

Market Feasibility Analysis

Bent Tree
Southwest corner of
Hartsville Crossing Boulevard and Driver Avenue
Hartsville, Darlington County, South Carolina 29550

Prepared For

Mr. Randy Aldridge
Quad-State Development, Inc.
841 Sweetwater Ave.
Florence, Alabama 35630

Effective Date

December 18, 2012

Job Reference Number

12-495JW/PB



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

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

Development Name: Bent Tree Total # Units: 40
 Location: Southwest corner of Hartsville Crossing Boulevard and Driver Avenue
Hartsville, SC 29550 # LIHTC Units: 40
 PMA Boundary: Darlington County line to the north; the western zip code boundaries for 29532 and 29540 to the east; Interstate 20 to the south; and Lee State Park Road, Ashland-Stokes Bridge Highway and Family Road to the west
 Development Type: X Family ___ Older Persons Farthest Boundary Distance to Subject: 9.3 miles

RENTAL HOUSING STOCK (found on page H-14)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	8	504	17	96.6%
Market-Rate Housing	2	120	14	88.3%
Assisted/Subsidized Housing not to include LIHTC	3	183	3	98.4%
LIHTC (All that are stabilized)*	3	201	0	100.0%
Stabilized Comps**	2	112	0	100.0%
Non-stabilized Comps	0	0	0	-

*Stabilized occupancy of at least 93%.

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

Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
8	Two-Br.	2.0	1,100	\$330	\$650	\$0.59	49.23%	\$939	\$0.83
8	Two-Br.	2.0	1,100	\$345	\$650	\$0.59	46.92%	\$939	\$0.83
2	Three-Br.	2.0	1,250	\$400	\$755	\$0.60	47.02%	\$1,131	\$0.88
22	Three-Br.	2.0	1,250	\$410	\$755	\$0.60	45.69%	\$1,131	\$0.88
-	-	-	-	-	-	-	-	-	-
*Gross Potential Rent Monthly				\$15,220	\$28,520		46.63%		

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

DEMOGRAPHIC DATA (found on page F-3, G-4)

	2000		2012		2015	
Renter Households	2,831	24.4%	3,346	27.9%	3,354	27.6%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	820	6.8%	812	6.7%
Income-Qualified Renter HHs (MR)	N/A	N/A	N/A	N/A	N/A	N/A

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page G-4)

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	-5	-8	N/A	N/A	N/A	-8
Existing Households (Overburd + Substand)	286	286	N/A	N/A	N/A	335
Homeowner conversion (Seniors)	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Less Comparable/Competitive Supply	0	0	N/A	N/A	N/A	0
Net Income-Qualified Renter Households	281	278	N/A	N/A	N/A	327

CAPTURE RATES (found on page G-4)

Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	3.6%	10.8%	N/A	N/A	N/A	12.2%

ABSORPTION RATE (found on page G-6)

Absorption Rate: 8 to 10 units per month; Absorption period: 3 to 5 months

S-2 RENT CALCULATION WORKSHEET

Project Name: Bent Tree

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Potential Tenant Rent	Adjusted Market Rent	Gross Potential Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
8	2 BR	\$330	\$2,640	\$650	\$5,200	
8	2 BR	\$345	\$2,760	\$650	\$5,200	
	2 BR		\$0		\$0	
2	3 BR	\$400	\$800	\$755	\$1,510	
22	3 BR	\$410	\$9,020	\$755	\$16,610	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	40		\$15,220		\$28,520	46.63%

B. PROJECT DESCRIPTION

The proposed project involves the new construction of a 40-unit, family (general-occupancy) Low-Income Housing Tax Credit (LIHTC) rental community to be located at the southwest corner of Hartsville Crossing Boulevard and Driver Avenue in Hartsville, South Carolina. The proposed project, Bent Tree, will be available to households with incomes up to 50% and 60% of Area Median Household Income (AMHI). The site will consist of 16 two-bedroom/2.0-bath and 24 three-bedroom/2.0-bath units with proposed collected Tax Credit rents ranging from \$330 to \$410. The project is anticipated to be complete in 2014. Additional details regarding the project are as follows:

- a. Property Location:** Southwest corner of
Hartsville Crossing Boulevard and
Driver Avenue
Hartsville, South Carolina 29550
(Darlington County)
- b. Construction Type:** New Construction
- c. Occupancy Type:** Family
- d. Target Income Group:** 50% and 60% of AMHI
- e. Special Needs Population:** Not applicable
- f. and h. to j. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent Of AMHI	Proposed Rents		
						Collected	Utility Allowance	Gross
8	Two-Br.	2.0	Garden	1,100	50%	\$330	\$151	\$481
8	Two-Br.	2.0	Garden	1,100	60%	\$345	\$151	\$496
2	Three-Br.	2.0	Garden	1,250	50%	\$400	\$186	\$586
22	Three-Br.	2.0	Garden	1,250	60%	\$410	\$186	\$596
40	Total							

Source: Quad-State Development, Inc.
AMHI – Area Median Household Income (Darlington, County; 2012)

- g. Number Of Stories/Buildings:** One (1) two-story, walk-up residential building
- k. Project-Based Rental Assistance (Existing or Proposed):** None



l. Community Amenities:

The subject property will include the following community features:

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

m. Unit Amenities:

Each unit will include the following amenities:

- Electric Range
- Refrigerator with Icemaker
- Dishwasher
- Microwave Oven
- Carpet
- Central Air Conditioning
- Window Blinds
- Washer/Dryer Hookups
- Patio/Balcony
- Ceiling Fan

n. Parking:

A surface parking lot will be provided at no charge to the tenants

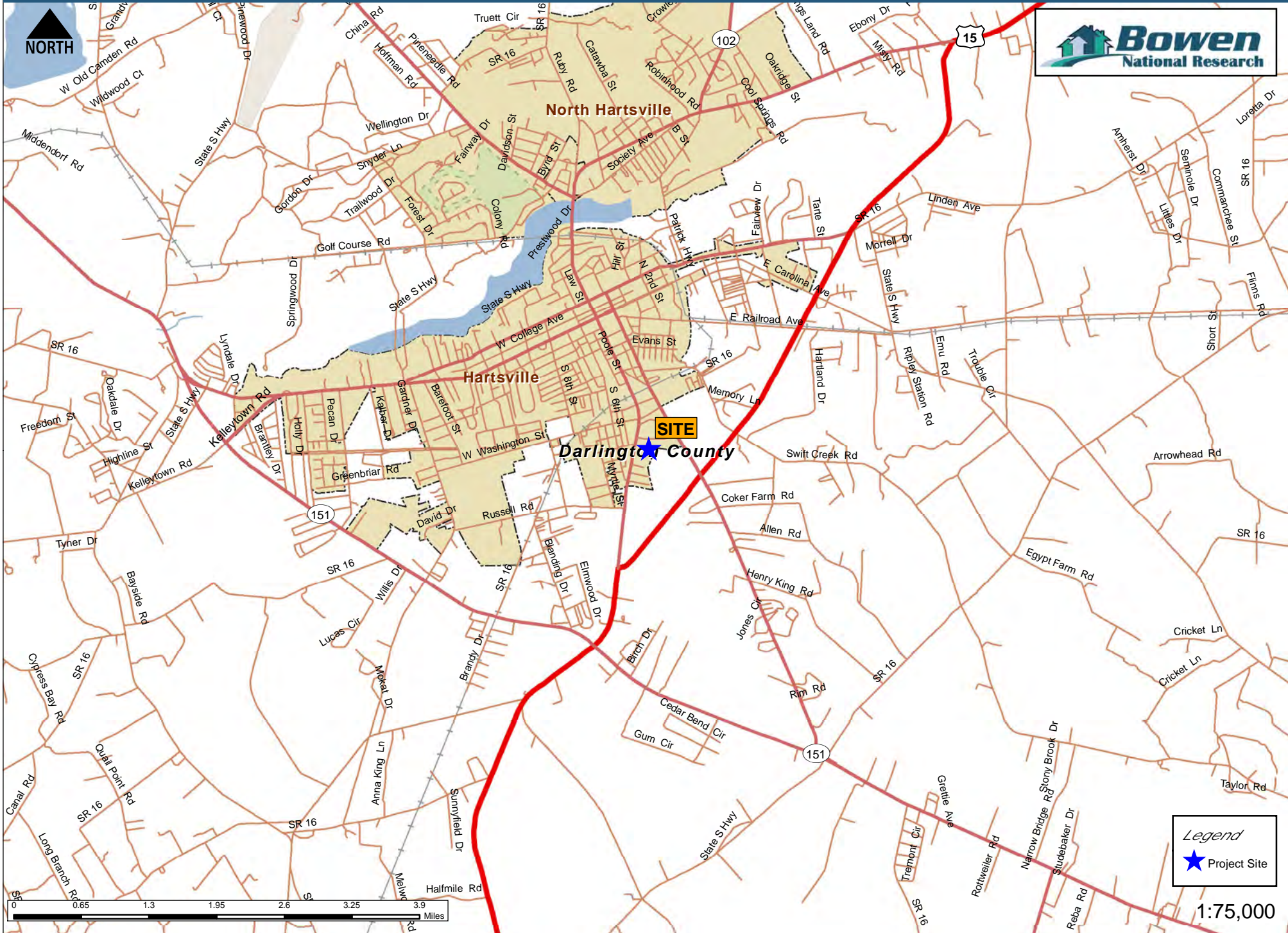
o. Utility Responsibility:

Trash collection costs are included in the rent, while tenants are responsible for all other utilities and services, including the following:

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

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

Hartsville, SC: Surrounding Area



Legend
★ Project Site

1:75,000

C. SITE DESCRIPTION AND EVALUATION

1. SITE INSPECTION DATE

Bowen National Research personally inspected the subject site during the week of December 3, 2012. The following is a summary of our site evaluation, including an analysis of the site's proximity to community services.

2. SITE DESCRIPTION AND SURROUNDING LAND USES

The subject site, Bent Tree, consists of approximately 9.15 acres of undeveloped land located at the southwest corner of Hartsville Crossing Boulevard and Driver Avenue, in Hartsville, South Carolina. Located within Darlington County, Hartsville is approximately 24.0 miles northwest of Florence, South Carolina and approximately 70.0 miles northeast of Columbia, South Carolina. Following is a description of surrounding land uses:

North -	Two-lane, divided Hartsville Crossing Boulevard borders the site to the north. Across from Hartsville Crossing Boulevard are Badcock Furniture and Aaron's Electronics. A small vacant lot also exists adjacent to the site to the north. Further north are additional retailers, restaurants and a hotel.
East -	Driver Avenue borders the site to the east, which primarily serves deliveries to neighboring Walmart Supercenter. Pizza Hut is also adjacent to the site to the east. Further east is South 4 th Street, a primary commercial corridor with several restaurants, retailers and other businesses.
South -	The site is bordered on the south by a vacant structure, formerly occupied by Walmart until moving to its current location east of site. Continuing south are the Hartsville Housing Authority and multifamily units in fair condition. Undeveloped land extends further south of the site.
West -	Central Plaza borders the site to the west, a shopping center featuring payday advance/loan facilities, a beauty salon, Curve's, a doctor's office, as well as vacant structures. Further west are additional local businesses and single-family homes in satisfactory condition.

The proposed site is located in a commercial area of Hartsville. Because of this, a plentiful amount of community services exist within close proximity of the subject site. Even though there are various vacant structures within visibility of the site, the development will contribute to the improvement of the neighborhood.

3. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

Community Services	Name	Driving Distance From Site (Miles)
Major Highway(s)	State Route 151 U.S. Highway 15	0.2 East 0.5 South
Public Bus Stop	N/A	N/A
Major Employers/ Employment Centers	Walmart Supercenter Hartsville Mall Shopping Center Carolina Pines Regional Medical Center	Adjacent East 0.5 North 2.9 Southwest
Convenience Store	Murphy USA	0.3 East
Grocery	Walmart Supercenter Piggly Wiggly	Adjacent East 0.2 Northwest
Discount Department Store	Rose's Stores Belk	0.2 Northwest 0.2 Northwest
Shopping Center/Mall	Hartsville Mall Shopping Center	0.5 North
Schools: Elementary Middle/Junior High High	Washington Street Elementary Hartsville Middle School Hartsville High School	0.7 West 2.6 Southwest 1.7 West
Hospital	CareSouth Carolina Carolina Pines Regional Medical Center	0.4 Southeast 2.9 Southwest
Police	Hartsville Police Department	1.2 Northwest
Fire	Hartsville Fire Department	1.3 Northwest
Post Office	U.S. Post Office	0.8 North
Bank	Bank Of America Heritage Community Bank	0.2 Northwest 1.0 Northwest
Recreational Facilities	Fitness World Byerly Park Lawton Park Kalmia Gardens	0.4 North 1.5 Southwest 2.3 Northwest 3.3 West
Gas Station	Murphy USA	0.3 East
Pharmacy	Rite Aid	0.2 Northwest
Restaurant	Pizza Hut Shoney's	Adjacent East 0.1 West
Day Care	Kidz Place II	0.3 Northeast
Community Center	Hartsville Community Center	1.2 North
Library	Hartsville Memorial Library	1.3 Northwest

Several shopping opportunities exist along South 4th and 5th streets, both within 0.3 miles of the site. Community services within 1.0 mile include a shopping center, grocery stores, pharmacies, banks, restaurants, discount department stores, gas stations/convenience stores and a post office.

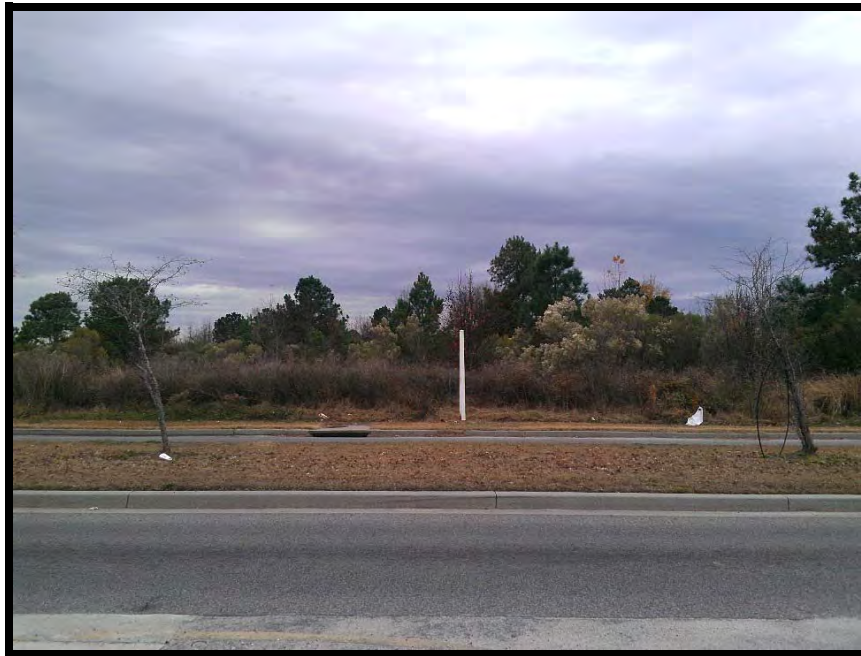
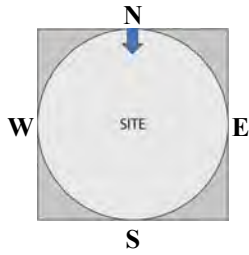
Byderly Park is the nearest park to the site located on West Washington Street, 1.5 miles southwest. This park includes playgrounds, soccer and baseball/softball fields, tennis courts, a 400 meter track, running trails, picnic areas and an indoor gymnasium. Various other recreational opportunities within 3.5 miles of the site include Fitness World, Lawton Park and Kalmia Gardens.

Some of the city's highlight destinations include Coker College, the Governor's School for Science & Mathematics, Sonoco International Headquarters and Carolina Pines Regional Medical Center. Many of these facilities, which add to the quality of life, attract highly educated and resourceful professionals to the Hartsville area.

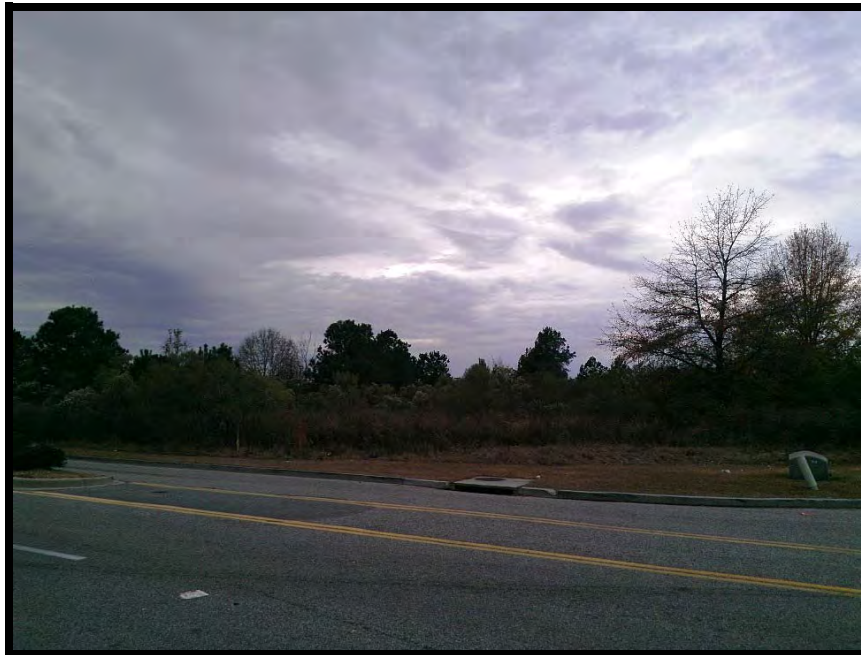
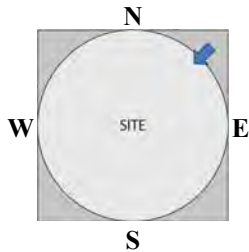
4. SITE PHOTOGRAPHS

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

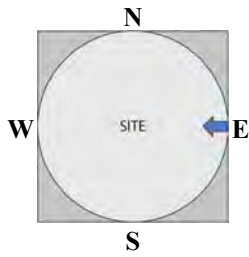
SITE PHOTOGRAPHS



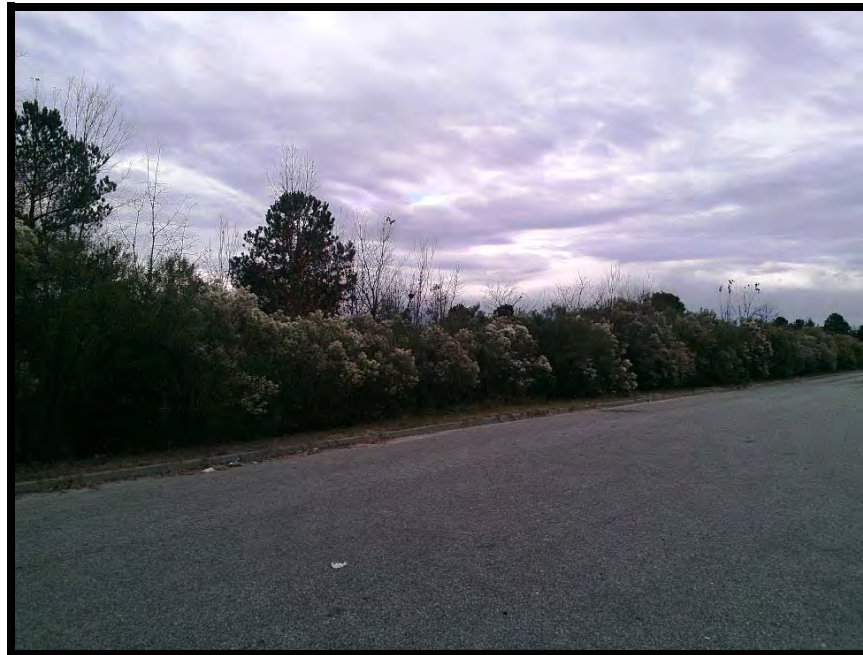
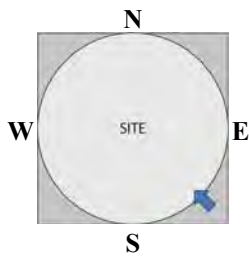
View of site from the north



