

Market Feasibility Analysis

Cedar Ridge Manor
2 Holloway Drive
Ware Shoals, Abbeville County, South Carolina 29692

Prepared For

Ms. Amie Cofini
Greystone Affordable Housing Initiatives
4025 Lake Boone Trail, Suite 209
Raleigh, North Carolina 27607-2986

Effective Date

February 26, 2014

Job Reference Number

14-170 JW/PB



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

TABLE OF CONTENTS

- A. Primary Market Area Analysis Summary (Exhibit S-2)
- B. Project Description
- C. Site Description and Evaluation
- D. Primary Market Area Delineation
- E. Market Area Economy
- F. Community Demographic Data
- G. Project-Specific Demand Analysis
- H. Rental Housing Analysis (Supply)
 - I. Interviews
 - J. Recommendations
- K. Signed Statement Requirement
- L. Qualifications
- M. Methodologies, Disclaimers & Sources
 - Addendum A – Field Survey of Conventional Rentals
 - Addendum B – NCHMA Member Certification & Checklist

2014 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:

Development Name: Cedar Ridge Manor Total # Units: 28
 Location: 2 Holloway Drive, Ware Shoals, SC 29692 # LIHTC Units: 28
 U.S. Highway 76, northern town limits of Honea Path and State Route 252 to the north; U.S. Highway 25 to the east; southern town limits of Hodges, State Route 185, Gilgal Church Road and Milford Dairy Road to the south and State Route 201 to the west.
 PMA Boundary:
 Development Type: ___Family ___X___Older Persons Farthest Boundary Distance to Subject: 15.2 miles

RENTAL HOUSING STOCK (found on page H-10)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	4	119	10	91.6%
Market-Rate Housing	-	-	-	-
Assisted/Subsidized Housing not to include LIHTC	-	-	-	-
LIHTC (All that are stabilized)*	3	96	2	97.9%
Stabilized Comps**	-	-	-	-
Non-stabilized Comps***	1	23	8	65.2%

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

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

***Note that the vacancies located at the one non-stabilized comparable project is due to product deficiencies and not reflective of the Ware Shoals housing market

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
7	One	1.0	660	\$371	\$485	\$0.73	23.51%	\$697	\$0.82
18	One	1.0	660	\$455	\$485	\$0.73	6.19%	\$697	\$0.82
3	One	1.0	660	\$455	\$485	\$0.73	6.19%	\$697	\$0.82
Gross Potential Rent Monthly*				\$12,152	\$13,580		10.52%		

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

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

	2000		2013		2016	
Renter Households (62+)	N/A	N/A	275	12.6%	292	12.7%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	211	9.7%	229	10.0%
Income-Qualified Renter HHs (MR)	(if applicable)	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	50% w/RA	60% w/RA	Market-rate	60% no RA	Other:___	Overall
Renter Household Growth	19	18	-	1	-	18
Existing Households (Overburd + Substand)	119	115	-	10	-	115
Homeowner conversion (Seniors)	43	51	-	18	-	51
Other:	-	-	-	-	-	-
Less Comparable/Competitive Supply	0	0	-	2	-	2
Net Income-qualified Renter HHs	181	184	-	27	-	182

CAPTURE RATES (found on page G-5)

Targeted Population	50% w/RA	60% w/RA	Market-rate	60% no RA	Other:___	Overall
Capture Rate	3.9%	9.8%	-	11.1%	-	15.4%

ABSORPTION RATE (found on page G-8)

Absorption Period 5 months

2014 S-2 RENT CALCULATION WORKSHEET

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Adjusted Market Rent	Gross Adjusted Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
7	1 BR	\$371	\$2,597	\$485	\$3,395	
21	1 BR	\$455	\$9,555	\$485	\$10,185	
	1 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	28		\$12,152		\$13,580	10.52%

