

NEED AND DEMAND ANALYSIS
FOR THE HILYER COMMONS APARTMENTS
IN
EASLEY, SOUTH CAROLINA

Prepared for
Hilyer Commons, LP
for submission to
the South Carolina State Housing Finance and Development Authority

May 2020

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INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the proposed Hilyer Commons Apartments in Easley, South Carolina. A total of 60 units are to be developed: 30 two-bedroom units and 30 three-bedroom units. The apartments will rent to households whose incomes qualify their apartments for tax credit status.

ASSUMPTIONS AND CONDITIONS

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

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

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

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings.

The site of the proposed apartments was visited (on May 9, 2020). In addition, interviews are held with persons with particular knowledge pertinent to the study.

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

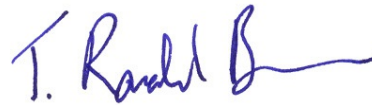
It is stated that we have no responsibility for opinions requiring expertise in other fields of expertise - these would include, for example, legal, environmental, architectural, and engineering matters.

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

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

Submitted, and attested to, by:

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Date:: May 14, 2020

This report was prepared between February and April, 2020, a period covering the commencement of the implementation of guidelines and regulations pertaining to the spread and control of the novel COVID-19 virus. Consequently, the report does not address the impact of the pandemic on the housing market - either in general or on the proposed development in particular. Over this period it has become apparent that the economy will suffer severely negative impacts on employment, household incomes and apartment rental incomes, and occupancy levels. These impacts - either in scale or duration - cannot be determined, especially given that economic data are necessarily lagging indicators. Given the development time line for LIHTC applications, it is reasonably assumed that were the proposed development to be introduced within a typical time-frame, then the rental environment will be different from that described in this report. It should be noted, however, that the economic circumstances in the intervening period will likely increase the need for affordable housing of the type proposed, all things considered.

EXECUTIVE SUMMARY

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

The proposed development will comprise the development of 60 units of low income tax credit financed housing. The apartments will rent to households whose incomes qualify their apartments for tax credit status, with units to be targeted to households at 30 percent, 50 percent, and 60 percent of the local area median income.

The proposed apartments are to be located on the south side of Pearson Road, to the east of its intersection with Pope Field Road, to the south of Easley, in Pickens County in Upstate South Carolina.

The market area for the proposed apartments is eastern Pickens County, as defined by several census tracts.

Labor force and employment figures in Pickens County show significant increases over the last decade or so, with employment falling - significantly - between 2009 and 2010. Since then, labor force and employment have increased - resulting in unemployment rates falling from a high of 10.9 percent in 2010, to only 3.4 percent in 2018. It should be noted that national data suggest that employment gains over the last decade or so have been effectively wiped-out with the onset of the economic disruption caused by the coronavirus pandemic.

The population of the Easley market area is projected to increase from 70,676 in 2010, to 76,220 in 2020, to 78,076 in 2023. The number of households is projected to increase from 27,892 in 2010 to 30,359 in 2020, to 31,184 in 2023. There were 8,597 renter households in the market area in 2010: which is projected to increase to 11,547 by 2020, and to 12,633 by 2023.

There are several apartment complexes located in the Easley area, including five (non elderly) tax credit properties, with one other project funded in 2019.

The occupancy rate for the survey sample as whole is determined to be 98.0 percent, with that for the 314 units at the tax credit properties in the area being 95.9 percent.

The net need for tax credit units such as is proposed in the Easley area by 2023 is calculated to be for 1,322 units. The corresponding figure for two- and three-bedroom units is seen to be for 822 units. Given the calculated need, the proposed 60-unit development amounts to 4.5 percent of the total net need, and equates to 7.2 percent of the net need for two- and three-bedroom units). The capture rate for the five units targeted at 30 percent of the median is 0.9 percent, that for the 15 units targeted at 50 percent of the median is 3.0 percent, with that for the 40 units targeted at 60 percent of the median determined to be 11.1 percent. The corresponding rates for two- and three-bedroom units only are 1.4 percent, 4.8 percent, and 18.9 percent, respectively.

Based on the above, the project could expect to lease up over a period of up to three- or four months, or so.

Report for the Hilyer Commons Apartments in Easley, South Carolina

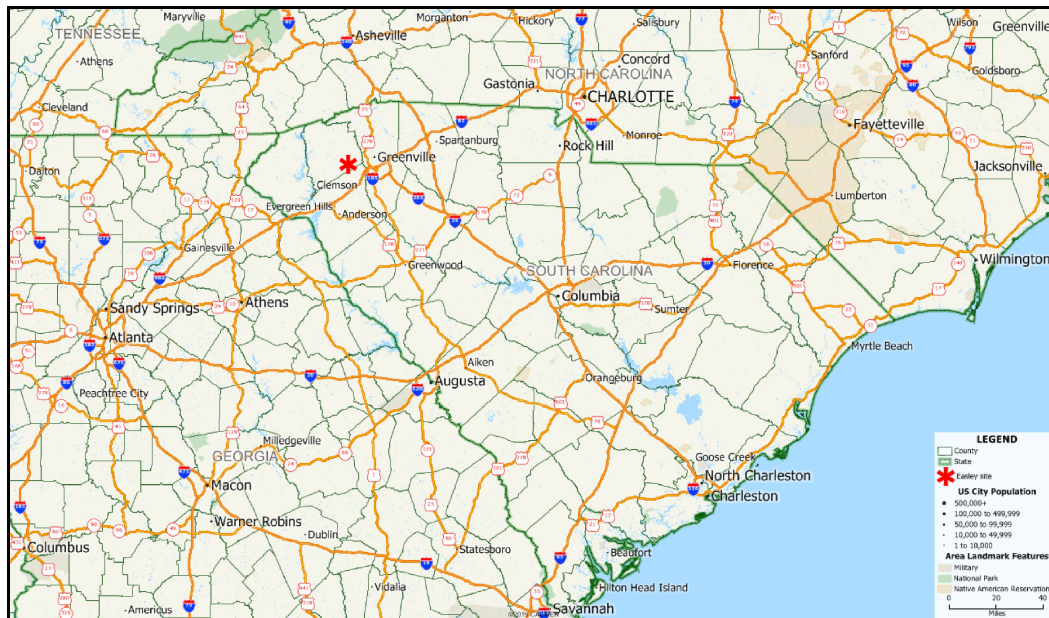
2020 EXHIBIT S - 2 SC SHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:											
Development Name		HILYER COMMONS						Total units:		60	
Location		Pearson Road, Easley						LIHTC units:		60	
PMA Boundary		Eastern Pickens County									
Development Type		Family <input checked="" type="checkbox"/>		Older <input type="checkbox"/>		Farthest Boundary Distance to subject:				10 miles	
Rental Housing Stock (found on pages 42-64)											
Type	Properties	Total Units	Vacant Units	Average Occupancy							
All Rental Housing*	14	1412	28	98.0%							
Market Rate Housing*	7	1014	15	98.5%							
Assisted/Subsidized Housing, not to include LIHTC	3	84	0	100.0%							
LIHTC (all that are stabilized)*	5	314	13	95.9%							
Subsidized comps**	5	314	13	95.9%							
Non-stabilized comps											
* Stabilized occupancy of at least 93% (excludes projects still in 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					HUD Area FMR			Highest Unadjusted comp rent			
Units	Bedrooms	Baths	Size (sf)	Proposed Rent	per unit	per sf	Advantage	per unit	per sf		
2	2	1	1,018	\$340	\$842	\$0.83	59.62	\$1,211	\$0.93		
8	2	1	1,018	\$625	\$842	\$0.83	25.77	\$1,211	\$0.93		
20	2	1	1,018	\$785	\$842	\$0.83	6.77	\$1,211	\$0.93		
3	3	2	1,229	\$460	\$1,127	\$0.92	59.18	\$1,408	\$0.98		
7	3	2	1,229	\$685	\$1,127	\$0.92	39.22	\$1,408	\$0.98		
20	3	2	1,229	\$875	\$1,127	\$0.92	22.36	\$1,408	\$0.98		
Gross Potential Rent Monthly*				\$45,055	\$59,070		23.73				
* market advantage is calculated using the following formula: gross adjusted market rent (minus) gross proposed rent (divided by) gross adjusted market rent The calculation should be expressed as a percentage rounded to two decimal places. The rent calculation Excel worksheet must be provided with the Exhibit S-2 form											
Demographic Data (found on pages 29,37)											
					2010	2020	2023				
Renter Households					8,597	30.8	11,547	38.0	12,633	40.5	
Income-Qualified Renter Households (LIHTC)					n/a	n/a	3,062	26.5	3,350	26.5	
income qualified Renter HHs (MR) if applicable											
Targeted Income-Qualified Renter Household Demand (found on page 39)											
Type of demand					30%	50%	60%	Market Rate	other	Overall	
Renter Household Growth					73	113	123			288	
Existing Households (over burdened+substandard)					476	393	284			1,099	
Homeowner conversion (senior)											
Other											
Less comparable/competitive supply					0	12	48			60	
Net income-qualified renter hholds					549	494	359			1,322	
Capture Rates (found on page 40)											
Targeted population					30%	50%	60%	Market Rate	other	Overall	
Capture rate					0.9%	3.0%	11.1%			4.5%	
Absorption Rate (found on page 41)											
Three to four											

Report for the Hilyer Commons Apartments in Easley, South Carolina

A. PROJECT DESCRIPTION

Project Location

The proposed Hilyer Commons Apartments are to be located on the south side of Pearson Road, to the east of its intersection with Pope Field Road, to the south of Easley, in Pickens County in Upstate South Carolina.



Construction type: New construction

The property comprises six two-story buildings and one three-story residential building, with an office/community building.

Occupancy type :Family

Target income group: 30 percent, 50 percent, and 60 percent of the local area median income

Special population target: not applicable

Proposed unit mix, etc.

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/1 bath	1	1,018	\$340	less than 30 percent **
2 bedroom/1 bath	1	1,018	\$340	less than 30 percent
2 bedroom/1 bath	1	1,018	\$625	less than 50 percent **
2 bedroom/1 bath	7	1,018	\$625	less than 50 percent
2 bedroom/1 bath	1	1,018	\$785	less than 60 percent **
2 bedroom/1 bath	19	1,018	\$785	less than 60 percent
3 bedroom/2 bath	1	1,229	\$460	less than 30 percent **
3 bedroom/2 bath	2	1,229	\$460	less than 30 percent
3 bedroom/2 bath	1	1,229	\$685	less than 50 percent **
3 bedroom/2 bath	6	1,229	\$685	less than 50 percent
3 bedroom/2 bath	20	1,229	\$875	less than 60 percent

* *targeting*

** *HOME units*

Rental Assistance: none

With respect to utilities, the units will be all-electric. Each tenant will be responsible for water, sewer, heating, cooling and other electricity. The owner will responsible for trash collection. The utility allowance is \$162 for a two-bedroom unit and \$215 for a three-bedroom unit.