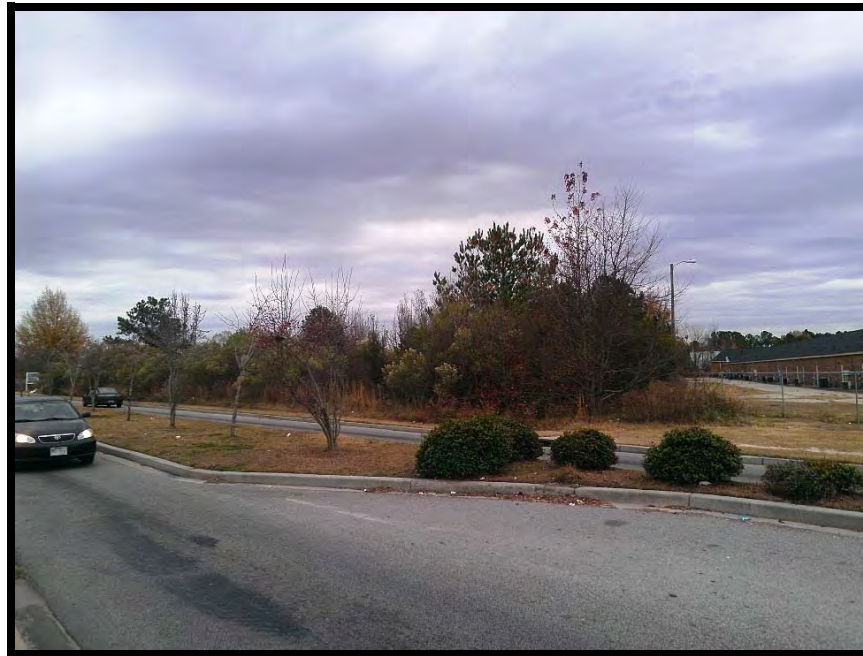
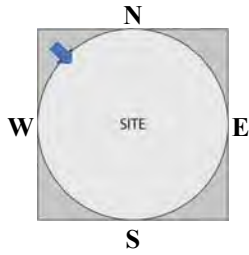
View of site from the northeast



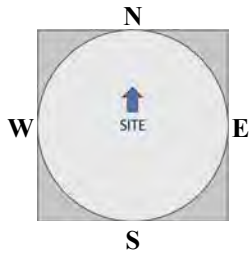
View of site from the east



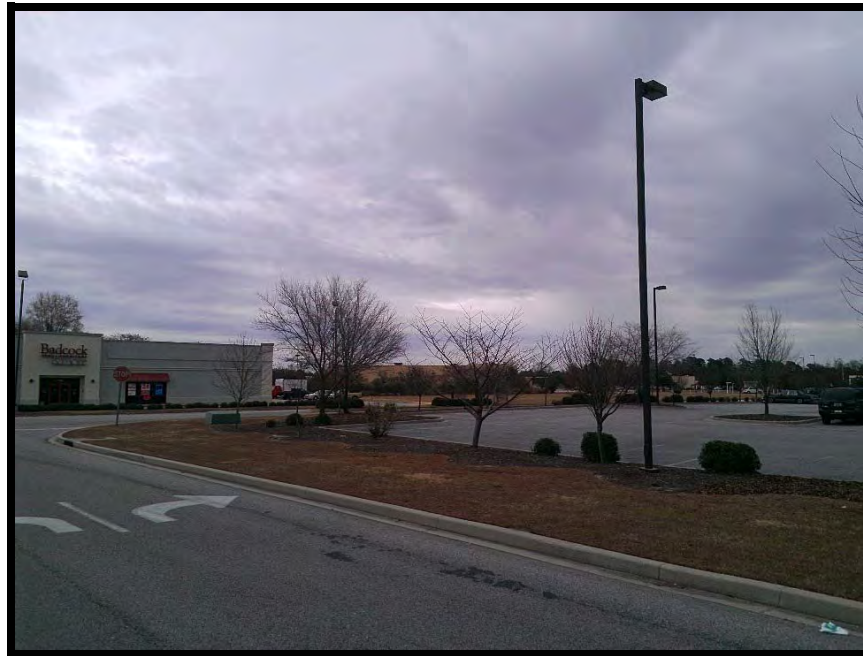
View of site from the southeast



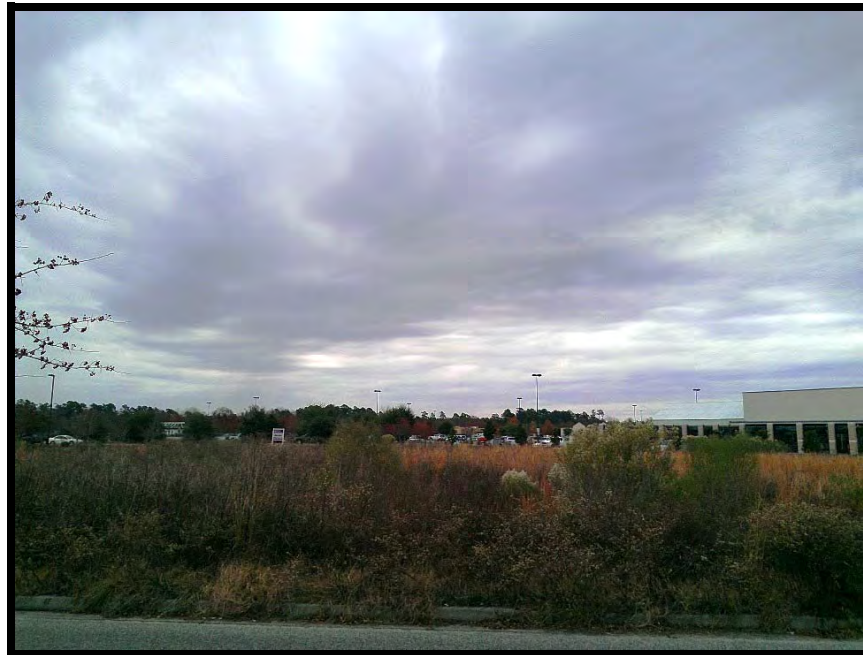
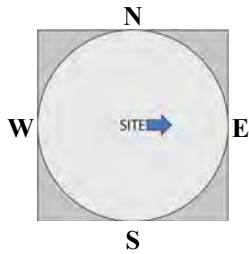
View of site from the northwest



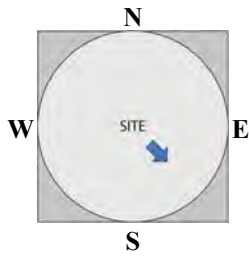
North view from site



Northeast view from site



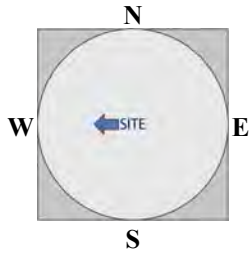
East view from site



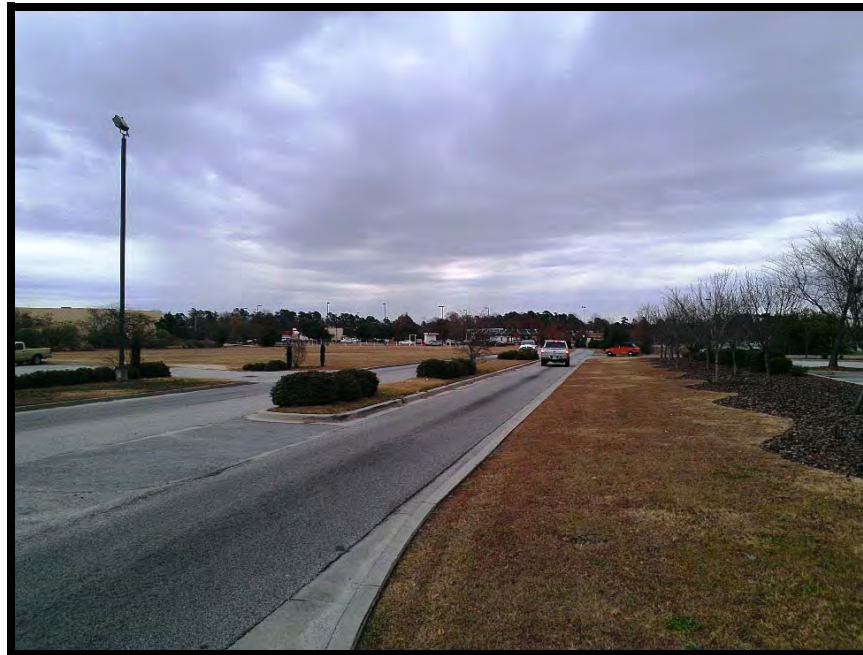
Southeast view from site



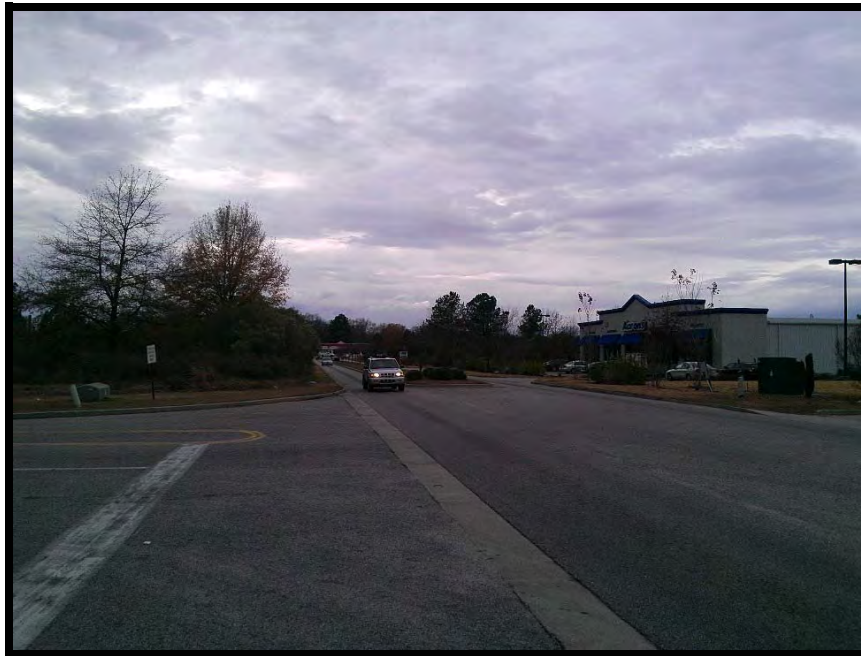
Northwest view from site



Shopping center adjacent to site west



Streetscape east on Hartsville Crossing

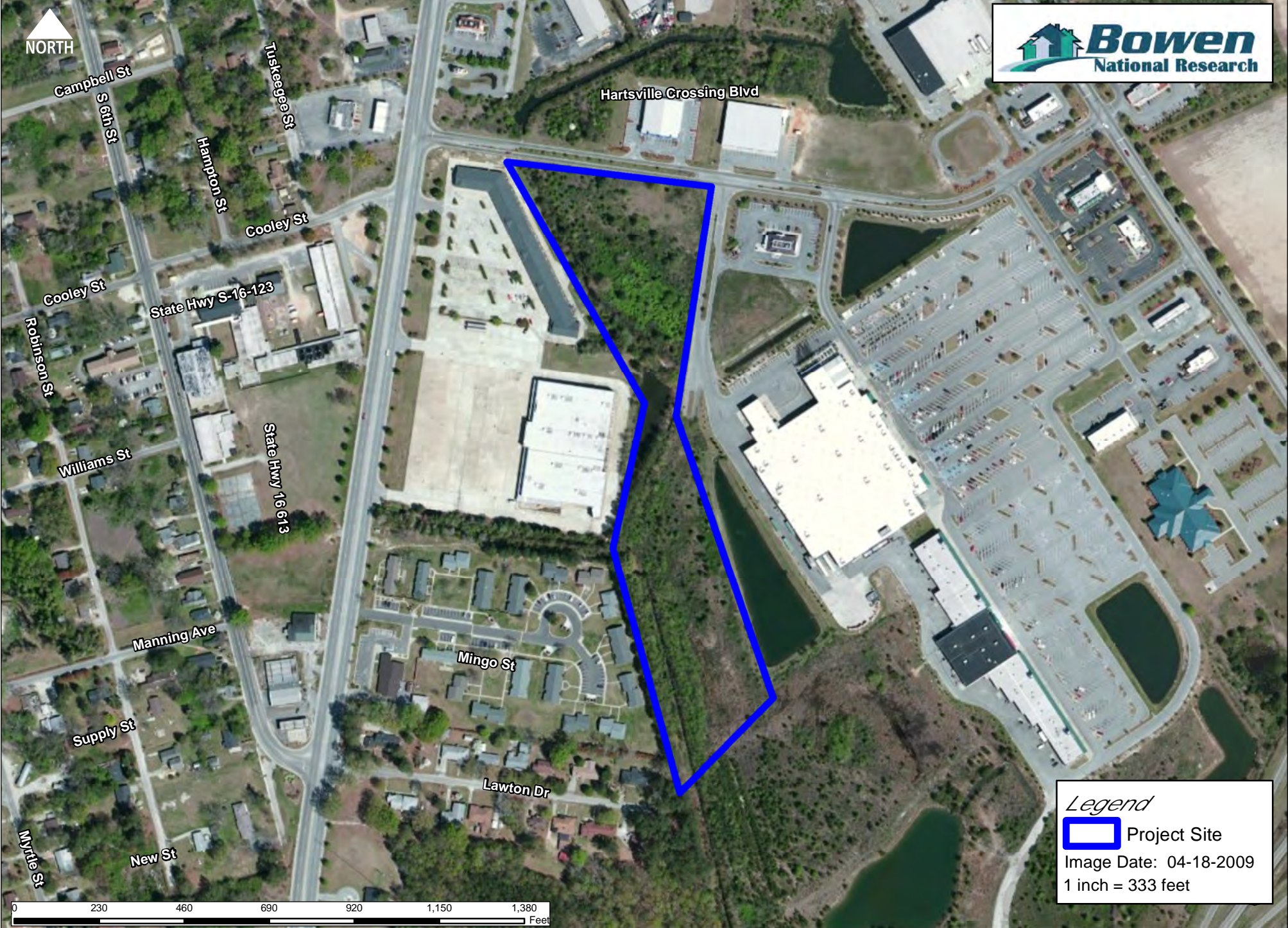


Streetscape west on Hartsville Crossing

5. SITE AND COMMUNITY SERVICES MAPS

Maps of the subject site and relevant community services follow.