B. PROJECT DESCRIPTION

Cedar Ridge Manor was originally built in 1994 and has operated under the Rural Development 515 (RD 515) and Low-Income Housing Tax Credit (LIHTC) programs since that time. The project contains 28 one-bedroom units targeting senior (age 62 and older) households. A total of 25 of the 28 units receive Rental Assistance (RA) directly from Rural Development. The RA allows tenants to pay up to 30% of their adjusted gross incomes towards housing costs (collected rent and tenant-paid utilities). The three remaining units are eligible to accept Housing Choice Voucher holders, but do not receive a direct or guaranteed subsidy. There is one Voucher holder currently residing at the project. Management reports the project is currently 96.4% occupied (resulting in one vacancy in a non-RA unit) with a waitlist of one-household for the next available RA unit.

The project will be renovated utilizing funding from the LIHTC program, which will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the 25 units of RA will be preserved and all units will target senior households up to 50% and 60% of AMHI. The three units operating without RA will also target households earning up to 60% of AMHI under LIHTC guidelines. In the unlikely event the subject project lost its subsidy and operated exclusively under LIHTC program guidelines, the proposed gross Tax Credit rent at 50% of AMHI will need to be lowered to or below the 2014 maximum allowable LIHTC limit at 50% of AMHI for the national non-metropolitan area. Note that the 2014 maximum allowable LIHTC rent set aside at 50% of AMHI is illustrated in the table on the following page and has been utilized throughout the remainder of the report. All renovations are expected to be completed in July 2015. A private Rental Assistance (PRA) subsidy, which will be financed by the developer, will be available to all existing unassisted residents (PRA subsidy not to extend beyond existing residents). The PRA subsidy will allow existing residents to pay current rents. Additional project details follow:

- a. Property Location:** 2 Holloway Drive
Ware Shoals, South Carolina 29692
(Abbeville County)

QCT: No DDA: No
- b. Construction Type:** Renovations of Existing Apartments
- c. Occupancy Type:** Senior (age 62 and older) and disabled households
- d. Target Income Group:** 50% and 60% AMHI
- e. Special Needs Population:** None



f. and h. to j. Unit Configuration and Rents:

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Current Rents**	Program Rents			Max. Allowable LIHTC Gross Rent
							Collected Rent	Utility Allowance	Gross Rent	
7	One-Br.	1.0	Garden	660	50%	\$435-\$556	\$455	\$121	\$576	\$492
18	One-Br.	1.0	Garden	660	60%	\$435-\$556	\$455	\$121	\$576	\$591
3*	One-Br.	1.0	Garden	660	60%	\$435-\$556	\$455	\$121	\$576	\$591
28	Total									

Source: Greystone Affordable Housing Initiatives
 AMHI – Area Median Household Income (Abbeville County, SC; 2014)
 *Units without RA
 **Denotes basic and market rents

g. Number Of Stories/Buildings: Seven (7) one-story residential structures together with a 1,434 square-foot community building.

k. Project-Based Rental Assistance (Existing or Proposed): 25 units will maintain Rental Assistance after renovations. Private Rental Assistance (PRA) subsidy will be available to all existing unassisted residents to cover any differences between the current rents and the proposed rents. The PRA subsidy will be funded by the developer.

l. Community Amenities:
 The subject property will include the following community features:

- On-Site Management
- Community Room
- Picnic Area
- Computer Center
- Laundry Facility
- Fitness Center
- CCTV

m. Unit Amenities:
 Each unit, once renovated, will include the following amenities:

- Refrigerator with Icemaker
- Electric Range
- Central Air Conditioning
- Washer/Dryer Hookups
- Patio
- Carpet
- Window Blinds
- Emergency Call Buttons
- Ceiling Fans
- Microwave Ovens



n. Parking:

A parking lot with 40 unassigned spaces will be available at no additional cost to residents.

o. Renovations and Current Occupancy:

The subject project consists of 28 one-bedroom units. Based on information provided by management, the project is 96.4% (resulting in one vacancy) with a one-household waitlist for the next available RA unit. The project currently charges basic and market rents of \$435 and \$556 for the one-bedroom units, with 25 out of the 28 units receiving a direct RA subsidy from Rural Development.