Project amenities include a site office, laundry, and community space - which includes a kitchenette and a computer room. There will be a picnic area and playground on the property.

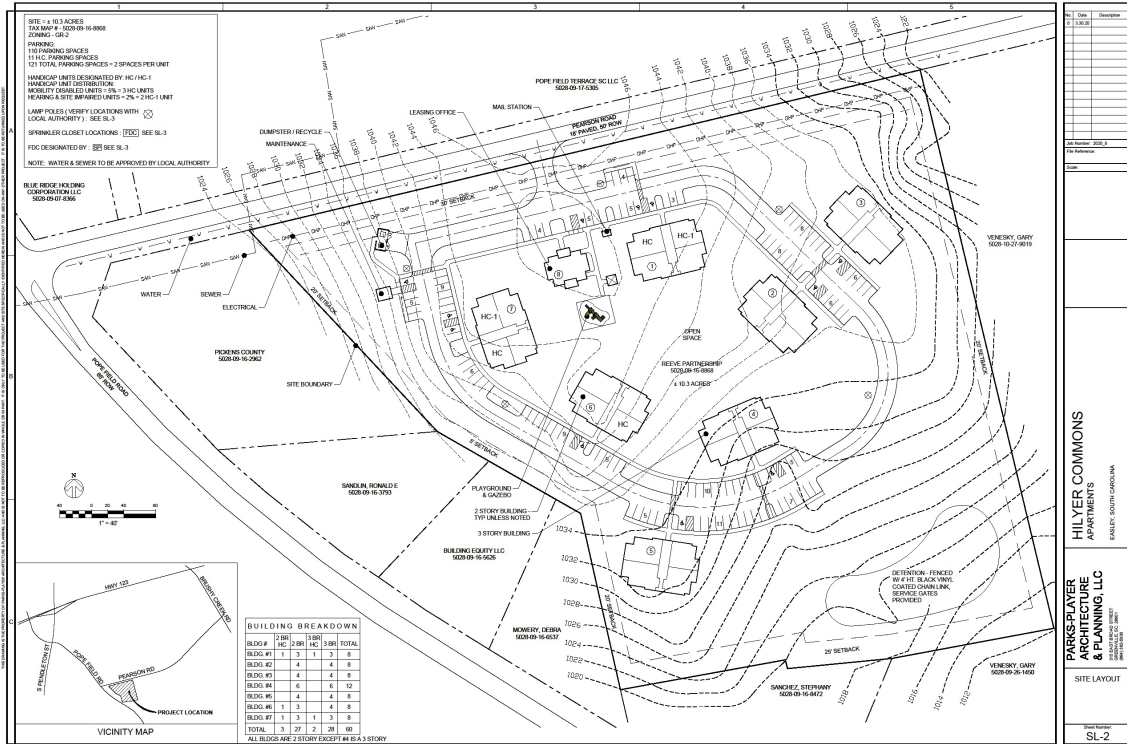
Unit amenities include a fully equipped kitchen, washer and dryer connections, and ceiling fans and mini-blinds. The units will be centrally-heated and air conditioned, with carpet and vinyl flooring.

Representative architectural drawings/plans are set out on the following page.

Rehabilitation information: n/a

Report for the Hilyer Commons Apartments in Easley, South Carolina

Site plan



B. SITE DESCRIPTION

The Hilyer Commons Apartments are to be located on the south side of Pearson Road, to the east of its intersection with Pope Field Road, to the south of Easley. Adjacent properties include the Pope Field Terrace Apartments (a tax credit-financed complex), an EMS facility and undeveloped land. A City of Easley Recreation complex is to the west of Pope Field Road.



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



View onto property



View on property



View across Pearson Road, to site



View west on Pearson Road, at site



View east on Pearson Road, at site



View across Pearson Rd., to Pope Field Terrace, from site

Report for the Hilyer Commons Apartments in Easley, South Carolina

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

The following distances from the site to various local services and amenities.

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	US 123	0.7
	Interstate 85	9.8
Retail - Grocery	Bi Lo	0.6
	Publix	1.3
	Ingles	1.2
Retail - Other	Big Lots	0.8
	Belk	1.6
	Wal Mart	3.5
Pharmacies *	CVS	0.5
	Easley HealthMart	2.2
Schools	Forest Acres Elementary School	1.6
	Gettys Middle School	1.3
	Easley High School	2.2
Entertainment, etc	Pope Field Park	0.1
Government	City of Easley	2.0
Post Office	Easley	0.8
Library	Pickens County -Hampton Memorial	1.9
Hospital	Baptist Easley	2.5

** excluding those in grocery stores, etc.*

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

The site is within three-fourths of one mile of US highway 123 - the Calhoun Memorial Highway - the major east-west thoroughfare serving Easley, and the focus of the area's commercial development. Interstate 85 is within ten miles of the site.

The site is within two-thirds of one mile of a shopping center which is anchored by a Bi-Lo grocery store (and the site of a former Wal-mart). The site is within one and one-fourth miles of an Ingles grocery store on the Pelzer Highway, to the south. The Centerpoint shopping center, which is anchored by a Publix supermarket is located on US 123 - within one and one-third miles. The Town and Country shopping center is anchored by a Belk department store is also located on US 123 - within two miles of the site. A Wal Mart Supercenter is located on US 123, to the east of Easley, three and one-half miles from the site.

The Forest Acres Elementary School is within two and one-fourth miles of the site. The site is within one and one-third miles of the Gettys Middle School, and is within two and one-fourth miles of the Easley High School.

The site is within two and one-half miles of the Palmetto Baptist Medical Center and associated medical services, which is located north of the downtown area.

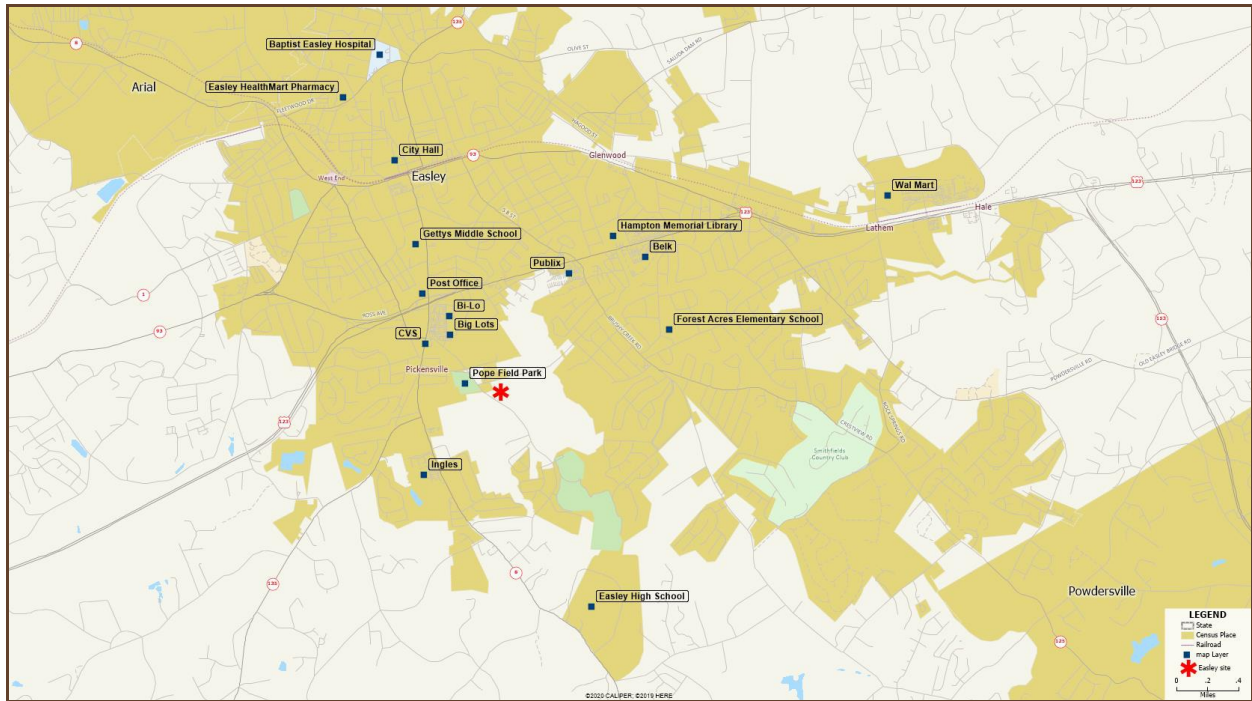
The site is within one mile of the Post Office, and is within two miles of the government, shopping, and other services located in downtown Easley.

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

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

Report for the Hilyer Commons Apartments in Easley, South Carolina

The locations of various amenities relative to the site of the proposed development are mapped, below.



C. MARKET AREA

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

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

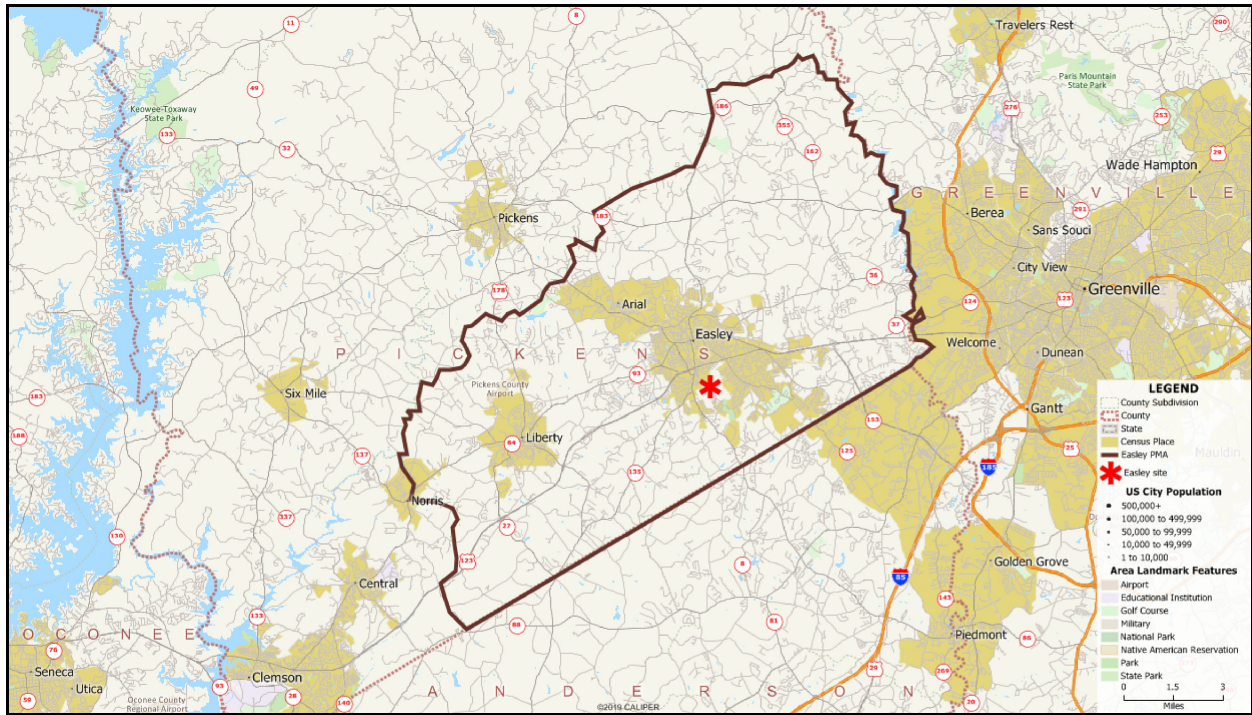
Easley is located in eastern Pickens County in Upstate South Carolina. The market area for the proposed development is eastern Pickens County, as defined by several census tracts. This area is focused on Easley and extends to approximately three miles to the south and five- to ten miles elsewhere. This area includes the smaller community of Liberty, but excludes neighboring and potentially competing communities such as Pickens, Anderson, and Greenville.