Hartsville, SC: Site Neighborhood

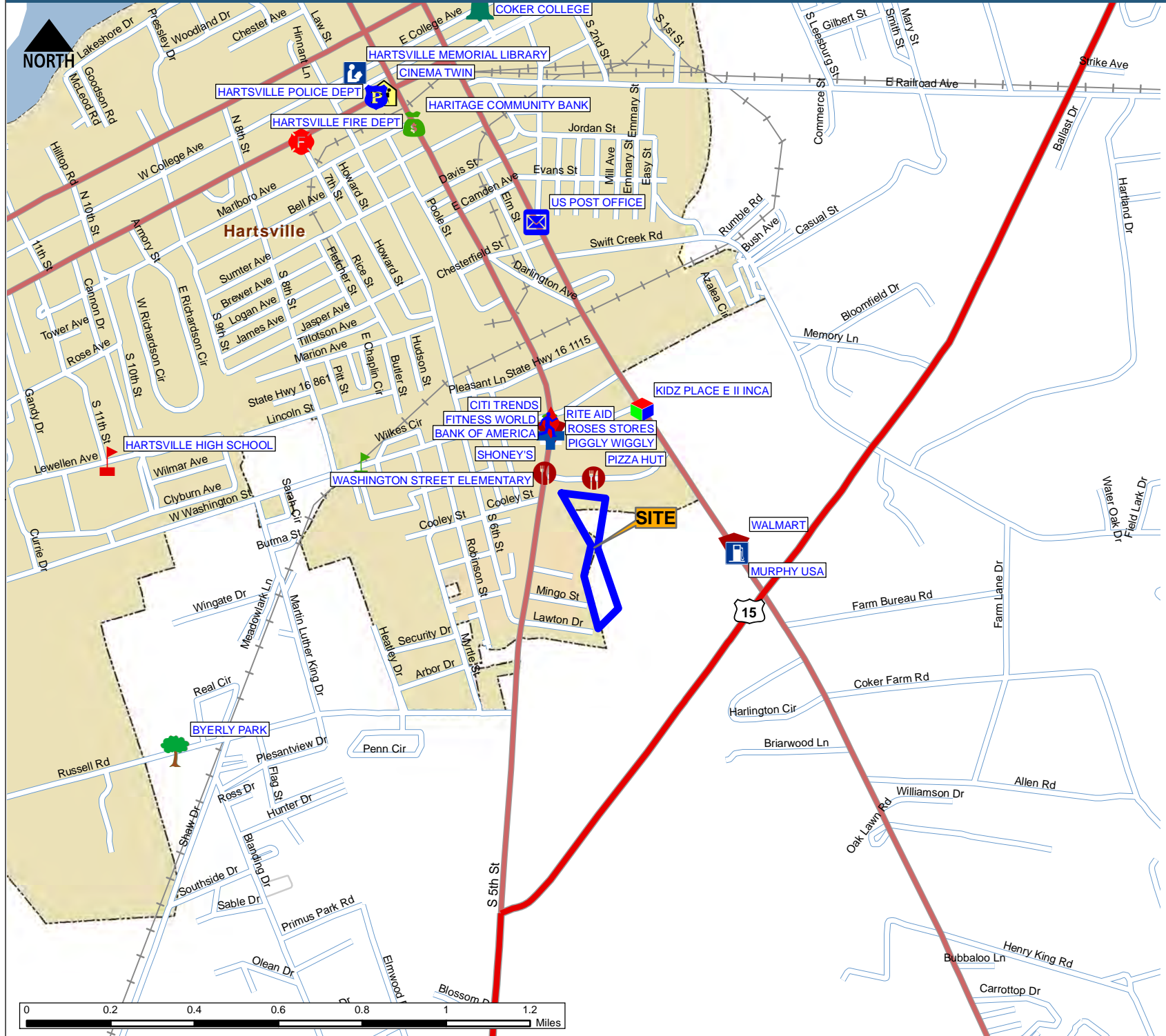


NORTH

Legend
Project Site
Image Date: 04-18-2009
1 inch = 333 feet

0 230 460 690 920 1,150 1,380 Feet

Hartsville, SC: Neighborhood Community Services

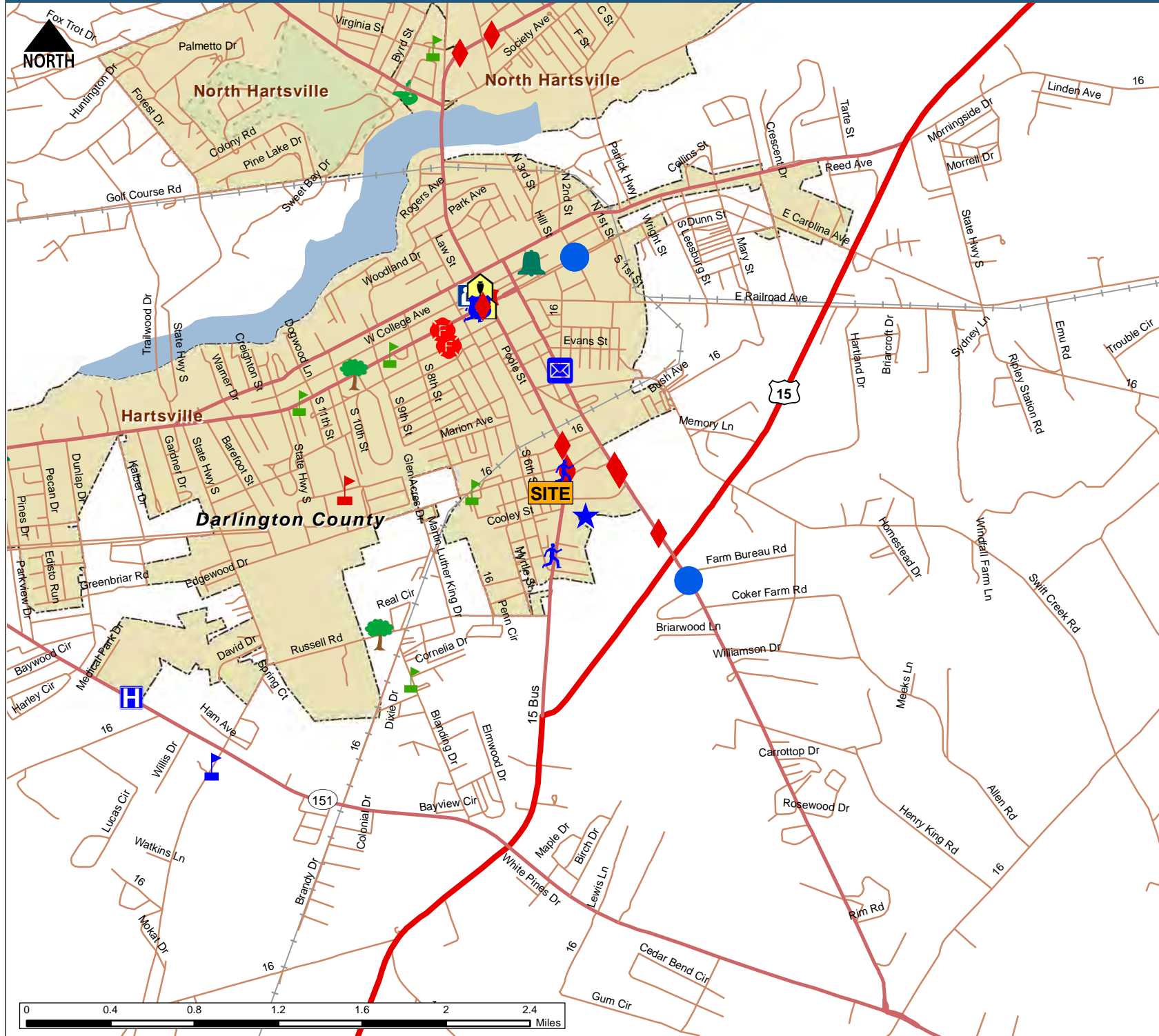


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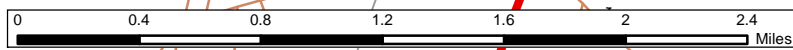
- Project Site
- bank
- child care
- cinema
- elementary school
- fire
- fitness center
- gas
- grocery
- high school
- library
- park
- pharmacy
- police
- post office
- restaurant
- shopping
- university/college

1:20,000

Hartsville, SC: Regional Community Services



- Legend*
- Project Site
 - cinema
 - elementary school
 - fire
 - fitness center
 - golf
 - high school
 - hospital services
 - library
 - middle school
 - museum
 - park
 - police
 - post office
 - shopping
 - university/college
 - emplmt. ctr. (<5,000)



1:40,000

6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

The subject site is within 0.3 miles of South 4th and 5th streets, both major thoroughfares in Hartsville. According to local planning and zoning officials, no significant road construction or infrastructure improvements are planned for the immediate neighborhood.

7. CRIME ISSUES

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

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

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

Total crime risk (135) for the Site PMA is above the national average with an overall personal crime index of 170 and a property crime index of 130. Total crime risk (133) for Darlington County is above the national average with indexes for personal and property crime of 167 and 129, respectively.

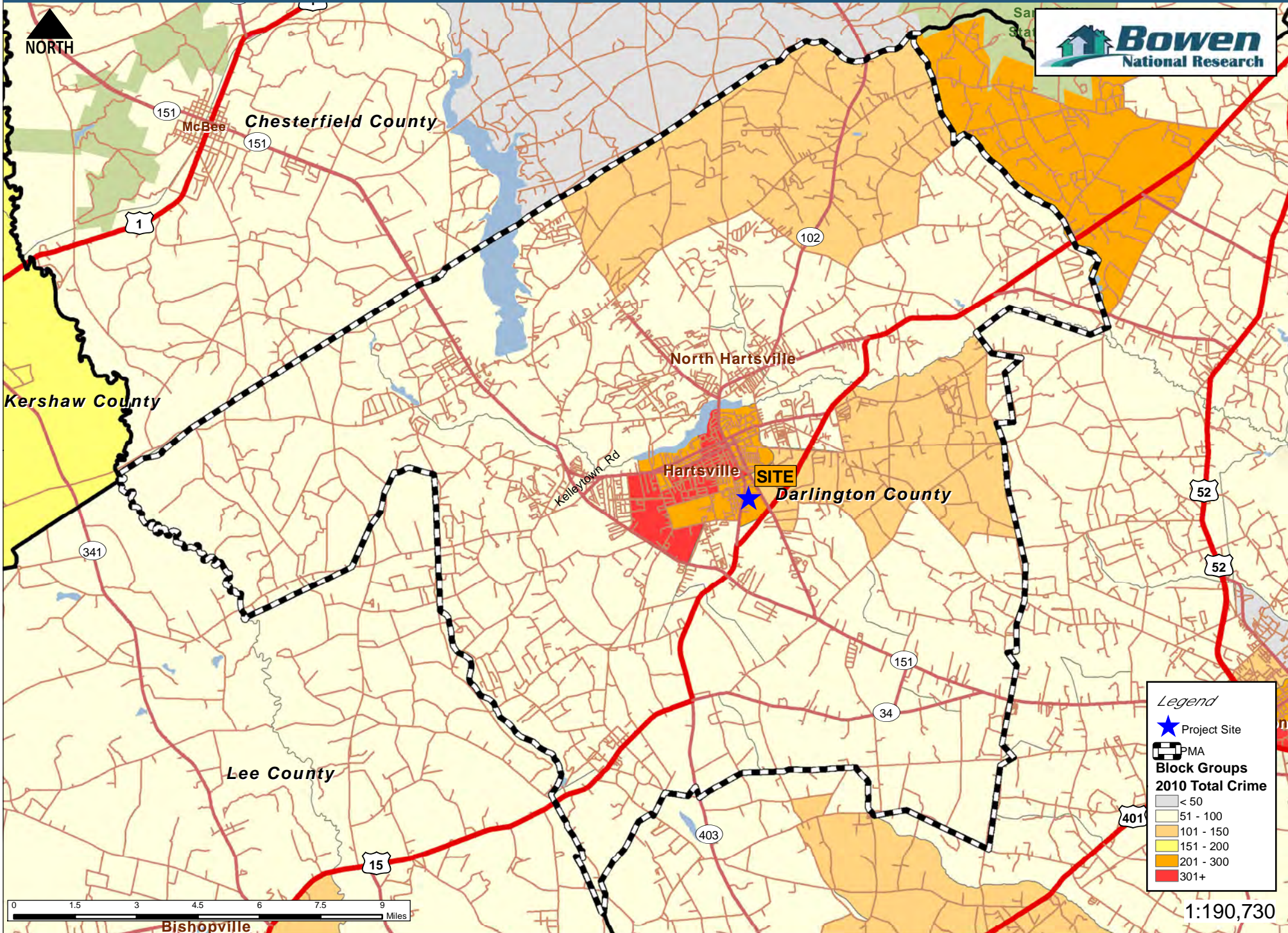
	Crime Risk Index	
	Site PMA	Darlington County
Total Crime	135	133
Personal Crime	170	167
Murder	125	146
Rape	114	127
Robbery	109	89
Assault	240	217
Property Crime	130	129
Burglary	146	154
Larceny	126	121
Motor Vehicle Theft	97	90

Source: Applied Geographic Solutions

As the table on the previous page illustrates, the crime index for the Site PMA is similar to that of Darlington County. As such, it is unlikely that perception of crime will have an impact on marketability at the subject property. In addition, all LIHTC projects within Hartsville are 100.0% occupied, further providing evidence that crime has not had an adverse impact on occupancy levels.

A map illustrating crime risk is on the following page.

Hartsville, SC: 2010 Crime Risk



Legend

- ★ Project Site
- ▣ PMA
- Block Groups**
- 2010 Total Crime**
- < 50
- 51 - 100
- 101 - 150
- 151 - 200
- 201 - 300
- 301+

1:190,730

8. ACCESS AND VISIBILITY

Primary access to the proposed site is from Hartsville Crossing Boulevard. Hartsville Crossing Boulevard links South 4th and 5th streets in the southern portion of Hartsville. Both streets are easily accessible within 0.3 miles of the proposed site. Overall access is considered good. Visibility of the site is considered good within the immediate area; however it will be minimal from traffic along both South 4th and 5th streets, as it is obstructed by the surrounding land uses. As such, promotional signage is recommended near the intersections of South 4th Street and Hartsville Crossing Boulevard, as well as South 5th Street and Hartsville Crossing Boulevard.

9. VISIBLE OR ENVIRONMENTAL ISSUES

As noted previously in this section, there are various vacant structures that are within visibility of the site. A noticeable amount of noise generated from local traffic was also observed while conducting the site visit. However, these factors are not anticipated to adversely impact the marketability of the proposed development. Development of the subject site will contribute to the improvement of the neighborhood.

10. OVERALL SITE CONCLUSIONS

The subject site is located in a commercial area within the southern portion of Hartsville. Even though there are various vacant structures within the immediate area, development of the subject site will contribute to the improvement of the neighborhood. Additionally, due to the site's location, it is within close proximity of various shopping opportunities, as most are within 1.0 mile. Visibility is obstructed by the surrounding land uses for those prospective residents traveling on South 4th and 5th streets. As such, promotional signage is recommended. Access is considered good as it is within 0.5 miles of State Route 151 and U.S. Highway 15. Social and public safety services are all within 2.9 miles. Overall, we consider the site's location and proximity to community services to generally have a positive impact on its marketability.

D. PRIMARY MARKET AREA DELINEATION

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

Lucy Brown, Broker at Brown & Coker Realty, noted that nearly 10,000 people live within the city limits of Hartsville, and close to another 10,000 live in areas surrounding Hartsville including North Hartsville as well as areas south. Because of this, Hartsville is a decent sized community with people of all income levels. She also noted that quite frequently, a number of residents seek rental housing in Hartsville because of several of the city's professional facilities including the hospital, Coker College and Sonoco Headquarters. However, the majority of people she speaks with live in and around the Hartsville area, thus confirming the Site PMA.

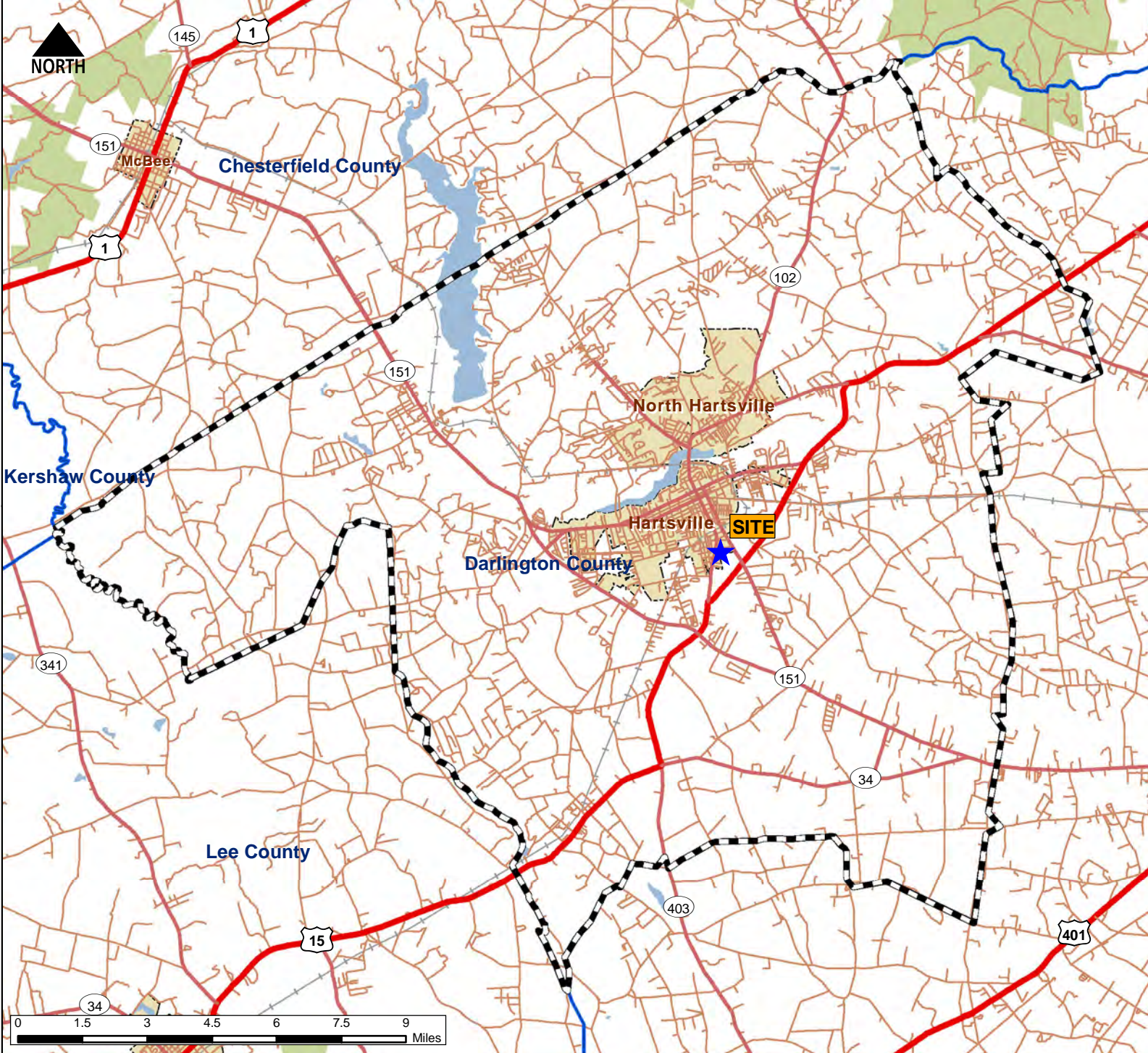
Kisha Johnson, Property Manager at Hartsville Garden Apartments, a 72-unit general occupancy Tax Credit community built in 2011, noted that because of the facility's quality, she does hear from interested tenants in the greater Hartsville area including towns surrounding Hartsville. Despite this, Ms. Johnson noted that the majority of the tenants at Hartsville Garden were previously living in Hartsville prior to residing at her property.

The Hartsville Site PMA includes the entire city of Hartsville and outlying areas of Darlington County. The boundaries of the Site PMA consist of the Darlington County line to the north, the western zip code boundaries for 29532 and 29540 to the east, Interstate 20 to the south and Lee State Park Road (State Route 22), Ashland-Stokes Bridge Highway and Family Road to the west. The Site PMA comprises Census Tract numbers: 102, 103, 104, 105, 106, 107, 108 and 109.

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

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

Hartsville, SC: Primary Market Area



Primary Market Area Information
Area: 175.17 Sq. Miles
County in PMA: Darlington
2011 Estimated Population: 30,630
2011 Total Households: 11,938
2011 Median Household Inc.: \$33,906

Legend

- ★ Project Site
- ▣ PMA

1:204,251

E. MARKET AREA ECONOMY

1. EMPLOYMENT BY INDUSTRY

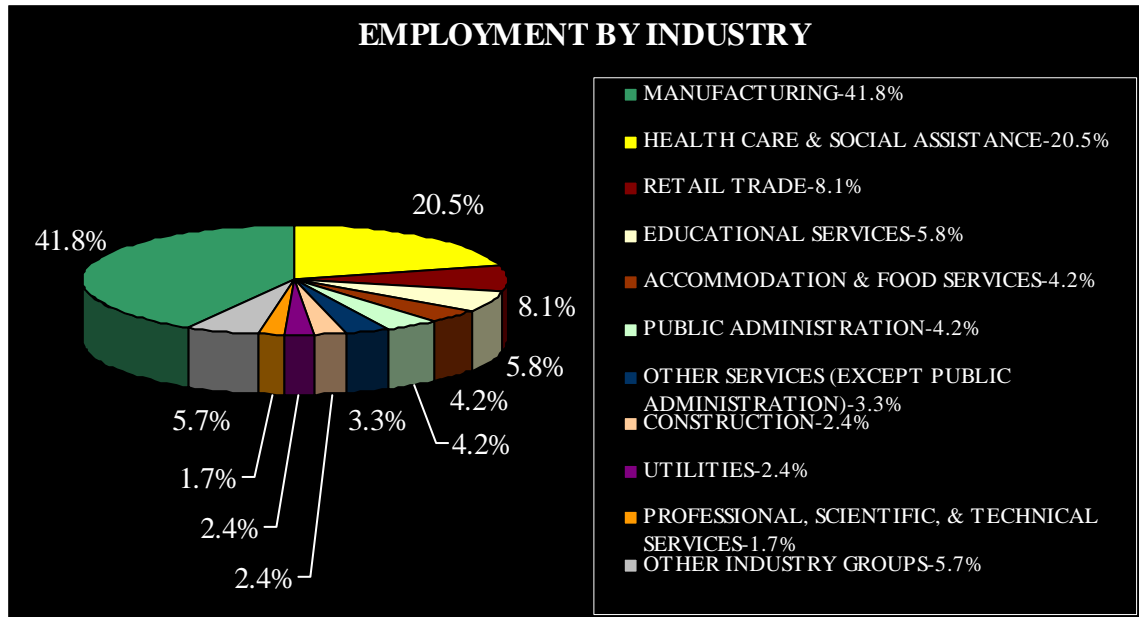
The labor force within the Hartsville Site PMA is based primarily in two sectors. Manufacturing (which comprises 41.8%) and Health Care & Social Assistance comprise over 62% of the Site PMA labor force. Employment in the Hartsville Site PMA, as of 2012, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	5	0.5%	29	0.2%	5.8
Mining	1	0.1%	1	0.0%	1.0
Utilities	3	0.3%	457	2.4%	152.3
Construction	51	5.0%	458	2.4%	9.0
Manufacturing	30	2.9%	7,873	41.8%	262.4
Wholesale Trade	35	3.4%	219	1.2%	6.3
Retail Trade	215	21.0%	1,527	8.1%	7.1
Transportation & Warehousing	17	1.7%	99	0.5%	5.8
Information	15	1.5%	37	0.2%	2.5
Finance & Insurance	72	7.0%	290	1.5%	4.0
Real Estate & Rental & Leasing	40	3.9%	140	0.7%	3.5
Professional, Scientific & Technical Services	53	5.2%	325	1.7%	6.1
Management of Companies & Enterprises	0	0.0%	0	0.0%	0.0
Administrative, Support, Waste Management & Remediation Services	24	2.3%	159	0.8%	6.6
Educational Services	25	2.4%	1,089	5.8%	43.6
Health Care & Social Assistance	100	9.7%	3,866	20.5%	38.7
Arts, Entertainment & Recreation	17	1.7%	77	0.4%	4.5
Accommodation & Food Services	63	6.1%	789	4.2%	12.5
Other Services (Except Public Administration)	209	20.4%	614	3.3%	2.9
Public Administration	46	4.5%	787	4.2%	17.1
Nonclassifiable	5	0.5%	15	0.1%	3.0
Total	1,026	100.0%	18,851	100.0%	18.4

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

E.P.E. - Average Employees Per Establishment

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



2. LOW-INCOME EMPLOYMENT OPPORTUNITIES

Typical wages by job category for the Florence Metropolitan Statistical Area (MSA) are compared with those of South Carolina in the following table:

Typical Wage by Occupation Type		
Occupation Type	Florence MSA	South Carolina
Management Occupations	\$89,720	\$93,520
Business and Financial Occupations	\$50,780	\$58,280
Computer and Mathematical Occupations	\$54,880	\$63,170
Architecture and Engineering Occupations	\$63,810	\$70,990
Community and Social Service Occupations	\$35,050	\$38,470
Art, Design, Entertainment and Sports Medicine Occupations	\$40,640	\$41,560
Healthcare Practitioners and Technical Occupations	\$62,570	\$64,930
Healthcare Support Occupations	\$22,190	\$25,000
Protective Service Occupations	\$30,780	\$32,480
Food Preparation and Serving Related Occupations	\$18,310	\$19,790
Building and Grounds Cleaning and Maintenance Occupations	\$21,360	\$22,300
Personal Care and Service Occupations	\$22,120	\$23,040
Sales and Related Occupations	\$29,570	\$30,830
Office and Administrative Support Occupations	\$30,260	\$31,180
Construction and Extraction Occupations	\$32,110	\$35,720
Installation, Maintenance and Repair Occupations	\$39,140	\$39,920
Production Occupations	\$36,200	\$33,930
Transportation and Moving Occupations	\$30,280	\$29,540

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

Most annual blue-collar salaries range from \$18,310 to \$40,640 within the MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$64,352. The proposed project will target households with incomes generally between \$16,500 and \$34,000. The area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

3. AREA'S LARGEST EMPLOYERS

The ten largest employers within Darlington County comprise a total of 4,832 employees. These employers are summarized in the following table. It should be noted that this list does not include the Darlington County School District, Carolina Pines Regional Medical Center and Coker College, which are also major players in Darlington County's economy.