Following LIHTC renovations, all current tenants are expected to income-qualify to remain at the subject project. According to management, the proposed renovations will not require the displacement of any tenant for more than a week. As indicated by the developer, renovations will include, but not limited to, the following:

- Replacement of existing flooring
- Replacement of kitchen cabinets and countertops
- Replacement of existing kitchen appliances
- Addition of microwaves in all units
- Replacement of plumbing fixtures
- Replacement of lighting fixtures
- Replacement of bathroom cabinets and countertop
- Replace all windows and window blinds
- Painting of unit interiors
- Installation of new HVAC
- Upgrade and improve exteriors of buildings
- Landscape improvements to the entrance with new signage (as needed)
- ADA regulations met
- Upgrade sidewalks, dumpster surrounds and landscaping.
- Addition of a fitness and a computer center
- Addition of a covered picnic area with tables and grills
- Addition of ceiling fans in the bedrooms and living rooms

p. Utility Responsibility:

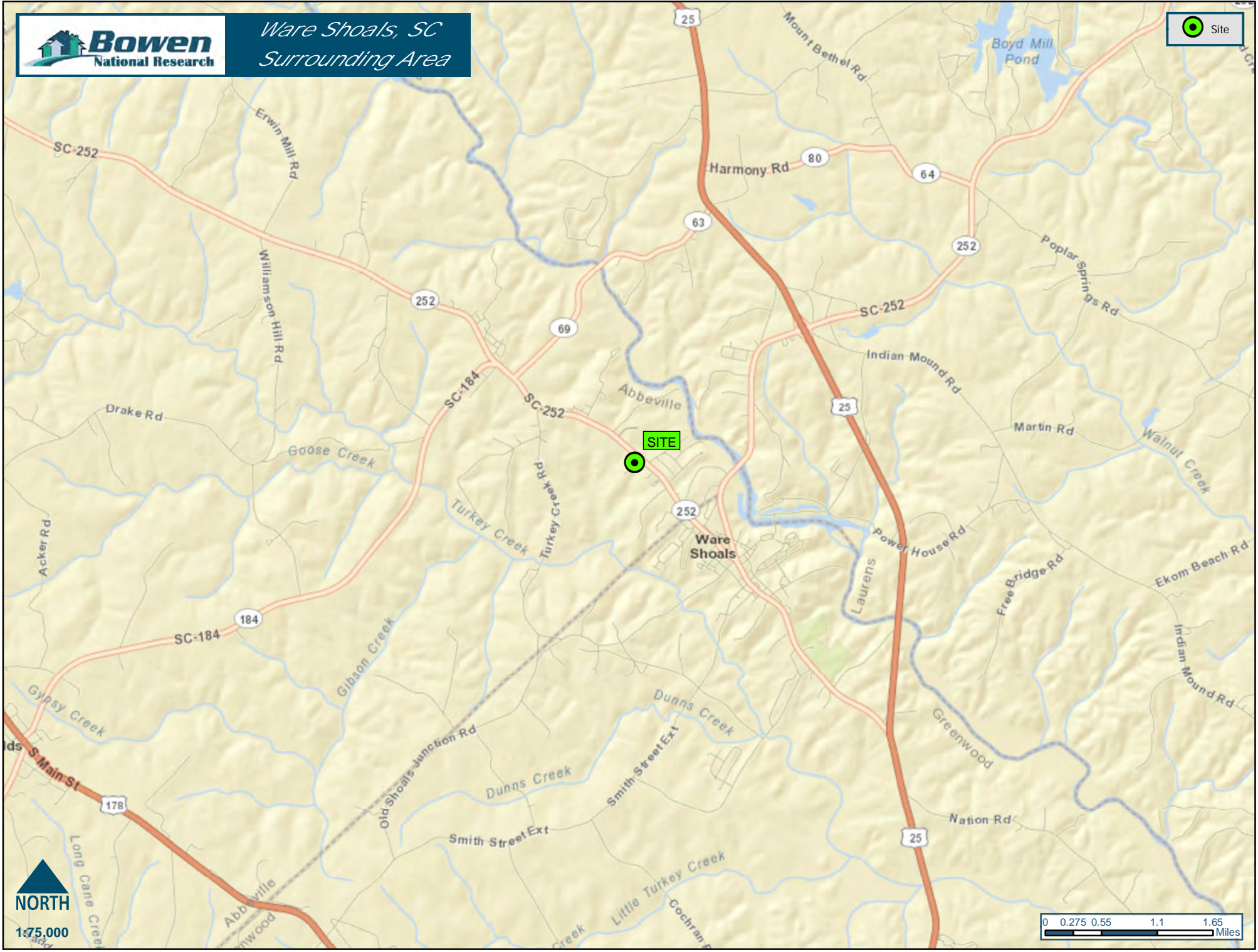
Tenants will continue to be responsible for the cost of all utilities, including the following:

- General Electricity
- Electric Heat
- Electric Water Heat
- Electric Cooking
- Water/Sewer
- Trash Collection

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



Ware Shoals, SC
Surrounding Area



NORTH
1:75,000

0 0.275 0.55 1.1 1.65 Miles

C. SITE DESCRIPTION AND EVALUATION

1. SITE INSPECTION DATE

Bowen National Research personally inspected the subject site during the week of January 17, 2014. 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 is located at 2 Holloway Drive in the northwestern portion of Ware Shoals, South Carolina. Located in Abbeville County, the subject project is approximately 17.0 miles northwest of Greenwood, South Carolina and approximately 26.0 miles southeast of Anderson, South Carolina. Following is a description of surrounding land uses:

North -	Undeveloped land defines the northern boundary of the subject site. Continuing north is State Route 252, a two-lane, moderately-traveled, arterial roadway. Further north are scattered, one-story, single-family homes in satisfactory condition and undeveloped, wooded land. Extending further north is the Town of Ware Shoals Industrial Park (to the northwest) and wooded land that extends beyond.
East -	The Holloway Drive and State Route 252 intersection defines the eastern boundary of the site. Continuing east are various one-story, single-family homes in satisfactory condition. Further east are additional residential dwellings, followed by the Saluda River.
South -	Holloway Drive defines the southern boundary of the site. Holloway Drive was observed to be a two-lane, lightly-traveled, residential street. Continuing south is undeveloped, wooded land, various scattered, one-story, single family homes and the Burton Center for disabled and special needs. To the southwest is Ware Shoals Industries, a one-story, industrial factory.
West -	Undeveloped, wooded and vacant land defines the western boundary of the site and extends beyond.

The subject site is situated within a rural area of Ware Shoals, although conducive to residential housing. The subject site is consistent with the residential structures located in the site's neighborhood. The subject site derives access from State Route 252, which provides quick and convenient access to other arterial roadways and community services in proximity of site. Considering the site's aesthetically pleasing neighborhood and convenient access to arterial roadways and community services, this should contribute to the continued marketability of the site, as evidenced by its high occupancy rate.