The market area is irregularly shaped. The westernmost portion of the area is bounded by portions of Simms School Road, Winding Creek Road, and the Norris Highway. The northern portion is bounded by portions of, for example, Twelve Mile Creek, Country Club Road, Old Bethlehem Road, Bethlehem Ridge Road, Ireland Road, Tabor Landing Road, Jameson Road, the Dausville Highway (SC 135), and Shoal Creek. The eastern boundary of the market area is the Saluda River (which, here, is the Pickens County/Greenville County Line). The southern boundary of the market area is the Pickens County/Anderson County line.

The area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character, and with residents, or potential residents, likely to be interested in the project.

Report for the Hilyer Commons Apartments in Easley, South Carolina

Market area map



Report for the Hilyer Commons Apartments in Easley, South Carolina

The site is located in census tract 109.02. Market study guidelines require provision of the most recent (decennial Census) statistics on race available for the census tract in which the project is located. This information is set out in Table 1, below.

Table 1 - Statistics on Race, Tract 109.02

		<u>number</u>	<u>percent</u>
	Total	6,398	100.0
Race	One race	6,314	98.7
	White	5,770	90.2
	Black or African American	384	6.0
	American Indian and Alaska Native	7	0.1
	Asian	68	1.1
	Native Hawaiian/other Pacific	0	0.0
	Some other race	85	1.3
	Two or more races	84	1.3
	Two races, with some other race	9	0.1
	Two races without some other race	0	0.0
	Three races, with some other race	0	0.0
	Three races without some other race	0	0.0
	Hispanic or Latino		
	Total population	6,398	100.0
	Hispanic or Latino (any race)	203	3.2
	Mexican	102	1.6
	Puerto Rican	23	0.4
	Cuban	9	0.1
	Other Hispanic or Latino	69	1.1
	Not Hispanic or Latino	6,195	96.8
	Race and Hispanic or Latino		
	Total population	6,398	100.0
	One race	6,314	98.7
	Hispanic or Latino	191	3.0
	Not Hispanic or Latino	6,123	95.7
	Two or more races	84	1.3
	Hispanic or Latino	12	0.2
	Not Hispanic or Latino	72	1.1

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

D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

The distribution of employment, by industry, for the Easley market area is set out in Table 2, below. This information is from the 2014 to 2018 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is manufacturing, which accounts for 17.1 percent of the total. Other significant sectors include retail trade (10.6 percent) and healthcare (12.9 percent).

Table 2 - Employment by Industry, Market Area

	<u>number</u>	<u>percent</u>
Agriculture, etc	114	0.4
Construction	2,687	9.6
Manufacturing	4,776	17.1
Wholesale Trade	934	3.3
Retail Trade	2,944	10.6
Transp, Warehousing	1,068	3.8
Utilities	484	1.7
Information	283	1.0
Finance, Insurance, Real Estate	1,507	5.4
Professional, scientific, management	2,524	9.1
Educational Services	2,021	7.2
Health care	3,598	12.9
Arts, entertainment, recreation	488	1.7
Accommodation and food services	1,831	6.6
Other services	1,828	6.6
Public Administration	802	2.9

Source: 2014 to 2018 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major employers throughout Pickens County are listed in Table 3, below. From this table it is seen that the largest employer in the area is Clemson University Research, which employs more than 1,000 persons. Significant employers in Easley include the Baptist Hospital. The largest manufacturers in the area include Yokohama (YH America) and Sauer-Danfoss, each of which employs 250 or more persons. Other significant employers would include local government and the local school system.

Table 3 - Major Employers

<u>Employer Name</u>	<u>Location</u>	<u>Employees</u>
Clemson University Research	Clemson	1,000-4,999
Prisma Health Baptist Easley Hospital	Easley	500-999
Reliable Sprinkler	Liberty	500-999
Clemson University	Clemson	500-999
Palmetto Health Baptist Easley	Easley	500-999
Y H America	Easley	250-499
Pickens County Planning	Pickens	250-499
Sauer-Danfoss	Easley	250-499
Wal-mart Supercenter (Central)	Central	250-499
Abbott Laboratories	Liberty	250-499
Cornell Dubillier	Liberty	250-499
Wal-mart Supercenter (Easley)	Easley	250-499
Champion Aerospace	Liberty	250-499

Source: SC Works

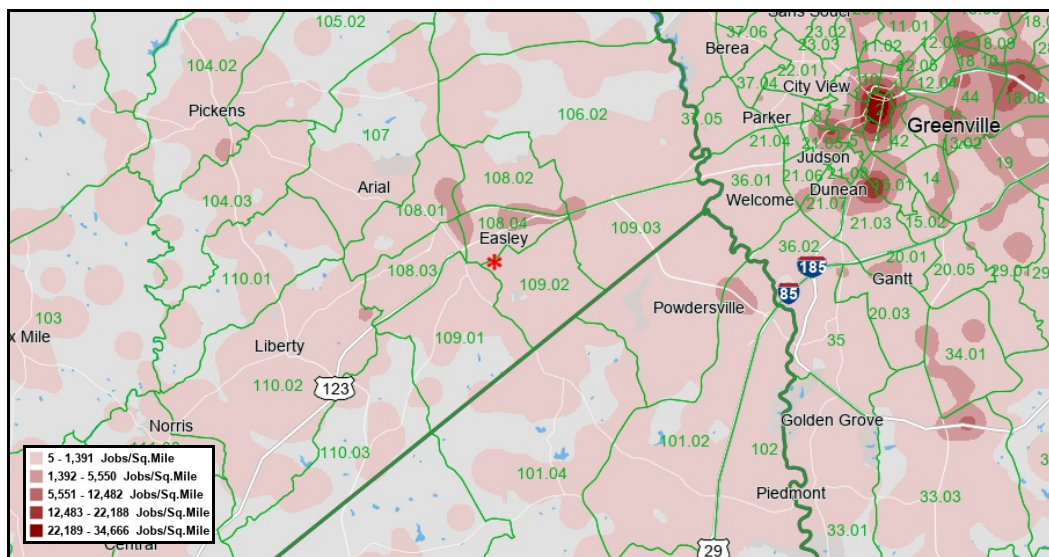
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Some information is available from the South Carolina Department of Commerce as to new and expanding industries in Pickens County. For example, it is reported that the Danish company, KP Components announced plans to expand its Pickens County operations, adding 47 new jobs. In 2018, Uniyeed Tool and Die announced an expansions generating an additional 17 jobs.

With respect to job losses, the SC WARN system reported (as of April 1, 2020) the loss of 240 jobs at Chef's Pantry in Easley. The 2019 annual report included no major closings or layoffs in Pickens County.

It should be noted that significant layoffs and/or closings can be expected in this area from April 2020 as a consequence of the impact of the coronavirus pandemic. These losses may be temporary or permanent.

Based on information from the Census, the location of the site relative to the distribution of employment in the wider Pickens County area is illustrated in the map, below.



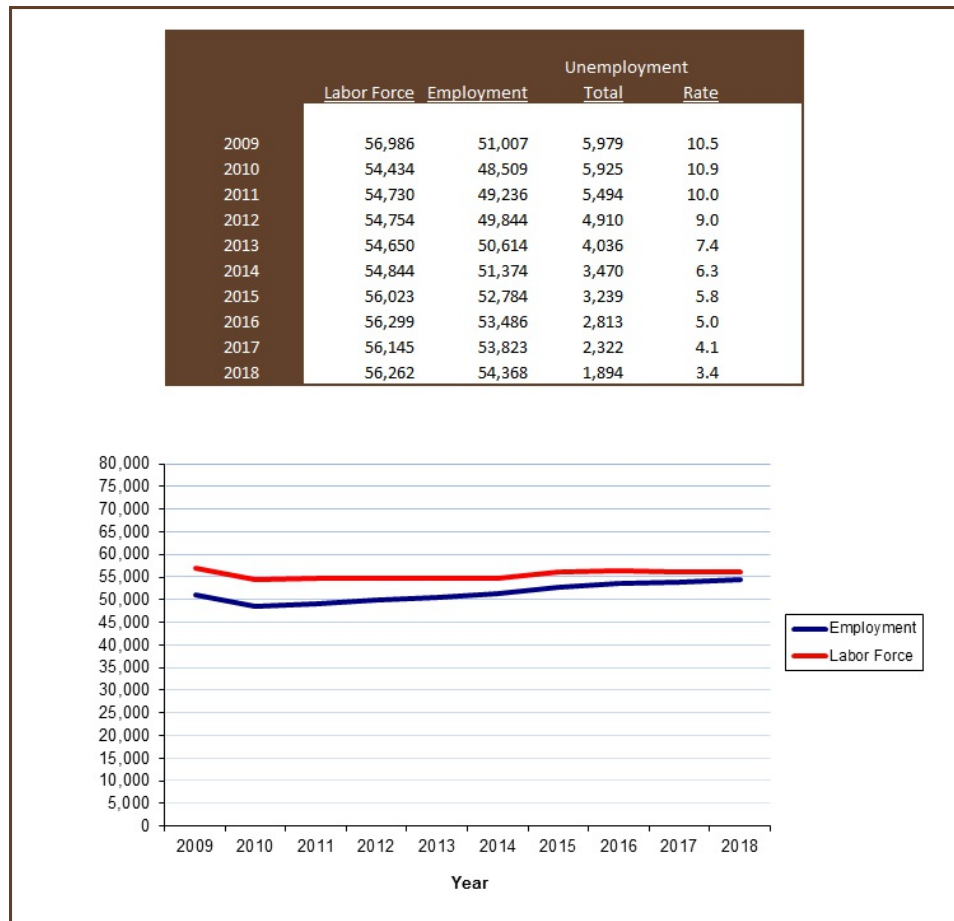
LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2018, the most recent year for which annualized data are available, the Pickens County labor force comprised an estimated 56,262 persons. Of this total, 54,368 were employed and 1,894 or 3.4 percent were unemployed.