Business	Business Type	Total Employed
Sonoco Products	Packaging Products Manufacturer	1,781
Dixie/Georgia Pacific	Paper Products Manufacturer	535
Nucor	Steel Bar Manufacturer	510
Galey & Lord	Textile Mill	499
Robinson Nuclear Plant	Power Plant	430
Walmart Supercenter	Retail	380
RBC	Bearings Manufacturer	209
New South Lumber Company	Wood/Lumber	180
Darlington Veneer	Wood Products	160
Stingray Boats	Pleasure Boats	148
Total		4,832

Source: S.C. Department of Employment & Workforce 2012 Q1

According to a representative with the Darlington County Economic Development Partnership, the Darlington County economy is improving, as several new businesses and expansions have occurred in the county over the last year. A description of these expansion projects are summarized as follows:

- Nucor Corporation announced in February 2012 that it is expanding and modernizing its steel bar products facility, a \$120 million investment, creating 25 jobs. This project is currently underway and is expected to be completed in 2013.
- In January 2012, Remelt Sources opened its new technical center, adjacent to its current manufacturing facility. The technical center will house the operations and technical staff, and will include a new research and development laboratory. The company has added 15 new jobs and expects to add more each year with an expected steady growth of the company.

- Sonoco, a global producer of packaging products, announced in December 2011 that it is investing \$100 million to upgrade its Hartsville plant. The expansion will add 40-50 new jobs and is currently underway.
- PolyQuest, a distributor of virgin and recycled polyethylene resins, broke ground in January 2012 on its \$8 million expansion. The larger facility will allow 25 million pounds of additional capacity. They expect to be in full production by May 2013.

The only planned infrastructure improvement is the widening of State Route 52. The highway will be expanded to four lanes for about six miles north of the city of Darlington. This project is expected to begin in 12 to 18 months.

Two WARN (Worker Adjustment and Retraining Notification) notices were filed in Darlington County over the past year. They include the following:

- Graham Packaging, located in Darlington, closed in December 2011. The closure affected 20 employees.
- First American Cash Advance closed offices in Hartsville and Darlington in March 2012. These closures affected four jobs on a combined basis.

4. EMPLOYMENT TRENDS

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

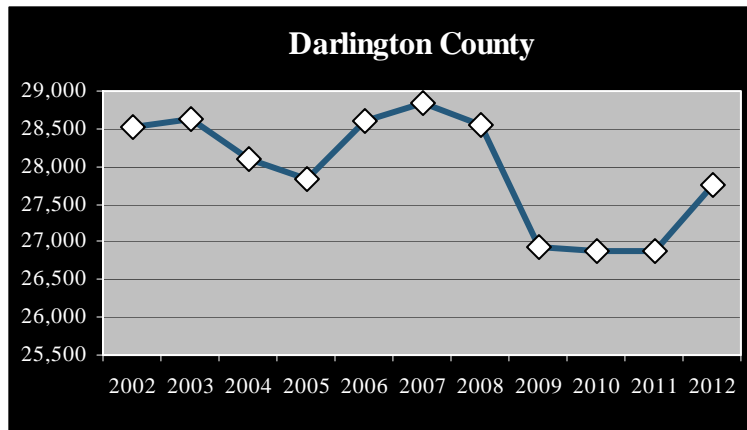
Excluding 2012, the employment base has declined by 6.8% over the past five years in Darlington County, more than the South Carolina state decline of 3.7%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Darlington County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2002	28,526	-	1,826,240	-	137,936,674	-
2003	28,638	0.4%	1,854,419	1.5%	138,386,944	0.3%
2004	28,100	-1.9%	1,888,050	1.8%	139,988,842	1.2%
2005	27,830	-1.0%	1,922,367	1.8%	142,328,023	1.7%
2006	28,604	2.8%	1,970,912	2.5%	144,990,053	1.9%
2007	28,828	0.8%	2,010,252	2.0%	146,397,529	1.0%
2008	28,553	-1.0%	2,000,582	-0.5%	146,068,824	-0.2%
2009	26,927	-5.7%	1,903,146	-4.9%	140,721,369	-3.7%
2010	26,871	-0.2%	1,909,414	0.3%	140,483,185	-0.2%
2011	26,871	0.0%	1,935,885	1.4%	141,748,955	0.9%
2012*	27,746	3.3%	1,953,977	0.9%	141,772,241	0.0%

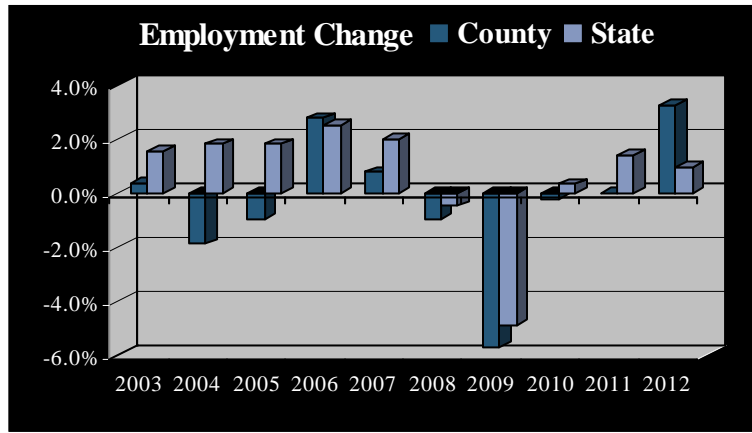
Source: Department of Labor; Bureau of Labor Statistics

*Through October



As the preceding illustrates, the Darlington County employment base declined by 1,901 employees (6.6%) between 2007 and 2009. The decline in the employment base is consistent with economies throughout the nation that were impacted by the national recession. The employment base has increased significantly since 2011, indicating that the local economy is recovering.

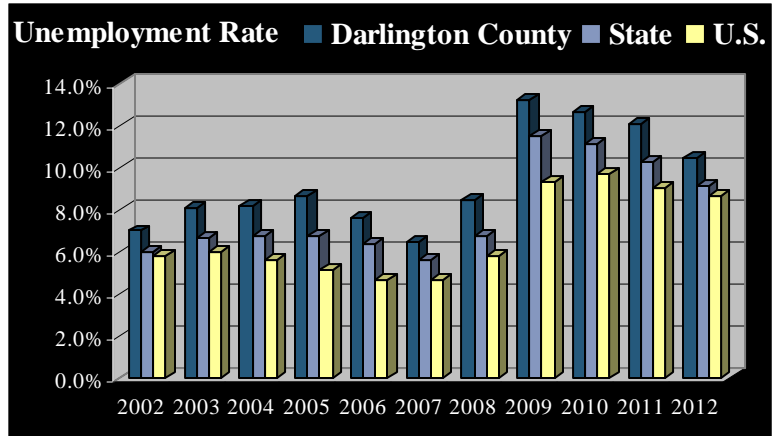
The following table illustrates the percent change in employment for Darlington County and South Carolina.



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

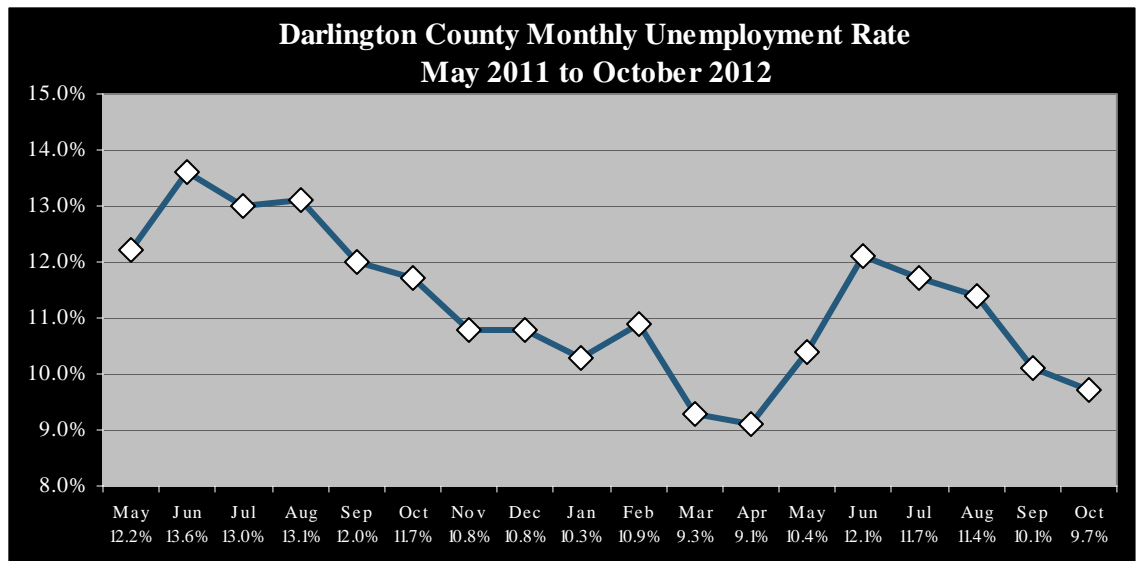
Year	Unemployment Rate		
	Darlington County	South Carolina	United States
2002	7.0%	6.0%	5.8%
2003	8.1%	6.7%	6.0%
2004	8.2%	6.8%	5.6%
2005	8.7%	6.8%	5.2%
2006	7.6%	6.4%	4.7%
2007	6.5%	5.6%	4.7%
2008	8.5%	6.8%	5.8%
2009	13.3%	11.5%	9.3%
2010	12.7%	11.2%	9.7%
2011	12.1%	10.3%	9.0%
2012*	10.5%	9.1%	8.7%

Source: Department of Labor, Bureau of Labor Statistics
 *Through October



The unemployment rate in Darlington County has ranged between 6.5% and 13.3%, consistently above both state and national averages since 2002. The rate increased sharply in 2009 as a result of the national recession.

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



The unemployment rate in Darlington County has been high over the past 18 months. The rate, which has fluctuated generally between 9.0% and 14.0%, peaked at 13.6% in June of 2011. Since June, the rate has generally decreased, although it remains high at nearly 10.0%.

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

In-Place Employment Darlington County			
Year	Employment	Change	Percent Change
2002	21,844	-	-
2003	21,108	-736	-3.4%
2004	20,899	-209	-1.0%
2005	20,961	62	0.3%
2006	20,983	22	0.1%
2007	20,675	-308	-1.5%
2008	20,342	-333	-1.6%
2009	18,406	-1,936	-9.5%
2010	18,168	-238	-1.3%
2011	18,382	214	1.2%
2012*	18,590	208	1.1%

Source: Department of Labor, Bureau of Labor Statistics

*Through March

Data for 2011, the most recent year that year-end figures are available, indicates in-place employment in Darlington County to be 68.4% of the total Darlington County employment. This means that Darlington County has more employed persons leaving the county for daytime employment than those who work in the county. A high share of employed persons leaving the county for employment could have an adverse impact on residency with increasing energy costs.

5. EMPLOYMENT CENTERS MAP

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

6. COMMUTING PATTERNS

The following is a distribution of commuting patterns for Site PMA workers age 16 and over in 2000:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	9,357	80.9%
Carpooled	1,394	12.1%
Public Transit	50	0.4%
Walked	378	3.3%
Motorcycle	21	0.2%
Bicycle	24	0.2%
Other Means	100	0.9%
Worked at Home	239	2.1%
Total	11,562	100.0%

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

Nearly 81% of all workers drove alone, 12.1% carpooled and only 0.4% used public transportation.

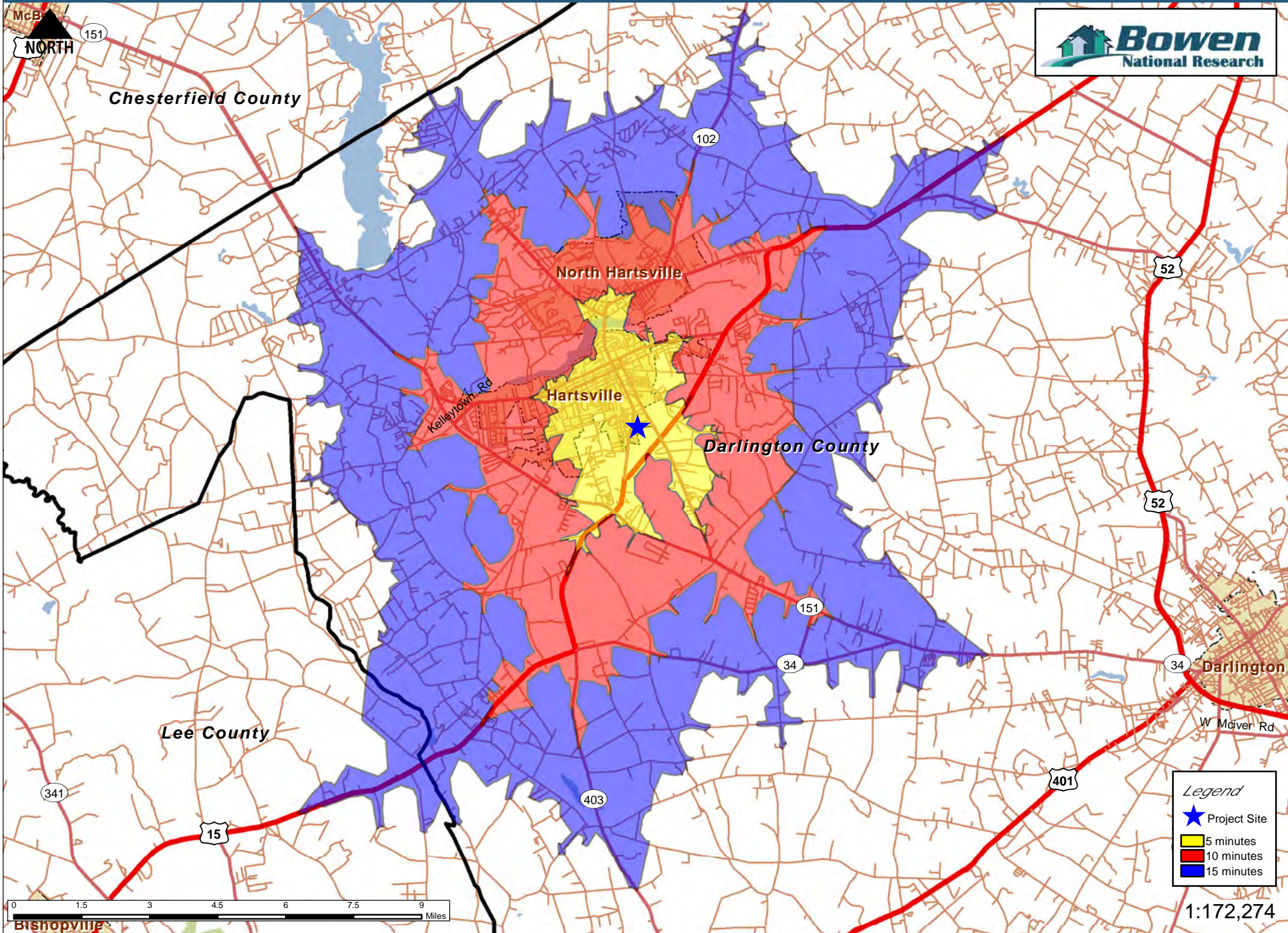
Typical travel times to work for the Site PMA residents are illustrated as follows:

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	4,810	41.6%
15 to 29 Minutes	3,388	29.3%
30 to 44 Minutes	1,936	16.7%
45 to 59 Minutes	700	6.1%
60 or More Minutes	489	4.2%
Worked at Home	239	2.1%
Total	11,562	100.0%

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

The largest share of area commuters has typical travel times to work ranging from zero to 15 minutes. At less than a 30-minute commute, the average drive time of the subject site to many large employers is considered reasonable and should contribute to the project's marketability. A drive-time map for the subject site is on the following page.

Hartsville, SC: Drive Time from Site



Legend

- ★ Project Site
- 5 minutes
- 10 minutes
- 15 minutes

1:172,274

7. ELDERLY EMPLOYMENT OPPORTUNITIES

The subject project will not be age-restricted; therefore, an analysis of employment opportunities for seniors is not required for this report.

8. ECONOMIC FORECAST AND HOUSING IMPACT

According to economic development representatives, as well as other local government officials, and based on ESRI data and employment data from the Bureau of Labor Statistics, the Darlington County economy is struggling although several indicators show that the economy appears to be stabilizing and is now in a recovery stage. The unemployment rate remains high (10.5% through October 2012), but has actually decreased from 2011 levels. The manufacturing sector comprises over 40% of the Site PMA's labor force, which is typically heavily impacted by downturns in the economy. The area's reliance on manufacturing slows the improvement of economic conditions over the foreseeable future. Regardless, along with the significant job growth in 2012, representatives of the Darlington County Economic Development Partnership noted that they have received a steady stream of business expansions, which has increased optimism for the area's economic future.

Considering the double digit unemployment rate, the need for affordable housing has remained strong, as evidenced by the typically high occupancies and waiting lists of the affordable housing projects in the Site PMA. In addition, a high rate of unemployment will likely increase the demand for affordable housing, as households with lower incomes due to unemployment may not be able to afford their current housing costs. The subject site will provide a good quality housing option in an economy where lower-wage employees are most vulnerable.