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 Highways	State Route 252	<0.1 East
	U.S. Highway 25	1.4 Southeast
	State Route 184	1.5 Northwest
Public Bus Stop	N/A	N/A
Major Employers/Employment Centers	Ware Shoals Industries	0.1 Southwest
	Ware Shoals Industrial Park	0.4 Northwest
	Piggly Wiggly	0.7 Southeast
	Self Regional Hospital	19.3 Southeast
Convenience Store	Power Trac	0.4 Southeast
	Corner Food Store	0.8 Southeast
	Stop-A-Minit	1.2 Southeast
Grocery	Piggly Wiggly	0.7 Southeast
Discount Department Store	Family Dollar Store	0.7 Southeast
	Dollar General	0.8 Southeast
Hospital	Self Regional Hospital	19.3 Southeast
Police	Ware Shoals Police Department	1.3 Southeast
Fire	Ware Shoals Fire Department	1.5 Southeast
Post Office	U.S. Post Office	1.3 Southeast
Bank	First Citizens Bank & Trust	0.7 Southeast
Senior Center	Ware Shoals Senior Citizens	1.2 Southeast
Gas Station	Power Trac	0.4 Southeast
	Falcon Oil Company	0.8 Southeast
	Stop-A-Minit	1.2 Southeast
Pharmacy	Fred's Pharmacy	0.9 Southeast
Restaurant	Famous Pizza	0.8 Southeast
	Aries Family Dinner	0.9 Southeast
	China One	0.9 Southeast
Library	Ware Shoals Library	1.7 Southeast
Golf	Ware Shoals Golf Course	2.3 Southeast
Park	Ware Shoals Park	1.9 Southeast
Church	Calvery Baptist Church	0.7 Southeast
	Little River Baptist Church	1.2 Southeast
	Ware Shoals United Methodist	1.3 Southeast

Although the subject site is located in a rural area of Ware Shoals, there are several community services located within 1.0 mile of the subject site, many of which are located along State Route 252 in the town's center. Many of the community services include, but are not limited to, Family Dollar, Piggly Wiggly, Dollar General, Power Trac, Famous Pizza, Aries Family Dinner, China One and First Citizens Bank & Trust. Extending further south along State Route 252, residents can locate community services such as Little River Baptist Church, Stop-A-Minit gas station and the Ware Shoals Library. As mentioned above, shopping opportunities are somewhat limited in the Ware Shoals area,

and it should be noted that residents are accustomed to traveling to surrounding areas for additional shopping needs.

Emergency response services, including the Ware Shoals Police Department and Fire Department are located within 1.5 miles of the subject site and both can be accessed from State Route 252. The nearest full service hospital to the site is the Self Regional Hospital in Greenwood, South Carolina, located within 19.3 miles of the subject site.