Labor force and employment figures show significant increases over the last decade or so, with employment falling - significantly - between 2009 and 2010. Since then, labor force and employment have increased - resulting in unemployment rates falling from a high of 10.9 percent in 2010, to only 3.4 percent in 2018. It should be noted that national data suggest that employment gains over the last decade or so have been effectively wiped-out with the onset of the economic disruption caused by the coronavirus pandemic.

Between 2008 and 2018, the labor force showed a net decrease of 724, or 80, annually, on average. It should be noted that the labor force decreased by 2,552 between 2009 and 2010, but has increased by 1,828 since 2010. Employment grew by an average of 373 jobs annually.

Table 4 - Pickens County Labor Force and Employment



Source: US Department of Labor

COMMUTING

Based on data from the American Community Survey, 21.9 percent of workers resident in Easley were employed in Easley, with 44.0 percent employed in Pickens County as a whole. The average driving time to work for residents of Easley was 25.2 minutes.

Table 5 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	9,276	100.0
Worked in Place of residence	2,031	21.9
Worked in County of residence	4,081	44.0
Worked outside Place of residence	7,245	78.1
Worked outside County of residence	5,195	56.0
Mean travel time to work (minutes)	25.2	

Source: 2014 to 2018 American Community Survey; T Ronald Brown: Research & Analysis

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The most recent Census data for commuting patterns for persons who live and/or work in Pickens County area are illustrated, below.

Here it is seen that very many persons who work in Pickens County commute into the County from Anderson, Greenville and Oconee Counties. Likewise, many (12,505) residents of Pickens County commute to work in Greenville County. A significant number of people who live in Pickens County work in Anderson County or in Oconee County.

Table 6 - Commuting Patterns

<u>Place of work</u>	<u>Place of Residence</u>	<u>Workers</u>
Pickens County	Pickens County	27,851
Pickens County	Anderson County	4,508
Pickens County	Greenville County	3,275
Pickens County	Oconee County	3,262
Greenville County	Pickens County	12,505
Anderson County	Pickens County	4,098
Oconee County	Pickens County	2,892

Source: US County to County Commuting Flows; T.Ronald Brown: Research & Analysis

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Pickens County was 110,757, and in 2010 the population was recorded as 119,224. Population projections for Pickens County are based on South Carolina State Data Center projections. Based on these data, the population of the county is projected to be 126,595 by 2020, and to be 129,075 by 2023.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2000 to 2010, corrected for the county projections. The projection is that in 2020 the project market area will have a population of around 76,220 and around 78,076 in 2023.

Information on population trends and changes between 2000 and 2023 are set out in Table 7, below.

Table 7 - Population Trends

	Easley	Market Area	Pickens County
2000	17,754	64,451	110,757
2010	19,993	70,676	119,224
2020	n/a	76,220	126,595
2023	n/a	78,076	129,075
absolute change			
2000-2010	2,239	6,225	8,467
2010-2020	n/a	5,544	7,371
2020-2023	n/a	1,856	2,480
annual change			
2000-2010	224	623	847
2010-2020	n/a	554	737
2020-2023	n/a	619	827

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

AGE

The distribution of the population, by age, for Easley, the Easley market area, and for Pickens County are set out in Table 8, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Easley was recorded as 40.5 years, with that for Pickens County being 34.9 years (which reflects the impact of the student population at Clemson University). The median age for the market area is estimated at 36.7 years.

Table 8 - Age Distribution

	Easley		Market Area		Pickens County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	1,273	6.4	4,359	6.2	6,429	5.4
5 to 9 years	1,284	6.4	4,419	6.3	6,658	5.6
10 to 14 years	1,289	6.4	4,553	6.4	6,972	5.8
15 to 19 years	1,127	5.6	4,747	6.7	11,466	9.6
20 to 24 years	1,107	5.5	6,741	9.5	14,757	12.4
25 to 29 years	1,289	6.4	4,465	6.3	7,056	5.9
30 to 34 years	1,229	6.1	4,180	5.9	6,421	5.4
35 to 39 years	1,251	6.3	4,411	6.2	6,759	5.7
40 to 44 years	1,355	6.8	4,694	6.6	7,172	6.0
45 to 49 years	1,414	7.1	5,217	7.4	8,049	6.8
50 to 54 years	1,359	6.8	4,831	6.8	7,786	6.5
55 to 59 years	1,249	6.2	4,420	6.3	7,127	6.0
60 to 64 years	1,170	5.9	4,040	5.7	6,579	5.5
65 to 69 years	1,033	5.2	3,149	4.5	5,268	4.4
70 to 74 years	777	3.9	2,330	3.3	3,840	3.2
75 to 79 years	658	3.3	1,745	2.5	2,874	2.4
80 to 84 years	547	2.7	1,263	1.8	2,104	1.8
85 years and over	582	2.9	1,112	1.6	1,907	1.6
55 and older	6,016	30.1	18,059	25.6	29,699	24.9
65 and older	3,597	18.0	9,599	13.6	15,993	13.4
median	40.5		36.7 *		34.9	

* estimate

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

HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for Easley, the project market area, and for Pickens County are out in Table 9, below. These projections are based on the population projections set out, above.

The projection is that in 2020 the project market area will have around 30,359 households, and around 31,184 in 2023. In 2000, there were 27,892 households in the market area.

Table 9 - Household Trends

	Easley	Market Area	Pickens County
2000	7,227	25,258	41,306
2010	8,289	27,892	45,228
2020	n/a	30,359	48,625
2023	n/a	31,184	49,765
absolute change			
2000-2010	1,062	2,634	3,922
2010-2020	n/a	2,467	3,397
2020-2023	n/a	825	1,140
annual change			
2000-2010	106	263	392
2010-2020	n/a	247	340
2020-2023	n/a	275	380

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

TENURE

Table 10, below, sets out the number and proportion of owner and renter households for Easley, the Easley market area, and for Pickens County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 30.8 percent of households in the market area were renters, compared with 34.7 percent in Easley, and 31.1 percent in the county.

Table 10 - Tenure

Easley		<u>population</u>	<u>households</u>	persons per <u>household</u>	Owner-occupied		Renter-occupied	
					<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000		17,754	7,227	2.46	4,936	68.3	2,291	31.7
2010		19,993	8,289	2.41	5,410	65.3	2,879	34.7
2020		n/a	n/a	n/a	n/a	n/a	n/a	n/a
2023		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area		<u>population</u>	<u>households</u>	persons per <u>household</u>	Owner-occupied		Renter-occupied	
					<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000		64,451	25,258	2.55	18,949	75.0	6,309	25.0
2010		70,676	27,892	2.53	19,295	69.2	8,597	30.8
2020		76,220	30,359	2.51	18,812	62.0	11,547	38.0
2023		78,076	31,184	2.50	18,551	59.5	12,633	40.5
Pickens County		<u>population</u>	<u>households</u>	persons per <u>household</u>	Owner-occupied		Renter-occupied	
					<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000		110,757	41,306	2.68	30,350	73.5	10,956	26.5
2010		119,224	45,228	2.64	31,161	68.9	14,067	31.1
2020		126,595	48,625	2.60	30,891	63.5	17,734	36.5
2023		129,075	49,765	2.59	30,727	61.7	19,038	38.3

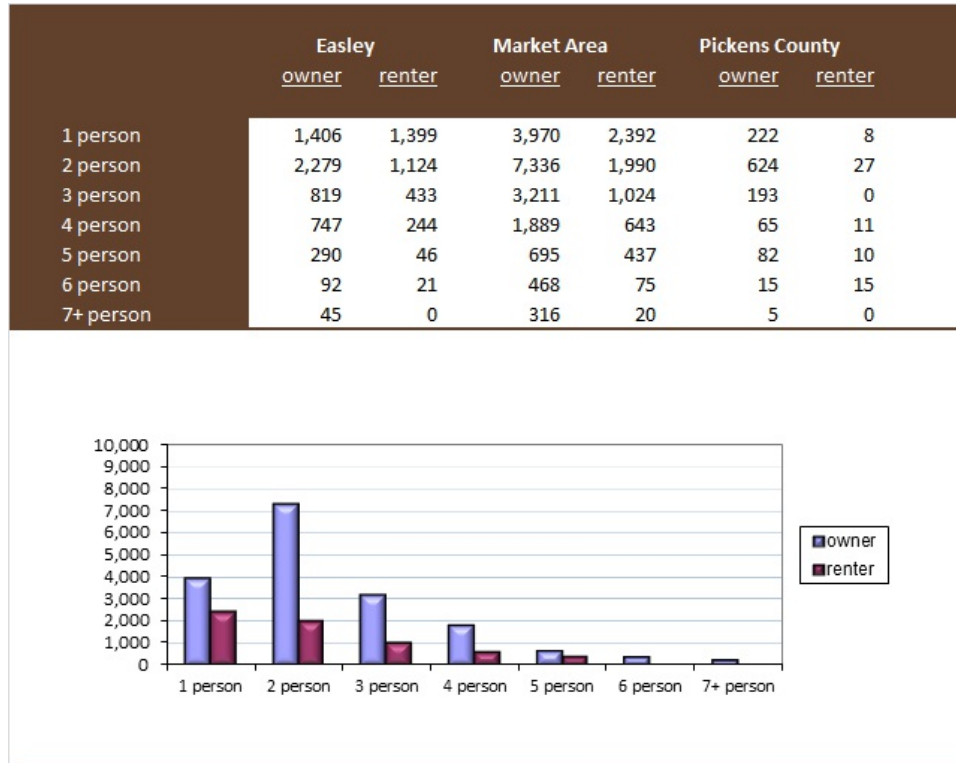
Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

Table 11 below, sets out household size, by tenure, for households in Easley, the project market area, and Pickens County.

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

Table 11 - Household Size, by Tenure



Source: 2014 to 2018 American Community Survey; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME

The distribution of household incomes for Easley, the market area, and for Pickens County are set out in Table 12, below. These figures are taken from the 2014 to 2018 American Community Survey, and as such are subject to the limitations imposed by this source.

Here, it is seen that the median household income in Easley was \$47,411, and that for Pickens County as a whole was seen to be \$47,024. The median income for the market area is estimated to be around \$49,444.