F. COMMUNITY DEMOGRAPHIC DATA

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

1. POPULATION TRENDS

a. Total Population

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

	Year			
	1990 (Census)	2000 (Census)	2012 (Estimated)	2015 (Projected)
Population	28,040	29,918	30,741	31,072
Population Change	-	1,877	823	332
Percent Change	-	6.7%	2.8%	1.1%

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

The Hartsville Site PMA population base increased by 1,877 between 1990 and 2000. This represents a 6.7% increase over the 1990 population, or an annual rate of 0.7%. Between 2000 and 2012, the population increased by 823, or 2.8%. It is projected that the population will increase by 332, or 1.1%, between 2012 and 2015. This growth demonstrates a likely increase in the potential base of demographic support for the subject site.

Based on the 2000 Census, the population residing in group-quarters is represented by 2.3% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	676	2.3%
Population not in Group Quarters	29,242	97.7%
Total Population	29,918	100.0%

Source: 2000 Census

b. Population by Age Group

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

Population by Age	2000 (Census)		2012 (Estimated)		2015 (Projected)		Change 2012-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	8,583	28.7%	8,313	27.0%	8,234	26.5%	-80	-1.0%
20 to 24	1,832	6.1%	1,886	6.1%	1,887	6.1%	2	0.1%
25 to 34	3,882	13.0%	3,230	10.5%	3,284	10.6%	54	1.7%
35 to 44	4,503	15.1%	3,936	12.8%	3,861	12.4%	-75	-1.9%
45 to 54	4,448	14.9%	4,378	14.2%	4,172	13.4%	-205	-4.7%
55 to 64	2,952	9.9%	4,368	14.2%	4,576	14.7%	208	4.8%
65 to 74	2,040	6.8%	2,774	9.0%	3,142	10.1%	368	13.3%
75 & Over	1,678	5.6%	1,856	6.0%	1,916	6.2%	60	3.2%
Total	29,918	100.0%	30,741	100.0%	31,072	100.0%	332	1.1%

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

As the preceding table illustrates, nearly 52% of the population is expected to be between 25 and 64 years old in 2012. This age group is the primary group of potential renters for the subject site and will likely represent a significant number of the tenants.

c. Elderly and Non-Elderly Population

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

d. Special Needs Population

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

2. HOUSEHOLD TRENDS

a. Total Households

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

	Year			
	1990 (Census)	2000 (Census)	2012 (Estimated)	2015 (Projected)
Households	10,127	11,593	11,989	12,140
Household Change	-	1,465	396	152
Percent Change	-	14.5%	3.4%	1.3%
Household Size	2.72	2.52	2.50	2.50

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



Within the Hartsville Site PMA, households increased by 1,465 (14.5%) between 1990 and 2000. Between 2000 and 2012, households increased by 396 (3.4%). By 2015, there will be 12,140 households, an increase of 152 households, or 1.3% over 2012 levels. This is an increase of approximately 51 households annually over the next three years. This demonstrates a likely increase in the potential base of demographic support for the proposed family (general-occupancy) housing units.

b. Household by Tenure

Households by tenure are distributed as follows:

Tenure	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	8,762	75.6%	8,643	72.1%	8,786	72.4%
Renter-Occupied	2,831	24.4%	3,346	27.9%	3,354	27.6%
Total	11,593	100.0%	11,989	100.0%	12,140	100.0%

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

In 2012, homeowners occupied 72.1% of all occupied housing units, while the remaining 27.9% were occupied by renters. The 3,346 renter households in 2012 represents a good base of potential renters in the market for the subject development.

c. Households by Income

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

Household Income	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	1,955	16.9%	1,825	15.2%	1,817	15.0%
\$10,000 to \$19,999	1,725	14.9%	1,675	14.0%	1,676	13.8%
\$20,000 to \$29,999	1,623	14.0%	1,486	12.4%	1,485	12.2%
\$30,000 to \$39,999	1,416	12.2%	1,275	10.6%	1,291	10.6%
\$40,000 to \$49,999	1,234	10.6%	1,228	10.2%	1,228	10.1%
\$50,000 to \$59,999	918	7.9%	1,003	8.4%	1,019	8.4%
\$60,000 to \$74,999	993	8.6%	1,065	8.9%	1,094	9.0%
\$75,000 to \$99,999	873	7.5%	1,065	8.9%	1,098	9.0%
\$100,000 to \$124,999	341	2.9%	600	5.0%	620	5.1%
\$125,000 to \$149,999	209	1.8%	299	2.5%	318	2.6%
\$150,000 to \$199,999	158	1.4%	229	1.9%	241	2.0%
\$200,000 & Over	148	1.3%	238	2.0%	254	2.1%
Total	11,593	100.0%	11,989	100.0%	12,140	100.0%
Median Income	\$33,487		\$37,905		\$38,468	

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

In 2000, the median household income was \$33,487. This increased by 13.2% to \$37,905 in 2012. By 2015, it is projected that the median household income will be \$38,468, an increase of 1.5% over 2012.

d. Average Household Size

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

e. Households by Income by Tenure

The following tables illustrate renter household income by household size for 2000, 2012 and 2015 for the Hartsville Site PMA:

Renter Households	2000 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	455	195	132	60	72	914
\$10,000 to \$19,999	237	154	117	57	57	621
\$20,000 to \$29,999	101	125	97	90	25	438
\$30,000 to \$39,999	104	50	71	36	4	265
\$40,000 to \$49,999	49	71	60	33	20	232
\$50,000 to \$59,999	20	46	33	14	29	142
\$60,000 to \$74,999	16	30	9	19	11	86
\$75,000 to \$99,999	13	26	9	13	5	67
\$100,000 to \$124,999	6	7	2	8	2	26
\$125,000 to \$149,999	2	6	3	5	5	22
\$150,000 to \$199,999	3	2	1	2	0	8
\$200,000 & Over	5	3	0	2	1	11
Total	1,012	713	534	340	232	2,831

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2012 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	583	166	111	54	66	981
\$10,000 to \$19,999	349	153	114	55	54	725
\$20,000 to \$29,999	119	117	99	97	17	449
\$30,000 to \$39,999	130	58	69	30	6	293
\$40,000 to \$49,999	45	87	69	43	22	266
\$50,000 to \$59,999	25	73	45	16	71	230
\$60,000 to \$74,999	27	44	12	27	19	129
\$75,000 to \$99,999	29	43	14	23	9	119
\$100,000 to \$124,999	17	21	9	13	4	63
\$125,000 to \$149,999	12	11	4	8	5	40
\$150,000 to \$199,999	6	5	2	6	1	21
\$200,000 & Over	13	6	4	4	1	28
Total	1,356	784	553	377	277	3,346

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2015 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	594	153	107	53	67	974
\$10,000 to \$19,999	358	147	109	55	54	723
\$20,000 to \$29,999	119	115	97	95	17	443
\$30,000 to \$39,999	128	59	67	31	6	291
\$40,000 to \$49,999	43	83	67	43	23	259
\$50,000 to \$59,999	24	77	46	15	74	235
\$60,000 to \$74,999	31	45	13	29	20	137
\$75,000 to \$99,999	33	45	15	26	10	128
\$100,000 to \$124,999	18	21	10	12	4	64
\$125,000 to \$149,999	14	11	5	9	6	44
\$150,000 to \$199,999	7	5	2	5	2	22
\$200,000 & Over	15	7	5	5	1	32
Total	1,383	767	543	377	283	3,354

Source: Ribbon Demographics; ESRI; Urban Decision Group

Over a quarter of the market is occupied by renter households. Overall, population and household growth has been positive since 1990 and is projected to continue to increase through 2015. It should also be noted that one- to five-person households comprise the majority of the Site PMA's total renter households. Further, growth among households making between \$10,000 and \$40,000 per year is anticipated to increase by 16, or 0.4% of growth among these income bands from 2012. Note that the subject development will target households with incomes between \$16,629 and \$33,960 a year. Despite the minimal growth, this indicates that the need for general occupancy housing options will likely increase between 2012 and 2015. This will have a positive impact on the demand for the proposed subject units, particularly when factoring in rent overburdened households or those living in substandard housing.

G. PROJECT-SPECIFIC DEMAND ANALYSIS

1. INCOME RESTRICTIONS

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

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

The subject site is within the Darlington County, South Carolina HUD Metro FMR Area, which has a four-person median household income of \$50,000 for 2012. The project location, however, is eligible for the National Non-Metropolitan Income and Rent Floor adjustment. Therefore, the income restrictions for the subject project are based on the national non-metropolitan four-person median household income of \$52,400 in 2012. The subject property will be restricted to households with incomes up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size at various levels of AMHI:

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$18,350	\$22,020
Two-Person	\$20,950	\$25,140
Three-Person	\$23,600	\$28,320
Four-Person	\$26,200	\$31,440
Five-Person	\$28,300	\$33,960

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income at the subject site is \$28,300 for the 50% AMHI units and \$33,960 for the 60% AMHI units.

2. AFFORDABILITY

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

The proposed LIHTC units will have a lowest gross rent of \$481 (at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$5,772. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement of \$16,491.

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

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$16,491	\$28,300
Tax Credit (Limited To 60% Of AMHI)	\$17,005	\$33,960
Overall Project	\$16,491	\$33,960

3. DEMAND COMPONENTS

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

- a. **Demand for New Households.** *New units required in the market area due to projected household growth should be determined using 2012 Census data estimates and projecting forward to the anticipated placed-in-service date of the project (2015) using a growth rate established from a reputable source such as ESRI. The population projected must be limited to the age and income cohort and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.*

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

- b. **Demand from Existing Households:** *The second source of demand should be determined using 2010 Census data or the most current American Community Survey (ACS) data and projected from:*

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

- 2) **Households living in substandard housing (units that lack complete plumbing or those that are overcrowded).** *Households in substandard housing should be adjusted for age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would be a realistic source of demand. The market analyst is encouraged to be conservative in their estimate of demand from both households that are rent-overburdened and/or living in substandard housing.*
- 3) **Elderly Homeowners likely to convert to rentership:** *The Authority recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly Tax Credit housing. A narrative of the steps taken to arrive at this demand figure should be included.*
- 4) **Other:** *Please note, the Authority does not, in general, consider household turnover rates other than those of elderly to be an accurate determination of market demand. However, if an analyst firmly believes that demand exists which is not being captured by the above methods, she/he may be allowed to consider this information in their analysis. The analyst may also use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under-built or over-built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted from the demand analysis described above.*

4. METHODOLOGY

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

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

5. DEMAND/CAPTURE RATE CALCULATIONS

Within the Site PMA, we identified two non-subsidized LIHTC properties. None of these properties were funded and/or built during the projection period (2012 to current). We did not identify any projects that were placed in service prior to 2012 that have not reached a stabilized occupancy. The two projects are summarized as follows:

Map I.D.	Project Name	Year Built	LIHTC Units	Units At Targeted AMHI	
				50% AMHI	60% AMHI
4	Middletown Apartments	1997	40	34	6
6	Hartsville Garden Apartments I	2011	72	18	54

None of the preceding units were included in the following demand estimates.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% AMHI (\$16,491-\$28,300)	60% AMHI (\$17,005-\$33,960)	Overall (\$16,491-\$33,960)
Demand From New Renter Households (Age- And Income-Appropriate)	622 - 627 = -5	775 - 783 = -8	812 - 820 = -8
+			
Demand From Existing Households (Rent Overburdened)	627 X 40.7% = 255	783 X 31.5% = 247	820 X 35.9% = 294
+			
Demand From Existing Households (Renters In Substandard Housing)	627 X 5.0% = 31	783 X 5.0% = 39	820 X 5.0% = 41
+			
Demand From Existing Households (Senior Homeowner Conversion)	N/A	N/A	N/A
=			
Total Demand	281	278	327
-			
Supply (Directly Comparable Units Built And/Or Funded Since 2012)	0	0	0
=			
Net Demand	281	278	327
Proposed Units	10	30	40
Proposed Units/ Net Demand	10 / 281	30 / 278	40 / 327
Capture Rate	= 3.6%	= 10.8%	= 12.2%

Typically under this methodology, capture rates below 30.0% are acceptable, while capture rates under 20.0% are ideal. The capture rate of 3.6% is considered low and achievable for the units at 50% of AMHI, while the capture rate of 10.8% for the units at 60% of AMHI is considered good and achievable. The relatively low overall capture rate of 12.2% indicates a sufficient base of demographic support for the subject project as proposed.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	15%
Two-Bedroom	55%
Three-Bedroom	30%
Total	100.0%

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

Units Targeting 50% Of AMHI (281 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (15%)	42	0	42	N/A	N/A
Two-Bedroom (55%)	155	0	155	8	5.2%
Three-Bedroom (30%)	84	0	84	2	2.4%

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

Units Targeting 60% Of AMHI (278 Units Of Demand)					
Bedroom Size (Share Of Demand)	Total Demand	Supply*	Net Demand By Bedroom Type	Proposed Subject Units	Capture Rate By Bedroom Type
One-Bedroom (15%)	42	0	42	N/A	N/A
Two-Bedroom (55%)	153	0	153	8	5.2%
Three-Bedroom (30%)	83	0	83	22	26.5%

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

The capture rates by bedroom type for the proposed 50% and 60% income level units range from 2.4% to 26.5%. While the capture rates for the units at 50% of AMHI, as well as the two-bedroom units at 60% of AMHI are considered achievable, ranging from 2.4% to 5.8%, the capture rate of 26.5% for the three-bedroom units at 60% of AMHI are considered relatively high. However, it is considered to be achievable given the proposed subject rents are the lowest in the market and all affordable rental housing options within the market are occupied. It is very likely that low-income households seeking two- or four-bedroom units will respond to the subject project's three-bedroom units because of the significant value of their rents.

It is our opinion that the capture rates by bedroom type, which range from 2.4% to 26.5%, are achievable, especially when considering the existing non-subsidized Tax Credit units in Hartsville Site PMA are 100.0% occupied. Further, the proposed gross rents at the subject site will be the lowest in the market and will likely be viewed as a substantial value.

6. ABSORPTION PROJECTIONS

For the purpose of this analysis, we assume the absorption period at the proposed subject site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow Agency guidelines that assume a 2015 opening date for the site, we also assume that the first completed units at the site will be available for rent sometime in 2015. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and will continue to monitor market conditions during the project's initial lease-up period. Our absorption projections also take into consideration the rapid absorption experienced by Hartsville Garden Apartments I (Map I.D. 6), which occupied all 72 units within three months of opening.

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

H. RENTAL HOUSING ANALYSIS (SUPPLY)

1. COMPETITIVE DEVELOPMENTS

We identified two Low-Income Housing Tax Credit (LIHTC) properties within the Hartsville Site PMA. These properties both target households up to 50% and 60% of Area Median Household Income (AMHI); therefore, they are considered competitive properties. An additional Tax Credit property, Forest Ridge Apartments I & II (Map I.D. 1) also operates under the Section 8 program. As all units at this property are subsidized, it is not considered comparable to the proposed subject project.

Due to the limited amount of non-subsidized Tax Credit product within the Hartsville Site PMA, we identified and surveyed three additional Tax Credit properties located outside of the Site PMA in Darlington, approximately 15.0 miles southeast of Hartsville. Due to the distance between Darlington and Hartsville, there will be no competitive overlap between the subject project and these LIHTC properties. These properties do, however, provide a base of comparison for which to evaluate the subject project.

These five LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility for properties inside the PMA are included in the Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Bent Tree	2014	40	-	-	-	Families; 50% & 60% AMHI
4	Middletown Apts.	1997	40	100.0%	1.1 Miles	None	Families; 50% & 60% AMHI
6	Hartsville Garden Apts. I	2011	72	100.0%	0.9 Miles	2 & 3-BR: 65 H.H.	Families; 50% & 60% AMHI
901	Autumn Run	2003	40	100.0%	12.4 Miles	3 H.H.	Families; 50% & 60% AMHI
906	Darlington Lofts	1900 / 2007	28	100.0%	12.9 Miles	None	Families; 50% & 60% AMHI
914	Pecan Grove	2007	32	100.0%	14.1 Miles	5 H.H.	Families; 50% & 60% AMHI

OCC. – Occupancy

H.H. – Households

900 Series Map IDs are located outside of the Site PMA

The five LIHTC projects have a combined occupancy rate of 100.0%, indicating a very strong demand for affordable housing in the region. Three of these projects maintain waiting lists. The high occupancies among Tax Credit product indicate pent-up demand exists for additional affordable rental housing.

The gross rents for the five LIHTC projects and the proposed rents at the subject site are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Units)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	Bent Tree	-	\$481/50% (8) \$496/60% (8)	\$586/50% (2) \$596/60% (22)	-
4	Middletown Apts.	-	\$540/50% (24)	\$637/50% (10) \$670/60% (6)	None
6	Hartsville Garden Apts. I	\$474-\$502/50% (4) \$585/60% (12)	\$559-\$587/50% (9) \$652/60% (27)	\$620-\$652/50% (5) \$730/60% (15)	None
901	Autumn Run	-	\$546/50% (14) \$648/60% (14)	\$625/50% (6) \$755/60% (6)	None
906	Darlington Lofts	\$449/50% (9) \$463/60% (6)	\$554/50% (8) \$554/60% (4)	\$662/60% (1)	None
914	Pecan Grove	\$431/50% (6) \$466/60% (6)	\$528/50% (8) \$538/60% (7)	\$601/50% (2) \$626/60% (3)	None

900 Series Map IDs are located outside of the Site PMA

The proposed subject gross rents, ranging from \$481 to \$596, will be the lowest priced LIHTC units targeting similar income levels in the region and in the market. Therefore, the proposed gross rents are well positioned as they are well below the two LIHTC properties located in Hartsville, depending on bedroom type and targeted AMHI. This will provide the site with a competitive edge and will enhance marketability during the initial lease-up. None of the comparable LIHTC properties are currently offering rent concessions.

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

Map I.D.	Project Name	Number of Vouchers
4	Middletown Apartments	8
6	Hartsville Garden Apartments I	6
901	Autumn Run	10
906	Darlington Lofts	6
914	Pecan Grove	11

900 Series Map IDs are located outside of the Site PMA

Despite numerous attempts to update Housing Choice Voucher information from the Housing Authority of Hartsville, we were unable to obtain current information at the time this report was completed. Information on the following page is as of March 2012.

According to a representative with the Housing Authority of Hartsville, there are approximately 165 Housing Choice Voucher holders within the housing authority's jurisdiction. 243 households are currently on the waiting list for additional Vouchers. The waiting list is closed and it is unknown when it will open again. Annual turnover of persons in the Voucher program is estimated at 24 households. This reflects the continuing need for Housing Choice Voucher assistance.

