\$20
2	GARDEN	\$29	\$23		\$10	\$13	\$19	\$14	\$8	\$48	\$20	\$35	\$14	\$20
2	TOWNHOUSE	\$29	\$23		\$10	\$13	\$19	\$14	\$8	\$53	\$20	\$35	\$14	\$20
3	GARDEN	\$32	\$28		\$12	\$16	\$24	\$15	\$9	\$60	\$24	\$42	\$14	\$20
3	TOWNHOUSE	\$30	\$28		\$12	\$16	\$24	\$15	\$9	\$65	\$24	\$42	\$14	\$20
4	GARDEN	\$35	\$33		\$14	\$18	\$27	\$16	\$11	\$72	\$28	\$49	\$14	\$20
4	TOWNHOUSE	\$30	\$34		\$14	\$18	\$27	\$16	\$11	\$77	\$28	\$49	\$14	\$20

SC-Upstate Region (1/2015)

Survey Date: February 2015



ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

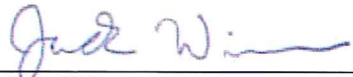
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard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

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

Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: March 6, 2015



Jack Wiseman
Market Analyst
jackw@bowennational.com
Date: March 6, 2015

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

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

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

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

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

C. CHECKLIST

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

CHECKLIST (Continued)

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

CHECKLIST (Continued)

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

ADDENDUM C

Troubled Tax Credit Properties in Union County



South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Blvd., Columbia, South Carolina 29210
Telephone: (803) 896-9001 TTY: (803) 896-8831
www.schousing.com

Christopher N. Union
Chairman

Valarie M. Williams
Executive Director

December 5, 2014

Jack Wiseman
Bowen National Research
155 E Columbus Street
Suite 220
Pickerington, OH 43147

Re: Union County, SC Tax Credit Properties

Dear Mr. Wiseman:

I have reviewed the Memo regarding existing tax credit properties in Union County, South Carolina, namely Rose Hill Gardens, Fairforest Apartments II and Union Mill Crossing. Based on the information provided on the current occupancy of Rose Hill Gardens and Fairforest Apartments II, we researched the past six (6) years of public analysis reports to determine what the overall occupancy has been for these two developments. In addition, the development owners were contact and asked what they felt the current issues were at their properties in relation to the low occupancy rates. Below is a summary on each development:

Rose Hill:

Based on the owner response, Rose Hill's current issue is a management issue which they are working on. The development is now at 73% occupied with four (4) preleases in the works. From 2008-2010 the occupancy ranged from 80% to 90%. From 2011-2013 the occupancy ranged from 93% to 98%. Based on this it would appear the current issue is indeed a management issue which is likely to be resolved in the near future.

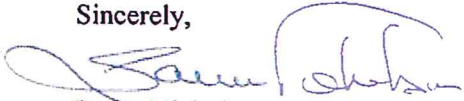
Fairforest Apartment II:

Based on the owner response, Fairforest Apartments II has issues with size, age and condition of the development. The owner indicated they have been reviewing options as to what they can do to make the property better but at this time they have not come up with a successful solution for the property. From 2008-2009 the occupancy was 93%. From 2010-2013 the occupancy ranged from 50% to 72%. Based on this it would appear the development is a troubled property with minimal chance of being resolved in the near future.

Based on the fact that Union Mill Crossing is 100% occupied, has a 25 person waiting list and over the past six (6) years has not gone below 90% occupancy, it would appear that there is a market for affordable units in Union County as you have stated in your memo. Therefore, the Authority will allow both Rose Hill and Fairforest Apartments II to be considered as troubled properties and as such may be removed from the market study calculations only for the 2015 tax credit application cycle. This issue would need to be requested again for future funding cycles. A copy of this letter should be included with the market study, should a proposal be submitted for Union County.

If you have any questions call me at 803-896-9190.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Nicholson", written over a horizontal line.

Laura Nicholson
Development Director