Table 12 - Household Income

	Easley		Market area		Pickens County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	598	7.0	1,598	6.6	17	1.3
\$10,000 to \$14,999	386	4.5	1,103	4.5	78	6.0
\$15,000 to \$19,999	579	6.8	1,504	6.2	58	4.4
\$20,000 to \$24,999	695	8.2	1,320	5.4	33	2.5
\$25,000 to \$29,999	606	7.1	1,618	6.7	124	9.5
\$30,000 to \$34,999	543	6.4	1,266	5.2	54	4.1
\$35,000 to \$39,999	439	5.2	1,214	5.0	41	3.1
\$40,000 to \$44,999	478	5.6	1,355	5.6	96	7.4
\$45,000 to \$49,999	268	3.2	1,299	5.4	99	7.6
\$50,000 to \$59,999	797	9.4	2,000	8.2	33	2.5
\$60,000 to \$74,999	785	9.2	2,618	10.8	142	10.9
\$75,000 to \$99,999	809	9.5	2,949	12.1	186	14.2
\$100,000 to \$124,999	629	7.4	2,019	8.3	109	8.3
\$125,000 to \$149,999	146	1.7	992	4.1	71	5.4
\$150,000 to \$199,999	440	5.2	930	3.8	107	8.2
\$200,000 or more	300	3.5	491	2.0	58	4.4
median income	\$47,411		\$49,444 *		\$47,024	

* estimate

Source: 2014 to 2018 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Easley, the market area, and Pickens County set out in Table 13, below. These figures are also taken from the 2014 to 2018 American Community Survey.

Here, it is seen that the median renter household income in Easley was \$30,938, and that for Pickens County as a whole was seen to be \$27,042. The median income for renters in the market area is estimated to be around \$34,083.

Table 13 - Household Income, Renter Households

	Easley		Market area		Pickens County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	488	14.9	928	14.1	2,700	17.6
\$10,000 to \$19,999	429	13.1	948	14.4	3,190	20.8
\$20,000 to \$34,999	911	27.9	1,509	22.9	3,207	20.9
\$35,000 to \$49,999	530	16.2	1,255	19.1	2,376	15.5
\$50,000 to \$74,999	495	15.2	1,042	15.8	2,235	14.6
\$75,000 to \$99,999	126	3.9	371	5.6	796	5.2
\$100,000 or more	288	8.8	528	8.0	852	5.5
median income	\$30,938		\$34,082 *		\$27,042	

* estimate

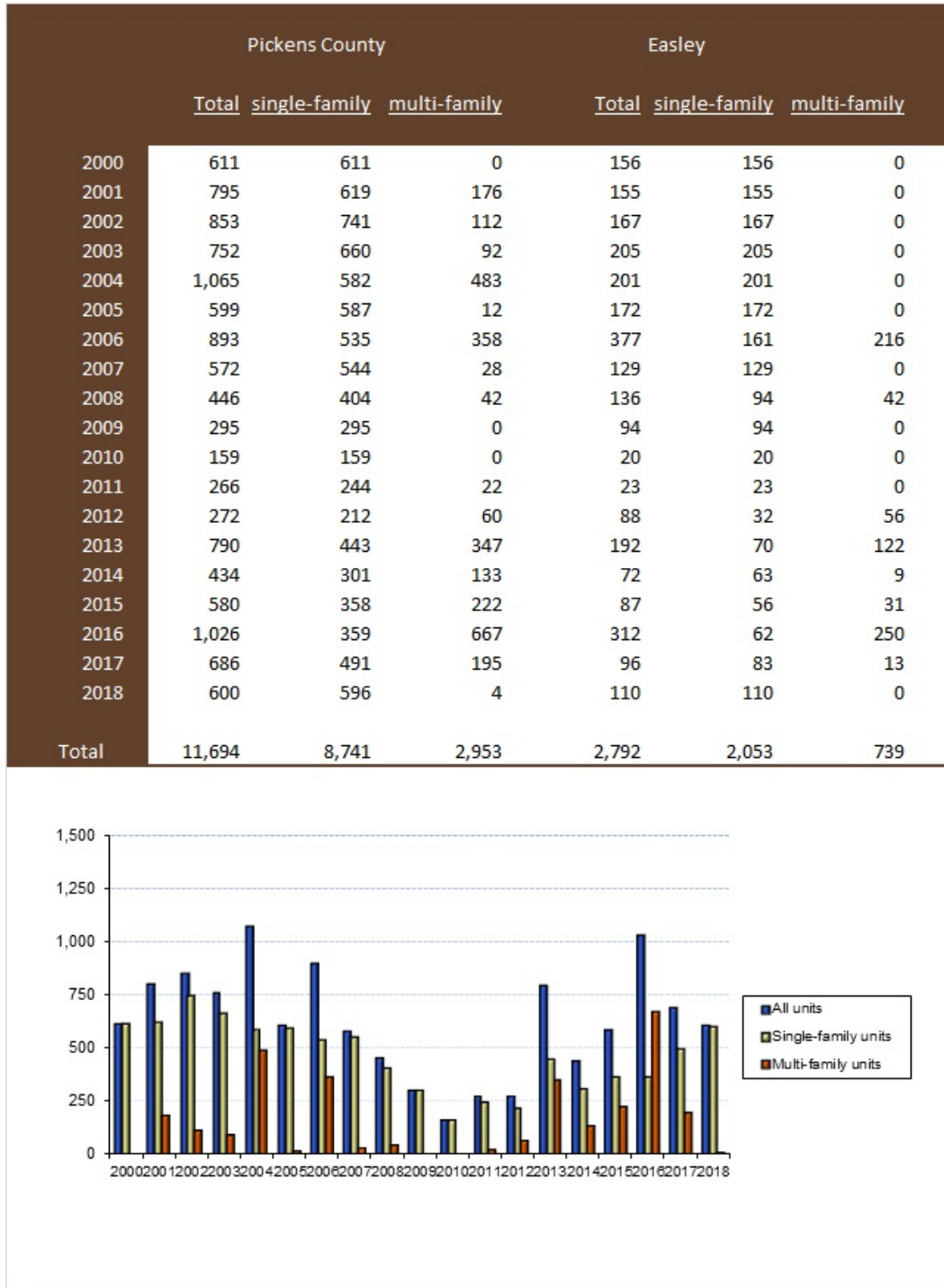
Source: 2014 to 2018 American Community Survey; T Ronald Brown: Research & Analysis

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RESIDENTIAL CONSTRUCTION SINCE 2000

Table 14 below gives details of residential construction in Pickens County since 2000. Where the data exist, it can be seen that a total of 11,694 units were added in Pickens County, with 2,792 added in Easley.

Table 14 - Residential Construction Since 2000



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

F. PROJECT SPECIFIC DEMAND ANALYSIS

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

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 60 units proposed, five will be targeted to households with incomes up to 30 percent of the median, with 15 targeted at 50 percent, and 40 targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status. There will be a mix of two- and three- bedroom units.

The income limits for Pickens County (the Greenville, MSA) are set out below, along with maximum housing expenses. The maximum housing expenses for the proposed units are based on these income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities).

Table 15 - Income Limits and Maximum Housing Costs

Income Limits			
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>
1 person	\$15,050	\$26,250	\$31,500
2 person	\$17,200	\$30,000	\$36,000
3 person	\$21,330	\$33,750	\$40,500
4 person	\$25,750	\$37,450	\$44,940
5 person	\$30,170	\$40,450	\$48,540
6 person	\$34,590	\$43,450	\$52,140
Maximum Housing Costs			
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>
2 bedroom	\$533	\$843	\$1,012
3 bedroom	\$699	\$973	\$1,168

Source: SC State Housing

Information as to rents and income targeting, and qualifying income ranges are set out in Table 16, below

Table 16 - Rents and Income Targeting

income targeting				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
2 bedroom	2	8	20	30
3 bedroom	3	7	20	30
Total	5	15	40	60
proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	
2 bedroom	\$340	\$625	\$785	
3 bedroom	\$460	\$685	\$875	
proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	
2 bedroom	91.6	91.7	92.4	
3 bedroom	95.0	90.3	91.8	

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$162 and \$215 for the two- and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments fall effectively at 92 to 95 percent of the maximum allowable. This will provide an attractive and relatively affordable property, given that rents are reasonably below the maximum allowable.

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

Table 17 - Qualifying Income Ranges

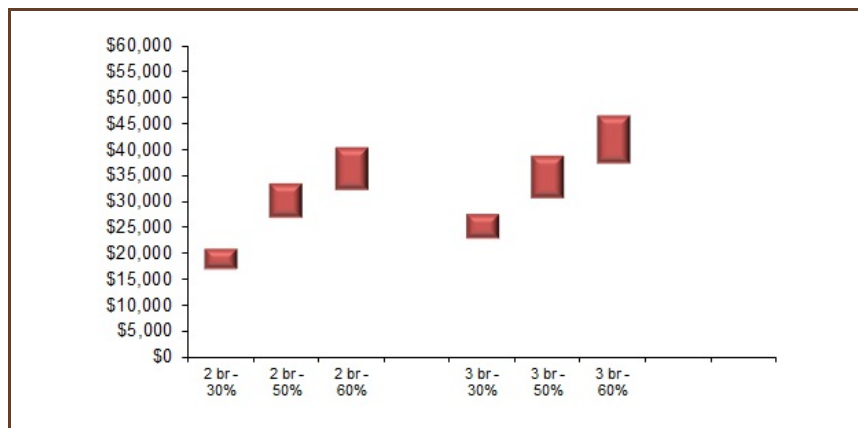
<u>30 percent</u>		
	lower	upper
2 bedroom	\$17,211	\$21,330
3 bedroom	\$23,143	\$27,960
<u>50 percent</u>		
	lower	upper
2 bedroom	\$26,983	\$33,750
3 bedroom	\$30,857	\$38,950
<u>60 percent</u>		
	lower	upper
2 bedroom	\$32,469	\$40,500
3 bedroom	\$37,371	\$46,740

Source: SC State Housing; T Ronald Brown: Research & Analysis

Incomes for households qualifying for the proposed project are seen to range from \$17,211 to \$46,740.

This table, and the graph below, show that the qualifying income ranges are relatively narrow, but not as narrow as would be the case if the rents were set at the maximum allowable.

Any overlap between the target income ranges (and any gaps between them) will be taken into consideration in our calculations.



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

Table 18 - Renter Household Income and Rent-overburdening

Income	Overburdened Renters			
	Number	Percent	Number	Percent
Up to \$10,000	928	14.1	582	29.1
\$10,000 - \$19,999	948	14.4	725	36.3
\$20,000 - \$34,999	1,509	22.9	585	29.3
\$35,000 - \$50,000	1,255	19.1	98	4.9
\$50,000 - \$75,000	1,042	15.8	0	0.5
\$75,000 - \$100,000	371	5.6	0	0.0
\$100,000 and over	528	8.0	0	0.0
Total	6,581		2,000	

Source: 2014 to 2018 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2014 to 2018 - and not for a specific year.

From this table it can be seen that 14.1 percent of the market area renter households have incomes less than \$10,000 and a further 14.4 percent have incomes between \$10,000 and \$20,000. Around 22.9 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 30 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups - those below \$35,000.