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

4 Middletown Apts.		1.1 miles to site
	Address 601 W. Washington St. Hartsville, SC 29550	
	Phone (843) 332-6863	Contact Teresa
Total Units 40 Vacancies 0 Percent Occupied 100.0%		
Project Type Tax Credit		
Year Open 1997 Floors 2		
Concessions No Rent Specials		
Age Restrictions NONE		
Waiting List NONE		
Ratings: Quality C Neighborhood B Access/Visibility		
	Remarks 50% & 60% AMHI; HCV (8 units); Square footage estimated	

FEATURES AND UTILITIES

Utilities	Landlord pays Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Playground, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	1	G	24	0	800	\$0.48	\$385	50%
3	1.5	G	6	0	970	\$0.49	\$476	60%
3	1.5	G	10	0	970	\$0.46	\$443	50%

6 Hartsville Garden Apts. I

0.9 miles to site



Address	780 Tailwind Ln. Hartsville, SC 29550		
Phone	(843) 917-0257	Contact	Kisha
Total Units	72	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2011	Floors	3
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	2 & 3-br: 65 HH		
Ratings:	Quality A	Neighborhood B	Access/Visibility
Remarks	50% & 60% AMHI; HCV (6 units); HOME Funds (15 units at 50% AMHI); Opened 1/2011, 100% occupied 3/2011, began preleasing 11/2010		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Storage
Project Amenities	On-site Management, Laundry Facility, Club House, Meeting Room, Fitness Center, Playground, Sports Court, Computer Lab, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	12	0	740	\$0.68	\$500	60%
1	1	G	1	0	740	\$0.56	\$417	50%
1	1	G	3	0	740	\$0.53	\$389	50%
2	2	G	27	0	888	\$0.61	\$545	60%
2	2	G	1	0	888	\$0.54	\$480	50%
2	2	G	8	0	888	\$0.51	\$452	50%
3	2	G	15	0	1069	\$0.56	\$600	60%
3	2	G	1	0	1069	\$0.49	\$522	50%
3	2	G	4	0	1069	\$0.46	\$490	50%



Address 405 Wells St.
Darlington, SC 29532

Phone (843) 398-1981 **Contact** Mary

Total Units 40 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit

Year Open 2003 **Floors** 2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List 3 households

Ratings: **Quality** A- **Neighborhood** B **Access/Visibility**

Remarks 50% & 60% AMHI; HCV (approx. 10 units)

FEATURES AND UTILITIES

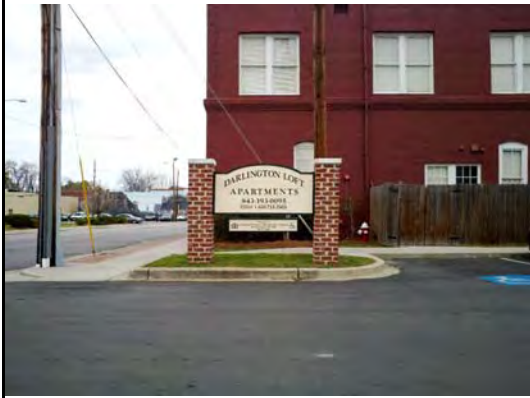
Utilities Landlord pays Trash
Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
Project Amenities On-site Management, Laundry Facility, Meeting Room, Playground
Parking Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	1	G	14	0	900	\$0.55	\$493	60%
2	1	G	14	0	900	\$0.43	\$391	50%
3	1.5	G	6	0	1020	\$0.55	\$561	60%
3	1.5	G	6	0	1020	\$0.42	\$431	50%

906 Darlington Lofts

13.5 miles to site



Address	107 Orange St. Darlington, SC 29532		
Phone	(843) 393-0095	Contact	Helen
Total Units	28	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	1900	Renovated	2007
		Floors	1, 3
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	NONE		
Ratings:	Quality B	Neighborhood A-	Access/Visibility
Remarks	50% & 60% AMHI; HCV (6 units); HOME Funds (Nine 1-br units); Square footage estimated		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Computer Lab
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	6	0	600	\$0.63	\$378	60%
1	1	G	9	0	600	\$0.61	\$364	50%
2	2	G	4	0	820	\$0.55	\$447	60%
2	2	G	8	0	820	\$0.55	\$447	50%
3	2	G	1	0	1100	\$0.48	\$532	60%

914 Pecan Grove

14.7 miles to site



Address	1218 S. Main St. Darlington, SC 29532		
Phone	(843) 393-3009	Contact	Helen
Total Units	32	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2007	Floors	1
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	5 households		
Ratings:	Quality A	Neighborhood C+	Access/Visibility
Remarks	50% & 60% AMHI; HCV (11 units); HOME Funds (7 units); Square footage estimated by mgmt.		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
Project Amenities	On-site Management, Fitness Center, Playground
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	6	0	570	\$0.61	\$346	50%
1	1	G	6	0	570	\$0.67	\$381	60%
2	2	G	7	0	700	\$0.62	\$431	60%
2	2	G	8	0	700	\$0.60	\$421	50%
3	2	G	3	0	837	\$0.59	\$496	60%
3	2	G	2	0	837	\$0.56	\$471	50%

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

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
Site	Bent Tree	-	1,100	1,250
4	Middletown Apts.	-	800	970
6	Hartsville Garden Apts. I	740	888	1,069
901	Autumn Run	-	900	1,020
906	Darlington Lofts	600	820	1,100
914	Pecan Grove	570	700	837

900 Series Map IDs are located outside of the Site PMA

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
Site	Bent Tree	-	2.0	2.0
4	Middletown Apts.	-	1.0	1.5
6	Hartsville Garden Apts. I	1.0	2.0	2.0
901	Autumn Run	-	1.0	1.5
906	Darlington Lofts	1.0	2.0	2.0
914	Pecan Grove	1.0	2.0	2.0

900 Series Map IDs are located outside of the Site PMA

The proposed development will offer the largest unit sizes, in terms of square footage and number of bathrooms offered, in both the region and the market. This will provide the project with a competitive advantage.

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



COMPARABLE PROPERTIES AMENITIES - HARTSVILLE, SC

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

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

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

X - All Units
S - Some Units
O - Optional

Window Treatments
B - Blinds
C - Curtains
D - Drapes

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

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

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

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

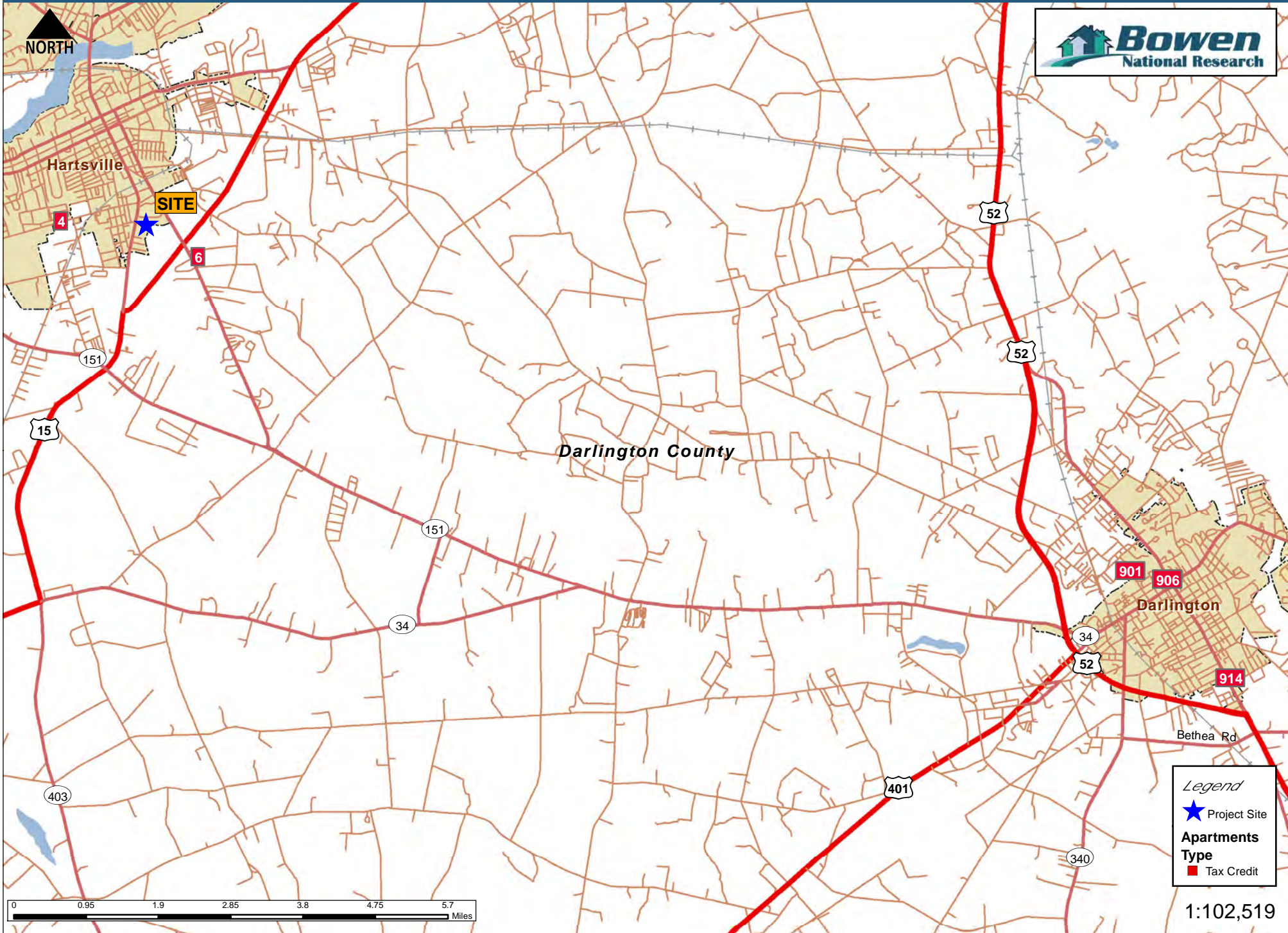
As the preceding table illustrates, the proposed unit amenities are comprehensive and will be generally similar to those of the comparable Tax Credit rental alternative within the region. The lack of a garbage disposal in the proposed units is not anticipated to have an adverse impact on its marketability. The subject project will also offer a comprehensive property amenities package that will generally be superior to the comparable LIHTC properties. This will provide the proposed development with a competitive advantage.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the region, it is our opinion that the subject development will be competitive.

2. COMPARABLE TAX CREDIT PROPERTIES MAP

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

Hartsville, SC: Comparable LIHTC Property Locations



Legend

- ★ Project Site
- Apartments
- Tax Credit

1:102,519

3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Hartsville Site PMA in 2000 and 2012 (estimated) are summarized in the following table:

Housing Status	2000 (Census)		2012 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	11,593	88.6%	11,989	82.4%
Owner-Occupied	8,762	75.6%	8,643	72.1%
Renter-Occupied	2,831	24.4%	3,346	27.9%
Vacant	1,492	11.4%	2,560	17.6%
Total	13,085	100.0%	14,549	100.0%

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

Based on a 2012 update of the 2000 Census, of the 14,549 total housing units in the market, 17.6% were vacant. This is a substantial increase over the 2000 vacancy rate of 11.4% and could indicate a softening rental housing market; however, the vacancy status of the 2,560 units is estimated in the following table and illustrates that most vacant units are not long-term rentals.

Vacancy Status	Percent of Vacant Units
For Rent	19.1%
Rented, Not Occupied	1.9%
For Sale Only	7.9%
Sold, Not Occupied	6.0%
For Seasonal, recreational, or occasional use	10.9%
For migrant workers	0.0%
Other Vacant	54.0%

Source: U.S. Census Bureau, 2007-2011 American Community Survey (ACS)

As reported in the 2007-2011 ACS, 19.1% of the vacant housing units are long-term rentals. As the previous table indicates, the largest share of vacant units are classified as “Other Vacant”, which likely encompasses abandoned housing, and possibly mobile home units which are prevalent in Darlington County. Regardless, in order to determine if the overall vacancy rate increase is the reflection of a decline in long-term rental housing, we conducted a field survey of area apartments.

We identified and personally surveyed eight conventional housing projects containing a total of 504 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 96.6%, a high rate for rental housing. Among these projects, four are non-subsidized (market-rate and Tax Credit) projects containing 232 units. These non-subsidized units are 94.0% occupied. The remaining four projects contain 272 government-subsidized units, which are 98.9% occupied.

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

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	2	120	14	88.3%
Tax Credit	2	112	0	100.0%
Tax Credit/Government-Subsidized	1	89	0	100.0%
Government-Subsidized	3	183	3	98.4%
Total	8	504	17	96.6%

Overall, the rental housing market is performing well, with a 96.6% overall occupancy rate. It should be noted that the market-rate segment is currently operating with a less than stable occupancy rate; however, the remaining affordable housing segments are performing extremely well, with a 99.2% overall occupancy rate.

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

Market-rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	16	13.3%	0	0.0%	\$552
Two-Bedroom	1.0	72	60.0%	10	13.9%	\$629
Two-Bedroom	1.5	32	26.7%	4	12.5%	\$653
Total Market-rate		120	100.0%	14	11.7%	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	16	14.3%	0	0.0%	\$585
Two-Bedroom	1.0	24	21.4%	0	0.0%	\$540
Two-Bedroom	2.0	36	32.1%	0	0.0%	\$652
Three-Bedroom	1.5	16	14.3%	0	0.0%	\$637
Three-Bedroom	2.0	20	17.9%	0	0.0%	\$730
Total Tax Credit		112	100.0%	0	0.0%	-

The market-rate units are 88.3% occupied and the Tax Credit units are 100.0% occupied. It should be noted that the majority of the vacancies among the market-rate properties are located at Palmetto Villas (Map I.D. 2), with 10 out of the 14 total vacancies in the market-rate supply. Based on our review of this project, we believe vacancies are attributed to the project's undesirable quality and neighborhood.

The distribution of two- and three-bedroom units dominates the non-subsidized Tax Credit communities, comprising nearly 86.0% of all bedroom types offered. As such, this provides evidence that they have been well received within the market and denotes likely demand for such units, as all non-subsidized Tax Credit units are occupied.

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

Year Built	Projects	Units	Vacancy Rate
Before 1970	0	0	0.0%
1970 to 1979	1	72	13.9%
1980 to 1989	1	48	8.3%
1990 to 1999	1	40	0.0%
2000 to 2004	0	0	0.0%
2005	0	0	0.0%
2006	0	0	0.0%
2007	0	0	0.0%
2008	0	0	0.0%
2009	0	0	0.0%
2010	0	0	0.0%
2011	1	72	0.0%
2012*	0	0	0.0%
Total	4	232	6.0%

*As of December

Nearly 52.0% of all apartments surveyed were built prior to 1990. These older apartments have a vacancy rate of 11.7%, higher than the overall market. Approximately 72 non-subsidized units have been added to the market since 2000. These newer units have a 0.0% vacancy rate, illustrating that newer product has been well received within the market. The existing rental housing stock is considered to be old and it can be concluded that age has had an impact on vacancies.

The market's newest product, Hartsville Garden Apartments I (Map I.D. 6), began preleasing units in November 2010. The property opened in January 2011 and reached 100.0% occupancy in March 2011, resulting in an average monthly absorption of 14 units per month, a very quick absorption.

The following table compares the gross rent (the collected rent at the site plus the estimated costs of tenant-paid utilities) of the subject project with the rent range of the existing conventional apartments surveyed in the market:

Bedroom Type	Gross Rent			Units (Share) with Rents Above Proposed Rents
	Proposed Subject	Existing Rentals		
		Median	Range	
Two-Bedroom	\$481-50%	\$629	\$540 - \$653	164 (100.0%)
	\$496-60%			164 (100.0%)
Three-Bedroom	\$586-50%	\$670	\$620 - \$730	36 (100.0%)
	\$596-60%			36 (100.0%)

The proposed gross rents will be the lowest among all Tax Credit and market-rate units in the market. This will have a positive impact on the project's initial lease-up and ongoing marketability. The appropriateness of the proposed rents is evaluated in detail in the Achievable Market Rent Analysis section of this report.

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

Market-rate			
Quality Rating	Projects	Total Units	Vacancy Rate
B-	1	48	8.3%
C+	1	72	13.9%
Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	1	72	0.0%
C	1	40	0.0%

As noted previously in this section, vacancies are the highest among the one market-rate property, Palmetto Villas (Map I.D. 2), with a rating of a "C+". The remaining properties broken out by quality are maintaining stable occupancy rates above 90.0%. It should be noted that all non-subsidized Tax Credit communities are 100.0% occupied, regardless of quality. Therefore, there does not appear to be a correlation between vacancy rates and quality levels among the affordable communities.

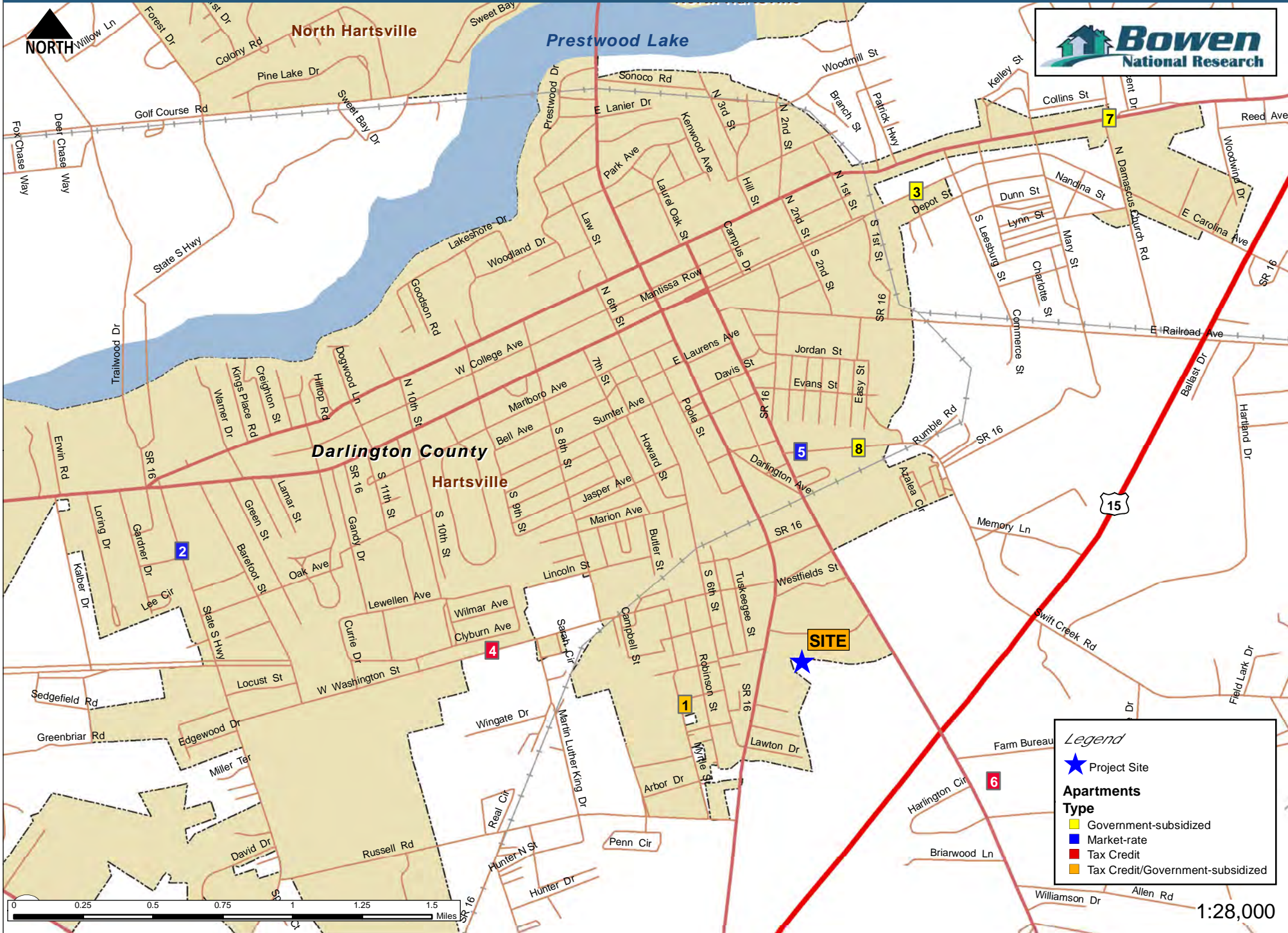
A complete list of all properties surveyed is included in Addendum A, Field Survey of Conventional Rentals.

4. RENTAL HOUSING INVENTORY MAP

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



Hartsville, SC: Apartment Locations



Legend

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

1:28,000

5. & 6. PLANNED AND PROPOSED DEVELOPMENTS

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

7. ADDITIONAL SCSHFDA VACANY DATA

Stabilized Comparables

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

As discussed earlier in this analysis, we identified a total of five comparable LIHTC projects within or near the Site PMA that have received Tax Credit funding. In addition, we identified a total of two projects offering market-rate units of which none are considered both economically and conceptually comparable. The two stabilized comparable Tax Credit projects identified in the Site PMA are detailed as follows:

Stabilized Comparable Tax Credit Projects					
Map I.D.	Project Name	Year Built	Project Type	Total Units	Occupancy Rate
Site	Bent Tree	2014	TC	40	-
4	Middletown Apartments	1997	TC	40	100.0%
6	Hartsville Garden Apartments I	2011	TC	72	100.0%
Total				112	100.0%

TC – Tax Credit

The overall occupancy rate of the two stabilized comparable Tax Credit projects identified in the Site PMA is 100.0%.

8. MARKET RENT ADVANTAGE

We identified one market-rate property within the Hartsville Site PMA that we consider most comparable to the subject development. Due to the lack of market-rate product in the Site PMA, we identified and surveyed four market-rate properties located outside of the Site PMA in the cities of Florence and Cheraw that we consider comparable to the subject development based on their modern design and age. Note, adjustments for the differences between the Hartsville market and the Florence market have been made. As Cheraw is considered to be similar to the city of Hartsville, no adjustments were warranted for such properties. These selected properties are used to derive market rent, or the *Conventional Rents for Comparable Units*, for a project with characteristics similar to the subject development. It is important to note that for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the subject units without maximum income and rent restrictions.

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

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

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

The rent adjustments used in this analysis are based on various sources, including known charges for additional features within the Site PMA, estimates made by area property managers and realtors, quoted rental rates

from furniture rental companies and the prior experience of Bowen National Research in markets nationwide.

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	Bent Tree	2014	40	-	-	16 (-)	24 (-)
2	Palmetto Villas	1976 / 2010	72	86.1%	-	72 (86.1%)	-
902	Basin Duplexes	1991	10	100.0%	-	10 (100.0%)	-
904	Charles Pointe Apts.	2001	168	95.8%	42 (97.6%)	114 (96.5%)	12 (83.3%)
908	Haven at Mill Creek	2008	268	94.4%	122 (93.4%)	122 (95.1%)	24 (95.8%)
913	Third Street Apts.	1960 / 1987	12	100.0%	-	12 (100.0%)	-

Occ. – Occupancy
 900 Series Map IDs are located outside of the Site PMA

The five selected market-rate projects have a combined total of 530 units with an overall occupancy rate of 94.0%. With the exception of Palmetto Villas (Map I.D. 2), these high occupancy rates indicate that these projects are well received within their respective markets and will serve as accurate benchmarks with which to compare to the proposed subject development. As noted previously in this section, the vacancies at Palmetto Villas are likely attributed to its undesirable quality and location. However, Palmetto Villas was selected as a comparable because of its similar unit types to the subject development and location within the Site PMA.

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



Rent Comparability Grid

Unit Type →

TWO BEDROOM

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Bent Tree LLC Hartsville Crossing Blvd. & Driver Ave. Hartsville, SC		Palmetto Villas 207 14th St. Hartsville, SC		Basin Duplexes 112 Basin Dr. Cheraw, SC		Charles Pointe Apts. 201 Millstone Rd. Florence, SC		Haven at Mill Creek 2320 Freedom Blvd. Florence, SC		Third Street Apts. 100-102 3rd St. Cheraw, SC	
Data on Subject		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
A. Rents Charged											
1	\$ Last Rent / Restricted?	\$450		\$525		\$800		\$980		\$460	
2	Date Surveyed	Dec-12		Nov-12		Nov-12		Nov-12		Nov-12	
3	Rent Concessions	None		None		None		Yes	(\$41)	None	
4	Occupancy for Unit Type	86%		100%		96%		95%		100%	
5	Effective Rent & Rent/ sq. ft	\$450	0.53	\$525	0.58	\$800	0.80	\$939	0.83	\$460	0.46
B. Design, Location, Condition											
6	Structure / Stories	WU/2		R/1		WU/3		WU/3		R/1	
7	Yr. Built/Yr. Renovated	2014		1991		2001		2008		1960/1987	
8	Condition /Street Appeal	E		G		E		E		F	
9	Neighborhood	F		G	(\$10)	E	(\$20)	E	(\$20)	G	(\$10)
10	Same Market?	Yes		No		No	(\$120)	No	(\$141)	No	
C. Unit Equipment/ Amenities											
11	# Bedrooms	2		2		2		2		2	
12	# Baths	2		1	\$30	2		2		1	\$30
13	Unit Interior Sq. Ft.	1100		900	\$33	1005	\$16	1130	(\$5)	1000	\$16
14	Balcony/ Patio	Y		Y		Y		Y		N	\$5
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y		N/Y	\$5	Y/Y		Y/Y		N/N	\$15
18	Washer/Dryer	HU/L		HU	\$5	HU	\$5	HU/L		HU	\$5
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/Security System	N/N		N/N		N/N		N/N		N/N	
22	Garbage Disposal	N		Y	(\$5)	Y	(\$5)	Y	(\$5)	N	
23	Ceiling Fans	Y		Y		Y		Y		Y	
D. Site Equipment/ Amenities											
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		N	\$5	Y		Y		N	\$5
26	Security Gate	N		N		N		Y	(\$5)	N	
27	Clubhouse/ Meeting Rooms	Y/Y		N/N	\$10	N/N	\$10	Y/N	\$5	N/N	\$10
28	Pool/ Recreation Areas	F		N	\$5	P/F	(\$10)	P/F	(\$10)	N	\$5
29	Computer Center	Y		N	\$3	N	\$3	Y		N	\$3
30	Picnic Area	Y		N	\$3	Y		Y		N	\$3
31	Playground	Y		N	\$3	Y		Y		N	\$3
32	Storage	Y		N	\$5	Y		Y/\$30	\$15	N	\$5
E. Utilities											
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/G	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	N/N		N/N		N/Y	(\$27)	N/N		N/N	
39	Trash /Recycling	Y/N		N/N	\$24	Y/N		N/N	\$24	N/N	\$24
F. Adjustments Recap											
40	# Adjustments B to D			14		12	2	6	4	2	6
41	Sum Adjustments B to D			\$181		\$140	(\$15)	\$62	(\$155)	\$11	(\$186)
42	Sum Utility Adjustments			\$24		\$24		\$24	(\$27)	\$24	
				Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E			\$205	\$205	\$149	\$179	(\$120)	\$244	(\$151)	\$221
G. Adjusted & Market Rents											
44	Adjusted Rent (5+ 43)			\$655		\$674		\$680		\$788	
45	Adj Rent/Last rent				146%		128%		85%		84%
46	Estimated Market Rent	\$650		\$0.59		← Estimated Market Rent/ Sq. Ft					

Rent Comparability Grid

Unit Type → **THREE BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Bent Tree LLC		Palmetto Villas		Basin Duplexes		Charles Pointe Apts.		Haven at Mill Creek		Third Street Apts.	
Hartsville Crossing Blvd. & Driver Ave.		207 14th St.		112 Basin Dr.		201 Millstone Rd.		2320 Freedom Blvd.		100-102 3rd St.	
Hartsville, SC		Hartsville, SC		Cheraw, SC		Florence, SC		Florence, SC		Cheraw, SC	
Data on Subject		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
A. Rents Charged											
1	\$ Last Rent / Restricted?	\$450		\$525		\$955		\$1,180		\$460	
2	Date Surveyed	Dec-12		Nov-12		Nov-12		Nov-12		Nov-12	
3	Rent Concessions	None		None		None		Yes (\$49)		None	
4	Occupancy for Unit Type	86%		100%		83%		96%		100%	
5	Effective Rent & Rent/ sq. ft	\$450	0.53	\$525	0.58	\$955	0.78	\$1,131	0.88	\$460	0.46
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/2		R/1		WU/3		WU/3		R/1	
7	Yr. Built/Yr. Renovated	2014		1991		2001		2008		1960/1987	
8	Condition /Street Appeal	E		G		E		E		F	
9	Neighborhood	F		G		E		E		G	
10	Same Market?	Yes		No		No		No		No	
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		2		3		3		2	
12	# Baths	2		1		2		2		1	
13	Unit Interior Sq. Ft.	1250		900		1230		1285		1000	
14	Balcony/ Patio	Y		Y		Y		Y		N	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/Y		N/Y		Y/Y		Y/Y		N/N	
18	Washer/Dryer	HU/L		HU		HU		HU/L		HU	
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/Security System	N/N		N/N		N/N		N/N		N/N	
22	Garbage Disposal	N		Y		Y		Y		N	
23	Ceiling Fans	Y		Y		Y		Y		Y	
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		N		Y		Y		N	
26	Security Gate	N		N		N		Y		N	
27	Clubhouse/ Meeting Rooms	Y/Y		N/N		N/N		Y/N		N/N	
28	Pool/ Recreation Areas	F		N		P/F		P/F		N	
29	Computer Center	Y		N		N		Y		N	
30	Picnic Area	Y		N		Y		Y		N	
31	Playground	Y		N		Y		Y		N	
32	Storage	Y		Y		Y/\$30		Y		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/G	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	N/N		N/N		N/Y		N/N		N/N	
39	Trash /Recycling	Y/N		N/N		Y/N		N/N		N/N	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	15		13		6		2		15	
41	Sum Adjustments B to D	\$258		\$216		\$49		\$11		\$251	
42	Sum Utility Adjustments	\$54		\$54				\$54		\$54	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$312	\$312	\$255	\$285	(\$164)	\$262	(\$151)	\$281	\$295	\$315
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$762		\$780		\$791		\$980		\$755	
45	Adj Rent/Last rent		169%		149%		83%		87%		164%
46	Estimated Market Rent	\$755	\$0.60	← Estimated Market Rent/ Sq. Ft							

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

Based on the preceding Rent Comparability Grids, it was determined that the current achievable market rent for units similar to the subject development are \$650 for a two-bedroom unit and \$755 for a three-bedroom unit.

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

Bedroom Type	Proposed Collected Rent (AMHI)	Achievable Market Rent	Market Rent Advantage
Two-Bedroom	\$330 (50%)	\$650	49.23%
	\$345 (60%)		46.92%
Three-Bedroom	\$400 (50%)	\$755	47.02%
	\$410 (60%)		45.69%
Weighted Average			46.63%

The proposed collected Tax Credit rents represent market rent advantages between 45.69% and 49.23%. Typically, Tax Credit rents should represent market rent advantages of at least 10.0% in order to be considered a value in most markets. Therefore, it is likely that all of the proposed units at the subject project will be viewed as a significant value within the Site PMA.

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

1. Rents for each property are reported as collected rents. This is the actual rent paid by tenants and does not consider tenant-paid utilities. The rent reported is typical and does not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.
3. One of the selected properties, The Haven at Mill Creek, is offering a rent concession of half off rent in December. An adjustment has been made to the monthly collected rent to reflect the concession being offered.

7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1960 and 2008. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties. Two properties were built in 1960 and 1976; however, were renovated in 1987 and 2010, respectively. As such, these two properties were given an effective age of 1974 and 1993.
8. It is anticipated that the subject project will have an excellent appearance, once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
9. Four of the five selected properties are located in neighborhoods with higher quality ratings compared to the subject site. As such, we have adjusted the rents at these properties negatively to account for the neighborhood difference.
10. As previously stated, four of the five selected properties are located outside of the Hartsville Site PMA. Two of the selected properties are located in Cheraw, which is considered to be similar to the city of Hartsville. The remaining two properties are located in Florence, which is approximately 24.0 miles southeast of Hartsville. The Florence market is significantly larger than Hartsville in terms of population, community services and apartment selections. Given the difference in markets, the rents that are achievable in Florence will not directly translate to the Hartsville market. Therefore, we have adjusted each collected rent at these two comparable projects by approximately 15.0% to account for this market difference.
11. All of the selected properties have two-bedroom units. For those projects lacking three-bedroom units, we have used the two-bedroom units and made adjustments to reflect the difference in the number of bedrooms offered.
12. The number of bathrooms offered at each of the selected properties varies. We have made adjustments to reflect the difference in the number of bathrooms offered at the site and the number offered by the competitive properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar bases, we have used 25% of the average for this adjustment.

- 14.- 23. The subject project will offer a unit amenity package generally superior to the selected properties. We have, however, made adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The proposed project offers a generally superior project amenities package. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences between the subject project's and the selected properties' utility responsibility. The utility adjustments were based on the local housing authority's utility cost estimates.

9. AFFORDABLE HOUSING IMPACT

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

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2014
4	Middletown Apts.	100.0%	95.0%+
6	Hartsville Garden Apts. I	100.0%	95.0%+

The subject project is not expected to have a negative impact on the existing Tax Credit projects within the Site PMA, which are both 100.0% occupied. Given the high occupancies, we expect all Tax Credit projects to operate at or above 95.0%. Overall, we believe there is sufficient demographic support for all existing and proposed Tax Credit units in the market and no long-term negative impact is expected on existing Tax Credit projects within the market should the subject project receive Tax Credit allocations and be developed as proposed in this analysis.

10. OTHER HOUSING OPTIONS

a. Buy vs. Rent Analysis

According to ESRI, the median home value within the Site PMA was \$90,379. At an estimated interest rate of 6.0% and a 30-year term (and 95% LTV), the monthly mortgage for a \$90,379 home is \$643, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$90,379
Mortgaged Value = 95% of Median Home Price	\$85,860
Interest Rate - Bankrate.com	6.0%
Term	30
Monthly Principal & Interest	\$515
Estimated Taxes and Insurance*	\$129
Estimated Monthly Mortgage Payment	\$643

*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$330 to \$410 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is at least \$233 greater than the cost of renting at the proposed subject development, depending on unit size. While it is possible that some of the residents would be able to afford the monthly payments required to own a home, the number of tenants who would also be able to afford the down payment on such a home is considered minimal. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

b. Shadow Rental Market

We identified eight single-family/mobile home rentals within the Hartsville Site PMA which are summarized in the following table:

Single-Family/Mobile Homes within the Hartsville Area				
Address	Number Bedrooms	Number of Bathrooms	Square Feet	Collected Rent
124 Brookwood Dr.	2	1.0	1,050	\$625
72 Lakeside Dr.	2	1.0	900	\$800
1132 Whippolwill Rd.*	3	2.0	1,100	\$500
1136 Whippolwill Rd.*	3	2.0	1,100	\$500
1128 Whippolwill Rd.*	3	2.0	1,100	\$600
1019 Nandina Dr.	3	1.0	1,064	\$600
124 Rogers Ave.	3	2.0	1,495	\$1,000
1304 Palmetto St.	4	3.0	1,860	\$850

*Mobile home

These single-family homes contain between two- to four-bedrooms with collected rents ranging from \$500 to \$1,000. Therefore, the cost of renting a single-family/mobile home is \$90 to \$670 greater than the cost of renting at the subject site, depending on unit size. Further, single-family/mobile home rentals typically do not include an extensive amenities package compared to the subject site. Therefore, we do not anticipate any competitive impact on or from the shadow rental market.

11. HOUSING VOIDS

As previously noted, there are two competitive Tax Credit projects located within the Hartsville Site PMA. These projects have an overall occupancy rate of 100.0%, indicating a strong demand for affordable rental housing in the market. The proposed subject project will include a total of 40 general-occupancy units targeting households up to 50% and 60% of AMHI. Therefore, it is expected that the subject project will help fill part of the housing void that exists in the market.

As outlined previously in this section of the report, there is a general lack of modern, non-subsidized rental product within the Hartsville Site PMA. Aside from the two Tax Credit properties, all product was constructed prior to 1989. It is our opinion that the development of the subject project will add much needed modern units to a market that is generally aging and in need of updating. Further, as shown in the demographic section of this report, the Hartsville Site PMA is expected to have growth among its population and household bases. With this generally stable, but positive, demographic growth in the market, the demand for housing will increase. Given that there are currently no rental units under construction or planned for the market, the proposed project will help fill a need in the market that is currently being unmet and that is expected to increase over the foreseeable future.

I. INTERVIEWS

The following are summaries of interviews conducted with government officials and real estate agents:

Brenda Kelley, Planning and Zoning Coordinator for the City of Hartsville Planning Department, stated that, based on her experience with the area, it appears that there is a need for more affordable housing for young professionals and families. She noted that affordable properties that had opened recently seemed to have filled up “before the paint was dry”. She also hears from young professionals and new graduates that are entering the workforce about how difficult it is to find decent affordable housing.

Dianne Brown, Broker with Brown & Coker Realty, explained that she receives at least three calls per day from potential residents seeking rental housing. Many of these individuals are temporarily relocating to the area for jobs and may not qualify for affordable housing. However, many of them also are not ready to purchase homes or make long term housing commitments. Because of this, Dianne can certainly see a need for additional rental housing of any kind in Hartsville.

J. RECOMMENDATIONS

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

The two Tax Credit properties located within the Hartsville Site PMA are both 100.0% occupied. Hartsville Garden Apartments I (Map I.D. 6) maintains a waiting list of 65 households for the next available units. The high occupancies among Tax Credit product, along with the lengthy waiting list at Hartsville Garden Apartments I, are indications that pent-up demand exists for additional rental housing targeting low- and moderate-income households within the Hartsville Site PMA.

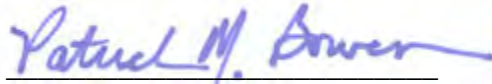
Management for Hartsville Garden Apartments I began preleasing in November 2010. The property opened in January 2011 and reached 100.0% occupancy in March 2011, resulting in an average monthly absorption of 14 units per month, a very quick absorption.

The subject project will offer the lowest rents, the largest unit sizes and will provide an amenities package that is generally similar to the existing LIHTC projects within the market. As such, the subject site will be perceived as a significant value in the marketplace and we have no recommendations at this time.