Based on the income ranges set out in Table 17 and the income distribution set out in Table 18, it is found that around 6.7 percent of market area renter households qualify for units at 30 percent of the median, the corresponding figures for the units at 50 and 60 percent are 10.4 percent and 11.0 percent, respectively, and 26.5 percent, overall.

Projections of need and demand are based upon a 2020 to 2023 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 10, a total of 1,086 new rental units are needed between 2020 and 2023. A total of 288 units will be for households eligible for the proposed project: 73 households at the 30 percent level, 113 households at the 50 percent level, and 123 households at the 60 percent level.

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

Our calculations show that there will be a total of 3,350 renter households in the qualifying income ranges in the project market area. This figure has to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 54.5 percent of renters qualifying for units at the 30 percent level are rent overburdened, with 28.0 percent and 18.1 percent of those at the 50 and 60 percent levels being rent overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This based on an annual average rate of 0.6 percent of the rental housing stock. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 66 units.

Total demand is therefore seen to amount to 1,382 units: 549 qualifying for units at 30 percent of the median, 506 at 50 percent, and 407 qualifying at 60 percent of the median.

These figures are based on a 2020 to 2023 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. One directly comparable project has been funded in the project market area over the projection period - the 60-unit Creekside Village tax credit-financed property that was funded in 2019. This project will offer a mix of two- and three-bedroom units targeted at 50 percent and 60 percent of the median income. No other comparable complexes have been developed or are under construction. The net need is therefore for 1,322 units.

The preceding calculations are summarized in the table on the following page.

Table 19 - Demand Calculations

	30 percent	50 percent	60 percent	Total *
(i) income eligible new renter households	73	113	123	288
(ii) income eligible existing renter households	846	1,318	1427	3,350
(iii) existing households, likely to move	461	369	259	1,034
(iv) need from obsolete housing	15	24	26	65
Total demand (i)+(iii)+(iv)	549	506	407	1,382
Supply	0	12	48	60
Net demand	549	494	359	1,322

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 33 percent of the total, two-bedroom units should account for 44 percent of the total, and three-bedroom units should account for 20 percent of the total with four- or more bedroom units accounting for 4percent. Here, it is important to note that the need and demand for three- bedroom units (which account for 50.0 percent of the 60-unit total) is based on renter households size - with a focus on four-or-more person households for the three-bedroom units.

Capture rates are illustrated in the table on the following page.

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Table 20 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total*</u>
Total demand				
1 bedroom	179	165	133	452
2 bedroom	241	222	179	607
3 bedroom	109	101	81	275
4 bedroom	19	18	14	48
Total	549	506	407	1,382
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	10	32	42
3 bedroom	0	2	16	18
4 bedroom	0	0	0	0
Total	0	12	48	60
Net demand				
1 bedroom	179	165	133	452
2 bedroom	241	212	147	565
3 bedroom	109	99	65	257
4 bedroom	19	18	14	48
Total	549	494	359	1,322
Units proposed				
1 bedroom	0	0	0	0
2 bedroom	2	8	20	30
3 bedroom	3	7	20	30
4 bedroom	0	0	0	0
Total	5	15	40	60
Capture rates				
1 bedroom	0.0%	0.0%	0.0%	0.0%
2 bedroom	0.8%	3.8%	13.6%	5.3%
3 bedroom	2.7%	7.1%	30.8%	11.7%
4 bedroom	0.0%	0.0%	0.0%	0.0%
Total	0.9%	3.0%	11.1%	4.5%

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 60-unit development amounts to 4.5 percent of the total net need. The development equates to 7.2 percent of the net need for 822 two- and three- bedroom units.

The capture rate for the five units targeted at 30 percent of the median is 0.9 percent, that for the 15 units targeted at 50 percent of the median is 3.0 percent, with that for the 40 units targeted at 60 percent of the median determined to be 11.1 percent. The corresponding rates for two- and three-bedroom units only are 1.4 percent, 4.8 percent, and 18.9 percent, respectively.

The capture rates, by bedroom, are determined to be 5.3 percent for the 30 two-bedroom units, and 11.7 percent for the 30 three-bedroom units.

These capture rates are considered to be very realistic - and the proposed development is considered very marketable, all things considered.

ABSORPTION RATES

As noted, the capture rates presented above are considered realistic - and reflect the impact of the size of the project, bedroom mix, different target income ranges, and the relative affordability of the proposed rents. Were the project to be developed as proposed it would expect to lease-up over a period of three- to four- months, or so.

G. EXISTING RENTAL UNITS

There are several apartment complexes located in the Easley area. There are five tax credit properties and three subsidized complexes (one HUD Section 8 project and two USDA properties in the market area, in addition to several market rate complexes. The various properties throughout the market area were identified and surveyed, and where useful information was provided to us, this is presented, below.

The newest tax credit financed complex is Aberdeen Chase - a 27 unit development. This complex opened in 2016 and has 15 two-bedroom units and 12 three-bedroom units. Rents range from \$635 to \$795 for a two-bedroom model, and \$700 to \$890 for a three-bedroom unit. The complex reports one vacancy, with typical occupancy reported to be 100 percent, with a waiting list.

The Pope Field Terrace Apartments opened in 2014 at a site on Pearson Road - directly north of the site of the proposed development. This complex comprises 56 units: 12 one-bedroom units, 28 two-bedroom units, and 16 three-bedroom units. The one-bedroom units rent for \$520 to \$650 and the two bedroom units rent for \$668 to \$830. Rent for the three-bedroom units is \$775 and \$935. As of the time of our survey, one unit was reported to be vacant - with occupancy reported to be around 100 percent on an ongoing basis, with a waiting list.

The Park West Apartments are located near downtown Easley. The property was built in 2003 and offers a total of 60 units. The 44 two-bedroom units rent for \$650 and \$765, and the 16 three-bedroom units are available for \$750 and \$805. As of early April, nine units were reported to be vacant (85 percent occupancy), with typical occupancy reported at around 97 percent. The April occupancy figure is reported to reflect several move-outs at that particular time.

The largest tax credit-financed complex in Easley is the Creekside Apartments, which date from 1998. There are a total of 132 units: an equal number of two- and three-bedroom units. The two-bedroom units rent for \$725, and the three bedroom units rent for \$825. The property reports two vacant units, with the property staying fully occupied on an ongoing basis, with a waiting list.

The Cedar Brook Townhouses is a 39-unit complex that opened in 2013. Of the 39 units, 31 are three-bedroom units that rent for \$505 to \$530. The two- and three- bedroom units rent for \$470 and \$570, respectively. The property is reported to be fully occupied.

As noted earlier, the Creekside Village Apartments were awarded tax credits in 2019. The project is to be located on Burns Avenue, near the library. Construction has yet to commence on this project. There will be 60 units: 42 two-bedroom units and 18 three- bedroom units. Twelve units will be targeted at 50 percent of the median and 48 units will be targeted at the 60 percent level.

The Crestview Village complex is a HUD Section 8 property which dates from the 1980's. There are 76 units. No other information is available for this property. The other subsidized complexes in the market area are two USDA/RD complexes located in Liberty. These date from the 1985 and 1989 and comprise a combined total of 88 units which are reported to remain fully occupied.

As noted, there are several market rate properties in the Easley area. These represent properties built between 1981 and 2017. The amenities offered, project features provided, their physical condition, and the rents offered, largely reflect their age.

The newest market rate property to be introduced into this market and to have reached stabilized full occupancy, is the Ridge at Perry Bend Apartments. This is a 240-unit complex. The one-bedroom units at this location rent from \$905 to \$995, and two-bedroom units are available for \$1,071 to \$1,211. The three-bedroom units rent from \$1,328 to \$1,408. These rents are above those for the rest of the conventional properties in the market area. As of the date of our survey, three units were reported to be vacant- 99 percent occupancy.

The Ivy Ridge Apartments are a 24-unit property located adjacent to the Waterford Apartments in northern Easley. The property began leasing on May 1, 2020 and currently two units have been leased. The property offers 1,095 square foot two-bedroom units for \$900 to \$950 (including water/sewer/trash pick-up).

The occupancy rate for the 314 units at the tax credit properties in the area is seen to be 95.9 percent. The occupancy at the 1,014 units in stabilized market rate complexes reveals a 98.5 percent occupancy level. The occupancy rate for the three subsidized properties is 100.0 percent. The occupancy rate for the survey sample as whole is determined to be 98.0 percent.

The potentially comparable developments are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Aberdeen Chase	LIHTC	2016	27	1	96.3
Auston Woods	conventional	2007	194	4	97.9
Brookfield I	conventional	1984	88	0	100.0
Brookfield II	conventional	1991	60	0	100.0
Cedar Brook Townhouses	LIHTC	2013	39	0	100.0
Creekside	LIHTC	1998	132	2	98.5
Creekside Village	LIHTC	2021	60	n/a	n/a
Crestview Village	HUD §8	1980's	76	n/a	n/a
Deerfield Run	conventional	1981	56	4	92.9
Forest View	USDA/RD	1989	44	0	100.0
Ivy Ridge	conventional	2020	24	22	8.3
Park West	LIHTC	2003	60	9	85.0
Pope Field Terrace	LIHTC	2014	56	1	98.2
Ridge at Perry Bend	conventional	2017	240	3	98.8
Shadowbrook	conventional	1996-7	248	0	100.0
Waterford	conventional	1998	128	4	96.9
Westfield	USDA/RD	1985	40	0	100.0

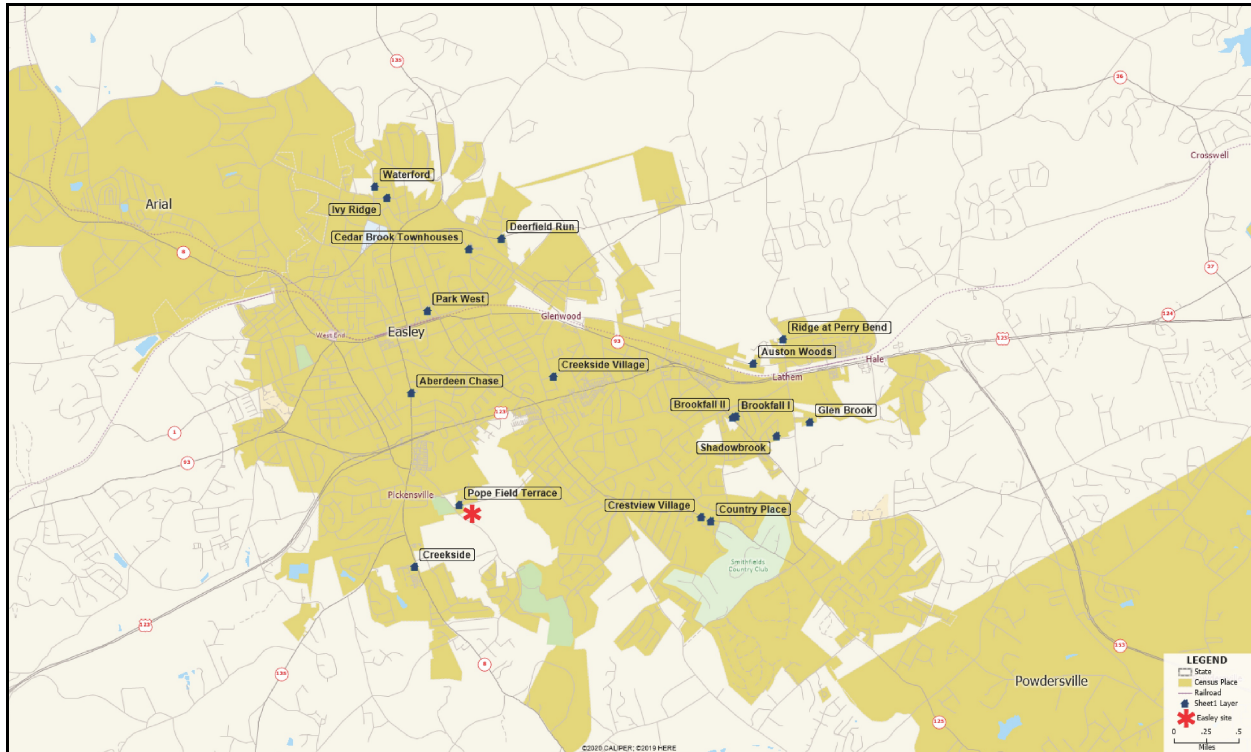
Report for the Hilyer Commons Apartments in Easley, South Carolina

subject	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Aberdeen Chase						
Auston Woods				88	696-821	\$710-775
Brookfield I				28	750	\$550-565
Brookfield II				15	950	\$625-645
Cedar Brook Townhouses						
Creekside						
Creekside Village						
Crestview Village				16	n/a	boi
Deerfield Run						
Forest View				12	644	boi
Ivy Ridge						
Park West						
Pope Field Terrace				12	852	\$520-650
Ridge at Perry Bend				n/a	864-866	\$905-995
Shadowbrook				56	930	\$700-725
Waterford				14	625	boi
Westfield						

subject	2 br/1 or 1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Aberdeen Chase	30	1,018	\$340-785	15	1,048	\$635-795
Auston Woods				73	904-1,029	\$820-870
Brookfield I	60	950	\$600-615			
Brookfield II				45	1,250	\$725-745
Cedar Brook Townhouses				4	900	\$470
Creekside				66	949	\$725
Creekside Village				42	1,088	
Crestview Village	40	n/a	boi			
Deerfield Run	56	1,000	\$725			
Forest View	32	849	boi			
Ivy Ridge				24	1,095	\$900-950
Park West	44	986	\$650-765			
Pope Field Terrace				28	1,103	\$668-830
Ridge at Perry Bend				n/a	1,236-1,302	\$1,071-1,211
Shadowbrook				156	1,200	\$800-825
Waterford				96	1,000	\$775
Westfield	26	825	boi			

subject	3 br/1-1½ ba			3 br/2+ ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Aberdeen Chase				30	1,229	\$460-875
Auston Woods				12	1,213	\$700-890
Brookfield I				33	1,451	\$960-980
Brookfield II						
Cedar Brook Townhouses				31	1,200	\$505-530
Creekside				66	1,156	\$825
Creekside Village				18	1,219	
Crestview Village				20	n/a	boi
Deerfield Run						
Forest View						
Ivy Ridge						
Park West				16	1,193	\$750-805
Pope Field Terrace				16	1,254	\$775-935
Ridge at Perry Bend				n/a	1,444	\$1,328-1,408
Shadowbrook				36	1,475	\$900-925
Waterford				32	1,200	\$900
Westfield						

A map showing the locations of those properties in Easley, relative to the site of the proposed apartments is provided, below.



Several market rate apartment developments in the Easley market area can be used in the determination of market rents. Information for the two- and three--bedroom units at these properties are summarized below.

Table 21 - Market Rate Properties

Property	Year built	Two-bedroom rents	Three-bedroom rents
Auston Woods	2007	\$820-870	\$960-980
Ridge at Perry Bend	2017	\$1,071-1,211	\$1,328-1,408
Shadowbrook	1996	\$800-825	\$900-925
Waterford	1998	\$775	\$900

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

The location, rent levels, unit size, age, features, and amenities at these properties were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$860 for a two-bedroom unit, and \$1,040 for a three-bedroom unit.

Based on the proposed rents at the proposed development, this rent is found to be significantly below the gross adjusted market rent (21.03 percent less).

Units	Bedroom Type	Gross Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Adjusted Market Rent	Gross Adjusted Market Rent	Tax Credit Gross Rent Advantage
	0 BR					
	0 BR					
	0 BR					
	1 BR					
	1 BR					
	1 BR					
2	2 BR	\$340	\$680	\$862	\$1,724	
8	2 BR	\$625	\$5,000	\$862	\$6,897	
20	2 BR	\$785	\$15,700	\$862	\$17,244	
3	3 BR	\$460	\$1,380	\$1,040	\$3,119	
7	3 BR	\$685	\$4,795	\$1,040	\$7,277	
20	3 BR	\$875	\$17,500	\$1,040	\$20,792	
	4 BR					
	4 BR					
	4 BR					
Totals	60		\$45,055		\$57,053	21.03%

The South Carolina State Housing Finance and Development Authority requires that the proposed rents fall at or below 90 percent of the HUD Fair Market Rents (FMRs). Following the S-2 Exhibit, the rents at the proposed development meet this requirement, as set out - for reference - below.

Units	Bedroom Type	Gross		Gross HUD FMR	Gross HUD FMR Total	Tax Credit Gross Rent Advantage
		Proposed Tenant Paid Rent	Proposed Tenant Rent			
	0 BR					
	0 BR					
	0 BR					
	1 BR					
0	1 BR					
0	1 BR					
2	2 BR	\$340	\$680	\$842	\$1,684	
8	2 BR	\$625	\$5,000	\$842	\$6,736	
20	2 BR	\$785	\$15,700	\$842	\$16,840	
3	3 BR	\$460	\$1,380	\$1,127	\$3,381	
7	3 BR	\$685	\$4,795	\$1,127	\$7,889	
20	3 BR	\$875	\$17,500	\$1,127	\$22,540	
	4 BR					
	4 BR					
	4 BR					
Totals	60		\$45,055		\$59,070	23.73%



Aberdeen Chase

Location: 100 Aberdeen Chase, Easley

Telephone: 864.529..9902

Financing: LIHTC

Year built: 2016

Total units: 27

Vacant units: 1 (96 percent occupied, typically 100 percent, with waiting list)

	<u>2 br/2½ ba</u>	<u>3 br/2½ ba</u>
Units:	15	12
Unit size (sq. ft.):	1,048	1,213
Rent:	\$635-795	\$700-890
Rent/sq. ft.:	\$0.61-0.76	\$0.58-0.73

Management: MHE (Zillia [3/18])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Auston Woods

Location: 107 Auston Woods Circle, Easley

Telephone: 864.859.3050

Financing: conventional

Year built: 2007

Total units: 194

Vacant unit: 4 (98 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	88	73	33
Unit size (sq. ft.):	696-821	904-1,029	1,451
Rent:	\$710-775	\$820-870	\$960-980
Rent/sq. ft.:	\$0.98	\$0.87	\$0.67

Management: Southcorp Properties (Jessica [3/18])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Brookfall I

Location: 100 Hillandale Court, Easley

Telephone: 864.855.0780

Financing: conventional

Year built: 1984

Total units: 88

Vacant units: 0 (100 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	28	60
Unit size (sq. ft.):	750	950
Rent:	\$550-565	\$600-615
Rent/sq. ft.:	\$0.74	\$0.64

Management: Hillandale Investments (Lisa [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Brookfall II

Location: 103 Brookfall Drive, Easley

Telephone: 864.855.0780

Financing: conventional

Year built: 1991

Total units: 60

Vacant units: 0 (100 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	15	45
Unit size (sq. ft.):	950	1,250
Rent:	\$625-645	\$725-745
Rent/sq. ft.:	\$0.67	\$0.59

Management: Hillandale Investment (Lisa [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Cedar Brook Townhouses

Location: 101 Cedar Brooke Circle, Easley

Telephone: 864.859.1144

Financing: LIHTC

Year built: 2013

Total units: 39

Vacant units: 0 (100 percent occupied)

	<u>2 br/ ba</u>	<u>3 br/ ba</u>	<u>4 br/ ba</u>
Units:	4	31	4
Unit size (sq. ft.):	900	1,200	1,450
Rent:	\$470	\$505-530	\$570
Rent/sq. ft.:	\$0.52	\$0.43	\$0.39

Management: Guardian Asset Management (Cindy 803-605-4910 [5/13])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Creekside

Location: 100 Pebble Brook Court, Easley

Telephone: 864.306.0930

Financing: LIHTC

Year built: 1998

Total units: 132

Vacant units: 2 (98 percent occupied, typically 100 percent, with waiting list)

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	66	66
Unit size (sq. ft.):	949	1,156
Rent:	\$725	\$825
Rent/sq. ft.:	\$0.76	\$0.71

Management: AGPM (Ashley [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies

Creekside Village

Location: Burns Avenue, Easley

Telephone:

Financing: LIHTC

Year built: 2020

Total units: 60

Vacant units: n/a

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	42	18
Unit size (sq. ft.):	1,088	1,219
Rent:	n/a	n/a
Rent/sq. ft.:	n/a	n/a

Management:

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Crestview Village

Location: 908 Crestview Road, Easley

Telephone: 864.859.2751

Financing: HUD § 8

Year built: 1980's

Total units: 76

Vacant units: n/a

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	16	40	20
Unit size (sq. ft.):	n/a	n/a	n/a
Contract rent:	n/a	n/a	n/a

Management: H.J. Russell and Company

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Deerfield Run

Location: 450 Olive Street, Easley

Telephone: 864.855.4711

Financing: conventional

Year built: 1991

Total units: 56

Vacant unit: 4 (93 percent occupied, typically 100 percent)

2 br/1 ba

Units: 56
Unit size (sq. ft.): 1,000
Rent: \$725
Rent/sq. ft.: \$0.72

Management: Powers Properties (Ashley [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Forest View

Location: 101 Forest View Circle, Liberty

Telephone: 864.843.9755

Financing: USDA/RD

Year built: 1989

Total units: 44

Vacant units: 0 (100 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	12	32
Unit size (sq. ft.):	644	849
Basic rent:	\$425	\$478
Market rent:	\$486	\$539

Management: Boyd Management (Judy [3/17])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies