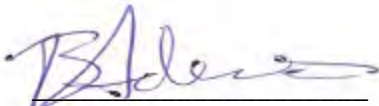
K. SIGNED STATEMENT REQUIREMENT

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

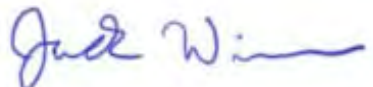
Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: December 18, 2012



Benjamin Adams
Market Analyst
benad@bowennational.com
Date: December 18, 2012



Jack Wiseman
Market Analyst
jackw@bowennational.com
Date: December 18, 2012

L. Qualifications

The Company

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

The Staff

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

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

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

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

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

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

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

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

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

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

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

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

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

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

M. Methodologies, Disclaimers & Sources

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

1. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

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

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

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

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

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

2. REPORT LIMITATIONS

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

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

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

3. SOURCES

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

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

ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

HARTSVILLE, SOUTH CAROLINA

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

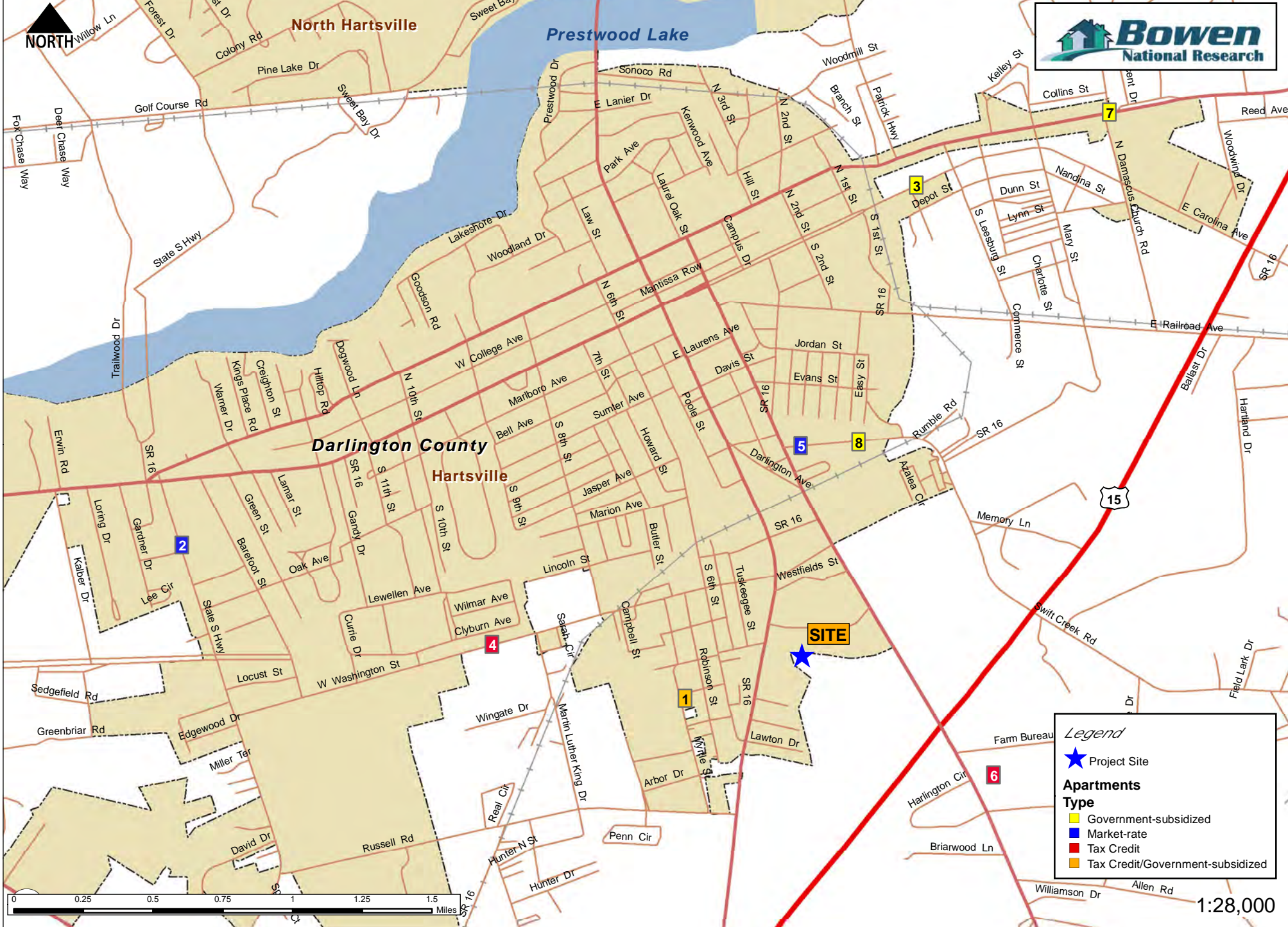
The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

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

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

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

Hartsville, SC: Apartment Locations



Legend

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

1:28,000

MAP IDENTIFICATION LIST - HARTSVILLE, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	Forest Ridge Apts. I & II	TGS	B+	1971	89	0	100.0%	0.5
2	Palmetto Villas	MRR	C+	1976	72	10	86.1%	2.4
3	Hartwood Village Apts.	GSS	C+	1982	68	3	95.6%	1.8
4	Middletown Apts.	TAX	C	1997	40	0	100.0%	1.1
5	Oakview Townhouses	MRR	B-	1989	48	4	91.7%	0.8
6	Hartsville Garden Apts. I	TAX	A	2011	72	0	100.0%	0.9
7	Pinebridge Apts.	GSS	C+	1985	43	0	100.0%	2.5
8	Swift Creek Apts.	GSS	B-	1980	72	0	100.0%	1.0

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	2	120	14	88.3%	0
TAX	2	112	0	100.0%	0
TGS	1	89	0	100.0%	0
GSS	3	183	3	98.4%	0

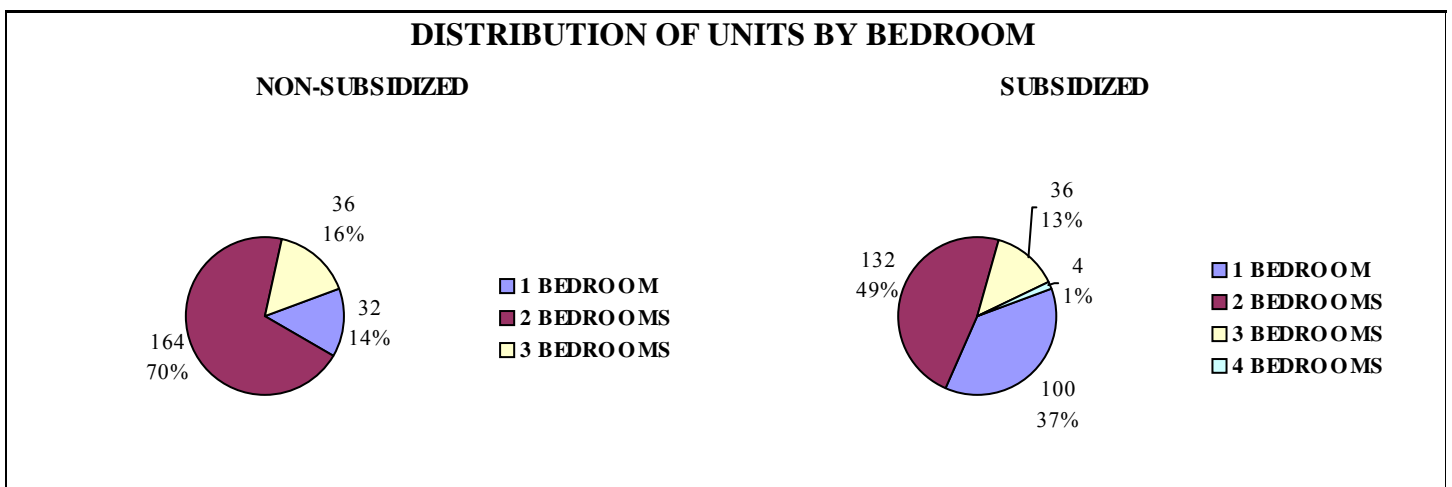
◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

* - Drive Distance (Miles)

Survey Date: December 2012

DISTRIBUTION OF UNITS - HARTSVILLE, SOUTH CAROLINA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	16	13.3%	0	0.0%	\$552
2	1	72	60.0%	10	13.9%	\$629
2	1.5	32	26.7%	4	12.5%	\$653
TOTAL		120	100.0%	14	11.7%	
TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	16	14.3%	0	0.0%	\$585
2	1	24	21.4%	0	0.0%	\$540
2	2	36	32.1%	0	0.0%	\$652
3	1.5	16	14.3%	0	0.0%	\$637
3	2	20	17.9%	0	0.0%	\$730
TOTAL		112	100.0%	0	0.0%	
TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	17	19.1%	0	0.0%	N.A.
2	1	40	44.9%	0	0.0%	N.A.
3	1	28	31.5%	0	0.0%	N.A.
4	1	4	4.5%	0	0.0%	N.A.
TOTAL		89	100.0%	0	0.0%	
GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	
1	1	83	45.4%	0	0.0%	N.A.
2	1	92	50.3%	3	3.3%	N.A.
3	1	8	4.4%	0	0.0%	N.A.
TOTAL		183	100.0%	3	1.6%	
GRAND TOTAL		504	-	17	3.4%	



SURVEY OF PROPERTIES - HARTSVILLE, SOUTH CAROLINA




1 Forest Ridge Apts. I & II			
	Address 1212 Myrtle St. Hartsville, SC 29550	Phone (843) 332-2162 (Contact by phone)	Total Units 89
	Year Built 1971 Renovated 2008 Contact Teresa	Comments 50% & 60% AMHI; HUD Section 8	
			Waiting List 25 households
2 Palmetto Villas			
	Address 207 14th St. Hartsville, SC 29550	Phone (803) 316-6290 (Contact in person)	Total Units 72
	Year Built 1976 Renovated 2010 Contact Mark	Comments HCV (1 unit, but longer accept); Additional fee of \$25 charged per person, up to 4 people	
			Waiting List None
3 Hartwood Village Apts.			
	Address 725 E. Carolina Ave. Hartsville, SC 29550	Phone (843) 383-4121 (Contact in person)	Total Units 68
	Year Built 1982	Contact Jackie	Vacancies 3 Occupied 95.6% Floors 1,2 Quality Rating C+
Comments RD 515, has RA (49 units); HCV (5 units); Year built & square footage estimated			Waiting List None
4 Middletown Apts.			
	Address 601 W. Washington St. Hartsville, SC 29550	Phone (843) 332-6863 (Contact in person)	Total Units 40
	Year Built 1997	Contact Teresa	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating C
Comments 50% & 60% AMHI; HCV (8 units); Square footage estimated			Waiting List None
5 Oakview Townhouses			
	Address 236 Swift Creek Rd. Hartsville, SC 29550	Phone (843) 332-0424 (Contact in person)	Total Units 48
	Year Built 1989	Contact Audey	Vacancies 4 Occupied 91.7% Floors 2 Quality Rating B-
Comments Accepts HCV (0 currently); Typical rents: 1-br \$480 & 2-br \$590; Former RD 515; Square footage estimated			Waiting List None
Rent Special Reported rents discounted			

Project Type

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

Survey Date: December 2012

SURVEY OF PROPERTIES - HARTSVILLE, SOUTH CAROLINA

6 Hartsville Garden Apts. I			
	Address 780 Tailwind Ln. Hartsville, SC 29550	Phone (843) 917-0257 (Contact in person)	Total Units 72 Vacancies 0 Occupied 100.0% Floors 3 Quality Rating A
	Year Built 2011 Comments 50% & 60% AMHI; HCV (6 units); HOME Funds (15 units at 50% AMHI); Opened 1/2011, 100% occupied 3/2011, began preleasing 11/2010	Contact Kisha	
7 Pinebridge Apts.			
	Address 1101 E. Home Ave. Hartsville, SC 29550	Phone (843) 332-1269 (Contact in person)	Total Units 43 Vacancies 0 Occupied 100.0% Floors 2 Quality Rating C+
	Year Built 1985 Comments RD 515, has RA (43 units); One manager unit not included in total; Square footage estimated	Contact Debra	
8 Swift Creek Apts.			
	Address 405 Swift Creek Rd. Hartsville, SC 29550	Phone (843) 383-5785 (Contact in person)	Total Units 72 Vacancies 0 Occupied 100.0% Floors 1 Quality Rating B-
	Year Built 1980 Comments HUD Section 8	Contact Mary	

Project Type

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

Survey Date: December 2012

COLLECTED RENTS - HARTSVILLE, SOUTH CAROLINA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
2			\$450						
4			\$385	\$443 to \$476					
5		\$450					\$525		
6		\$389 to \$500	\$452 to \$545	\$490 to \$600					

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

Survey Date: December 2012

PRICE PER SQUARE FOOT - HARTSVILLE, SOUTH CAROLINA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Oakview Townhouses	1	700	\$552	\$0.79
6	Hartsville Garden Apts. I	1	740	\$474 to \$585	\$0.64 to \$0.79
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
2	Palmetto Villas	1	850	\$629	\$0.74
5	Oakview Townhouses	1.5	925	\$653	\$0.71
4	Middletown Apts.	1	800	\$540	\$0.68
6	Hartsville Garden Apts. I	2	888	\$559 to \$652	\$0.63 to \$0.73
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
4	Middletown Apts.	1.5	970	\$637 to \$670	\$0.66 to \$0.69
6	Hartsville Garden Apts. I	2	1069	\$620 to \$730	\$0.58 to \$0.68

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

Survey Date: December 2012

AVERAGE GROSS RENT PER SQUARE FOOT - HARTSVILLE, SOUTH CAROLINA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.79	\$0.74	\$0.00
TOWNHOUSE	\$0.00	\$0.71	\$0.00

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.76	\$0.70	\$0.66
TOWNHOUSE	\$0.00	\$0.00	\$0.00

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$0.77	\$0.72	\$0.66
TOWNHOUSE	\$0.00	\$0.71	\$0.00

TAX CREDIT UNITS - HARTSVILLE, SOUTH CAROLINA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
6	Hartsville Garden Apts. I	3	740	1	50%	\$389
6	Hartsville Garden Apts. I	1	740	1	50%	\$417
6	Hartsville Garden Apts. I	12	740	1	60%	\$500
1	Forest Ridge Apts. I & II	9	700	1	50%	\$566
1	Forest Ridge Apts. I & II	8	700	1	60%	\$566
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
4	Middletown Apts.	24	800	1	50%	\$385
6	Hartsville Garden Apts. I	8	888	2	50%	\$452
6	Hartsville Garden Apts. I	1	888	2	50%	\$480
6	Hartsville Garden Apts. I	27	888	2	60%	\$545
1	Forest Ridge Apts. I & II	20	819	1	50%	\$629
1	Forest Ridge Apts. I & II	20	819	1	60%	\$629
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
4	Middletown Apts.	10	970	1.5	50%	\$443
4	Middletown Apts.	6	970	1.5	60%	\$476
6	Hartsville Garden Apts. I	4	1069	2	50%	\$490
6	Hartsville Garden Apts. I	1	1069	2	50%	\$522
6	Hartsville Garden Apts. I	15	1069	2	60%	\$600
1	Forest Ridge Apts. I & II	14	1035	1	60%	\$681
1	Forest Ridge Apts. I & II	14	1035	1	50%	\$681
FOUR-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
1	Forest Ridge Apts. I & II	2	1070	1	50%	\$749
1	Forest Ridge Apts. I & II	2	1070	1	60%	\$749

QUALITY RATING - HARTSVILLE, SOUTH CAROLINA

MARKET-RATE PROJECTS AND UNITS

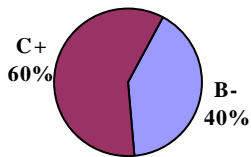
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
B-	1	48	8.3%		\$552	\$653		
C+	1	72	13.9%			\$629		

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

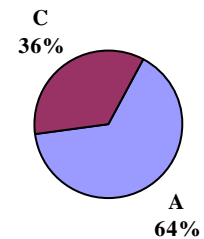
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	1	72	0.0%		\$585	\$652	\$730	
C	1	40	0.0%			\$540	\$637	

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



YEAR BUILT - HARTSVILLE, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	1	72	10	13.9%	72	31.0%
1980 to 1989	1	48	4	8.3%	120	20.7%
1990 to 1999	1	40	0	0.0%	160	17.2%
2000 to 2004	0	0	0	0.0%	160	0.0%
2005	0	0	0	0.0%	160	0.0%
2006	0	0	0	0.0%	160	0.0%
2007	0	0	0	0.0%	160	0.0%
2008	0	0	0	0.0%	160	0.0%
2009	0	0	0	0.0%	160	0.0%
2010	0	0	0	0.0%	160	0.0%
2011	1	72	0	0.0%	232	31.0%
2012**	0	0	0	0.0%	232	0.0%
TOTAL	4	232	14	6.0%	232	100.0 %

YEAR RENOVATED - HARTSVILLE, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	0	0	0	0.0%	0	0.0%
2000 to 2004	0	0	0	0.0%	0	0.0%
2005	0	0	0	0.0%	0	0.0%
2006	0	0	0	0.0%	0	0.0%
2007	0	0	0	0.0%	0	0.0%
2008	0	0	0	0.0%	0	0.0%
2009	0	0	0	0.0%	0	0.0%
2010	1	72	10	13.9%	72	100.0%
2011	0	0	0	0.0%	72	0.0%
2012**	0	0	0	0.0%	72	0.0%
TOTAL	1	72	10	13.9%	72	100.0 %

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

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

** As of December 2012

APPLIANCES AND UNIT AMENITIES - HARTSVILLE, SOUTH CAROLINA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	4	100.0%	232
REFRIGERATOR	4	100.0%	232
ICEMAKER	0	0.0%	
DISHWASHER	2	50.0%	112
DISPOSAL	2	50.0%	112
MICROWAVE	2	50.0%	112
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	4	100.0%	232
AC - WINDOW	0	0.0%	
FLOOR COVERING	4	100.0%	232
WASHER/DRYER	0	0.0%	
WASHER/DRYER HOOK-UP	4	100.0%	232
PATIO/DECK/BALCONY	3	75.0%	160
CEILING FAN	2	50.0%	144
FIREPLACE	0	0.0%	
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	4	100.0%	232
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	0	0.0%	

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

PROJECT AMENITIES - HARTSVILLE, SOUTH CAROLINA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	0	0.0%	
ON-SITE MANAGEMENT	3	75.0%	160
LAUNDRY	3	75.0%	160
CLUB HOUSE	1	25.0%	72
MEETING ROOM	2	50.0%	112
FITNESS CENTER	1	25.0%	72
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	3	75.0%	160
COMPUTER LAB	1	25.0%	72
SPORTS COURT	1	25.0%	72
STORAGE	0	0.0%	
LAKE	0	0.0%	
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	0	0.0%	
PICNIC AREA	2	50.0%	112
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	0	0.0%	

DISTRIBUTION OF UTILITIES - HARTSVILLE, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
TENANT			
ELECTRIC	7	436	86.5%
GAS	1	68	13.5%
			100.0%
COOKING FUEL			
TENANT			
ELECTRIC	8	504	100.0%
			100.0%
HOT WATER			
TENANT			
ELECTRIC	7	436	86.5%
GAS	1	68	13.5%
			100.0%
ELECTRIC			
TENANT	8	504	100.0%
			100.0%
WATER			
LANDLORD	4	301	59.7%
TENANT	4	203	40.3%
			100.0%
SEWER			
LANDLORD	5	349	69.2%
TENANT	3	155	30.8%
TRASH PICK-UP			
LANDLORD	7	432	85.7%
TENANT	1	72	14.3%
			100.0%

UTILITY ALLOWANCE - HARTSVILLE, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$23	\$15		\$9	\$9	\$8	\$4	\$5	\$41	\$16	\$19	\$24	\$20
1	GARDEN	\$25	\$20		\$12	\$11	\$13	\$5	\$6	\$46	\$17	\$23	\$24	\$20
1	TOWNHOUSE	\$25	\$20		\$12	\$11	\$13	\$5	\$6	\$46	\$17	\$23	\$24	\$20
2	GARDEN	\$28	\$26		\$16	\$14	\$19	\$6	\$8	\$54	\$21	\$27	\$24	\$20
2	TOWNHOUSE	\$28	\$26		\$16	\$14	\$19	\$6	\$8	\$54	\$21	\$27	\$24	\$20
3	GARDEN	\$31	\$31		\$19	\$19	\$29	\$7	\$9	\$61	\$29	\$35	\$54	\$20
3	TOWNHOUSE	\$31	\$31		\$19	\$19	\$29	\$7	\$9	\$61	\$29	\$35	\$24	\$20
4	GARDEN	\$34	\$38		\$23	\$24	\$40	\$7	\$10	\$68	\$37	\$43	\$24	\$20
4	TOWNHOUSE	\$34	\$38		\$23	\$24	\$40	\$7	\$10	\$68	\$37	\$43	\$24	\$20

SC-Hartsville (7/2012) Fees

Survey Date: December 2012

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ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

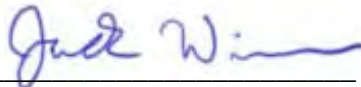
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard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

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Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: December 18, 2012



Jack Wiseman
Market Analyst
jackw@bowennational.com
Date: December 18, 2012

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

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

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

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

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

C. CHECKLIST

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

CHECKLIST (Continued)

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

CHECKLIST (Continued)

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