Note: 20 rent-assisted units



Ivy Ridge

Location: Stone Avenue, Easley

Telephone: 864.855.4711

Financing: conventional

Year built: 2020

Total units: 24

Vacant units: 22 (8 percent occupied, in lease-up since May1)

2 br/2 ba

Units: 24

Unit size (sq. ft.): 1,095

Rent: \$900-950

Rent/sq. ft.: \$0.85

Management: Powers Properties (Ashley [5/12])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Park West

Location: 300 Duvall Street, Easley

Telephone: 864.859.3353

Financing: LIHTC

Year built: 2003

Total units: 60

Vacant units: 9 (85 percent occupied, typically 97 percent)

	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	44	16
Unit size (sq. ft.):	986	1,193
Rent:	\$650-765	\$750-805
Rent/sq. ft.:	\$0.66-0.78	\$0.63-0.67

Management: Intermark Management (John [4/8])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Pope Field Terrace

Location: 100 Pearson Terrace, Easley

Telephone: 864.859.7747

Financing: LIHTC

Year built: 2014

Total units: 56

Vacant units: 1 (98 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	12	28	16
Unit size (sq. ft.):	852	1,103	1,254
Rent:	\$520-650	\$668-830	\$775-935
Rent/sq. ft.:	\$0.61-0.76	\$0.61-0.75	\$0.62-0.75

Management: GEM Management (Valerie - 704.357.1600 [3/20])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Ridge at Perry Bend

Location: 139 Perry Bend Circle, Easley

Telephone: 864.859.3311

Financing:

Year built: 2017

Total units: 240

Vacant units: 3 (99 percent occupied)

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	n/a	n/a	n/a	n/a	n/a
Unit size (sq. ft.):	864	866	1,236	1,302	1,444
Rent:	\$905-965	\$915-995	\$1,071-1,136	\$1,156-1,211	\$1,328-1,408
Rent/sq. ft.:	\$1.08	\$1.10	\$0.89	\$0.91	\$0.95

Management: RAM Partners (Nan [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Shadowbrook

Location: 219 Andrea Circle, Easley

Telephone: 864.855.0780

Financing:

Year built: 1996-97

Total units: 248

Vacant unit: 0 (100 percent occupied, typically 98-100 percent)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	56	156	36
Unit size (sq. ft.):	930	1,200	1,475
Rent:	\$700-725	\$800-825	\$900-925
Rent/sq. ft.:	\$0.77	\$0.68	\$0.62

Management: Hillandale Investments (Lisa [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Waterford

Location: 122 Riverstone Court, Easley

Telephone: 864.855.4711

Financing:

Year built: 1998

Total units: 128

Vacant units: 4 (97 percent occupied, typically 97 percent)

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	96	32
Unit size (sq. ft.):	1,000	1,200
Rent:	\$775	\$900
Rent/sq. ft.:	\$0.78	\$0.75

Management: Powers Properties (Ashley [3/16])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Westfield

Location: 201 Annie Street, Liberty

Telephone: 864.843.1123

Financing: USDA/RD

Year built: 1985

Total units: 40

Vacant units: 0 (100 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	14	26
Unit size (sq. ft.):	625	825
Basic rent:	\$529	\$561
Market rent:	\$727	\$785

Management: Partnership Property Management (Shannon [3/17])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies

H. INTERVIEWS

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

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). As noted, there are several active comparable tax credit properties in the Easley area. The site manager at Pope Field Terrace confirms that a new tax credit project would do well - as long as the rents are affordable. This property, which is located adjacent to the site of the proposed Hilyer Commons project, reports a lot of traffic from potential tenants and maintains a waiting list. Zillia, the manager at Aberdeen Chase also reports a lot of traffic. John, the manager at Park West also reports a lot of enquiries. Myra, the manager at Creekside - the area's largest tax credit complex - believes that there are too many tax credit projects in Easley at present.

I. RECOMMENDATIONS

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

J. SIGNED STATEMENT

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



Market Analyst

Date: May 14, 2020

ANALYST QUALIFICATIONS

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

The President of the firm is T. Ronald Brown. He has more 30 experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,500 studies in at least 20 states, predominantly in the Southeast.

The firm was established in Cary, North Carolina, and relocated to Asheville, North Carolina in 2018.

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

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

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

MARKET STUDY TERMINOLOGY

The following presents the accepted definitions of various terms typically found in real estate market studies. These definitions are typically followed unless reviewing agency requirements differ.

Absorption period - the period of time necessary for a newly constructed or renovated property to achieve the *stabilized level of occupancy*. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the *stabilized level of occupancy* has a signed lease. Assumes a typical premarketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.

Absorption rate - the average number of unites rented each month during the *absorption period*.

Acceptable rent burden - the rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.

Achievable rents - See *Market Rent, Achievable Restricted Rent*.

Affordable housing - housing affordable to low or very low-income tenants.

Amenity - tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.

Annual demand - the total estimated demand present to the market in any one year for the type of units proposed.

Assisted housing - housing where federal, state or other programs *subsidize* the monthly costs to the tenants.

Bias - a proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.

Capture rate - the percentage of age, size, and income qualified renter households in the *primary market area* that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The *Capture Rate* is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the *primary market area*. See also: penetration rate.

Comparable property - a property that is representative of the rental housing choices of the subject's *primary market area* and that is similar in construction, size, amenities, location, and/or age. Comparable and *competitive* properties are generally used to derive market rent and to evaluate the subject's position in the market.

Competitive property - a property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.

Comprehensive market study - NCHMA (the National Council of Housing Market Analysts) defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'

Concession - discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).

Demand - the total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Effective rents - contract rent less concessions.

Household trends - changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.e. at marriage or separation), changes in average household size, and net *migration*.

Income band - the range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined *acceptable rent burden* percentage and the maximum typically⁷ is pre-defined by specific program requirements or by general market parameters.

Infrastructure - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Market advantage - the difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. $(\text{market rent} - \text{proposed rent}) / \text{market rent} * 100$

Market analysis - a study of real estate market conditions for a specific type of property.

Market area - See *primary market area*.

Market demand - the total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.

Market rent - the rent that an apartment, without rent or income restrictions or rent subsidies, would command in the *primary market area* considering its location, features and amenities. Market rent should be adjusted for *concessions* and owner paid utilities included in the rent.

Market study - a comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.

Marketability - the manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

Market vacancy rate, economic - percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.

Market vacancy rate, physical - average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

Migration - the movement of households into or out of an area, especially a *primary market area*.

Mixed income property - an apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50%, and 60%).

Mobility - the ease with which people move from one location to another.

Move-up demand - an estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to new tax credit properties.

Multi-family - structures that contain more than two housing units.

Neighborhood - an area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

Net rent (also referred to as contract rent or lease rent) - Gross rent less tenant paid utilities.

Penetration rate - The percentage of age and income qualified renter households in the *primary market area* that all existing and proposed properties, to be completed with six months of the subject, and which are competitively priced to the subject that must be captured to achieve the *stabilized level of occupancy*. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100, see also: capture rate.

Pent-up demand - a market in which there is a scarcity of supply and vacancy rates are very low.

Population trends - changes in population levels for a particular area over a specific period of time – which is a function of the level of births, deaths, and net *migration*.

Primary market area - a geographic area from which a property is expected to draw the majority of its residents.

Programmatic rents - See *restricted rents*.

Project based rent assistance - rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment - the redesign or rehabilitation of existing properties.

Rent burden - gross rent divided by adjusted monthly household income.

Rent burdened households - households with *rent burden* above the level determined by the lender, investor, or public program to be an acceptable rent-to-income.

Restricted rent - the rent charged under the restrictions of a specific housing program or subsidy.

Restricted rent, achievable - the rents that the project can attain taking into account both market conditions and rent in the *primary market area* and income restrictions.

Saturation - the point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.

Secondary market area - the portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.

Special needs population - specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs population include: substance abusers, visually impaired person or persons with mobility limitations.

Stabilized level of occupancy - the underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.

Subsidy - monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's *contract rent* and the amount paid by the tenant toward rent.

Substandard conditions - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.

Target income band - the *income band* from which the subject property will draw tenants.

Target population - the market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

Tenant paid utilities - the cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.

Turnover period - 1. An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. $\text{Housing units with new occupants} / \text{housing units} * 100$. 2. The percent of occupants in a given apartment complex that move in one year.

Unmet housing need - new units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.

Unrestricted rents - rents that are not subject to *restriction*.

Unrestricted units - units that are not subject to any income or rent restrictions.

Vacancy period - the amount of time that an apartment remains vacant and available for rent.

Vacancy rate-economic vacancy rate - physical - maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

The following terms are also to be found in professional market studies - here, this information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

Area Median Income (AMI) - 100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Basic rent - the maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate program (BMIR) - Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.

Census tract - a small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Condominium - a form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract rent - 1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Difficult Development Area (DDA) - an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Elder or senior housing - housing where (1) all units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

Extremely low income - person or household with income below 30% of the Area Median Income adjusted for household size.

Fair Market Rent (FMR) - the estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally set FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents.

Garden apartments - apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.

Gross rent - the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.

High-rise - a residential building having more than ten stories.

Household - one or more people who occupy a housing unit as their usual place of residence.

Housing unit - house, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

Housing Choice Voucher (Section 8 Program) - federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible households in the use of the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.

Housing Finance Agency (FHA) - state or local agencies responsible for financing housing and administering assisted housing programs.

HUD Section 8 Program - federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the contract rent and a specified percentage of tenants' adjusted income.

HUD Section 202 Program - federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

HUD Section 811 Program - federal program which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.

HUD Section 236 Program - federal program which provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

Income limits - maximum household income by county or Metropolitan Statistical Area, adjusted for household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes income limits each year for 30% median. Very low income (50%), and low income (80%), for households with 1 through 8 people.

Low income - person or household with gross household income below 80% of Area Median Income adjusted for household size.

Low income housing tax credit - a program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.

Low rise building - a building with one to three stories.

Metropolitan Statistical Area (MSA) - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities have a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise - a building with four to ten stories.

Moderate income - person or household with gross household income between 80 and 120 percent of area median income adjusted for household size.

Public Housing or Low Income Conventional Public Housing - HUD program administered by local (or regional) Housing Authorities which serves low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

Qualified Census Tract (QCT) - any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of households have an income less than 60% of the area median income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credit may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.

Rural Development (RD) market rent - a monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. The rent is the maximum rent that a tenant can pay at an RD Property.

Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program) - federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.

Single-family housing - a dwelling unit, either attached or detached, designed for use by one household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

State Data Center (SDC) - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.

Tenant - one who rents real property from another.

Tenure - the distinction between owner-occupied and renter-occupied housing units.

Townhouse (or Row House) - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.

Very low income - person or household whose gross household income does not exceed 50% of Area Median Income adjusted for household size.

Zoning - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.