4. SITE PHOTOGRAPHS

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

SITE PHOTOGRAPHS



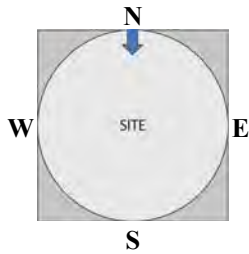
Site Entryway



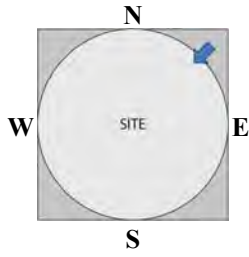
Entryway Signage



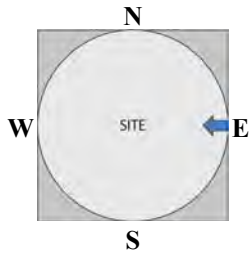
Property Photo



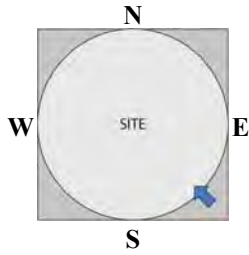
View of site from the north



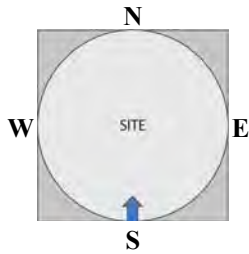
View of site from the northeast



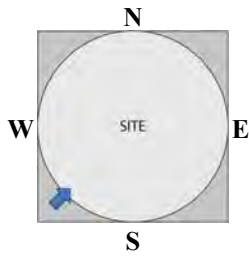
View of site from the east



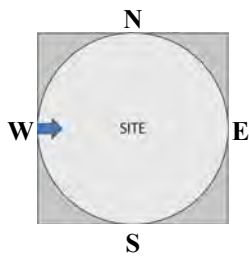
View of site from the southeast



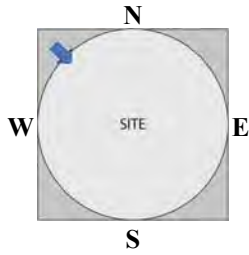
View of site from the south



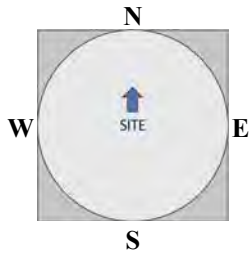
View of site from the southwest



View of site from the west



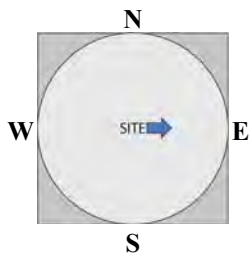
View of site from the northwest



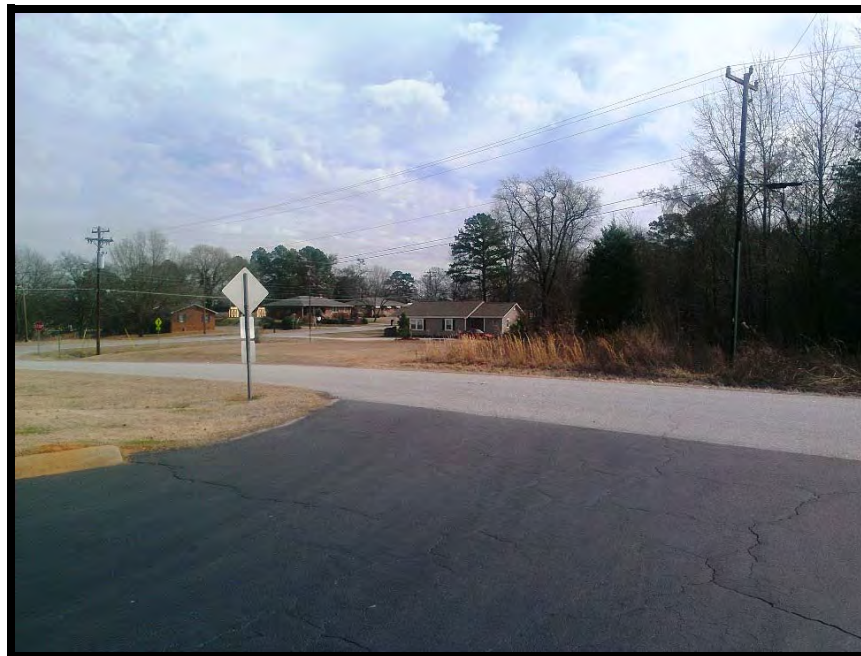
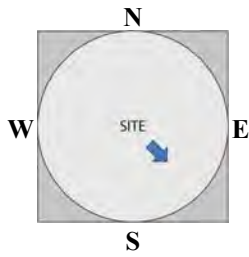
North view from site



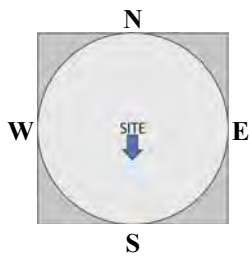
Northeast view from site



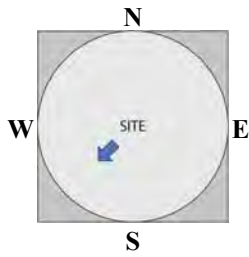
East view from site



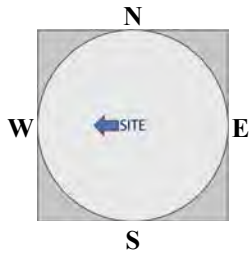
Southeast view from site



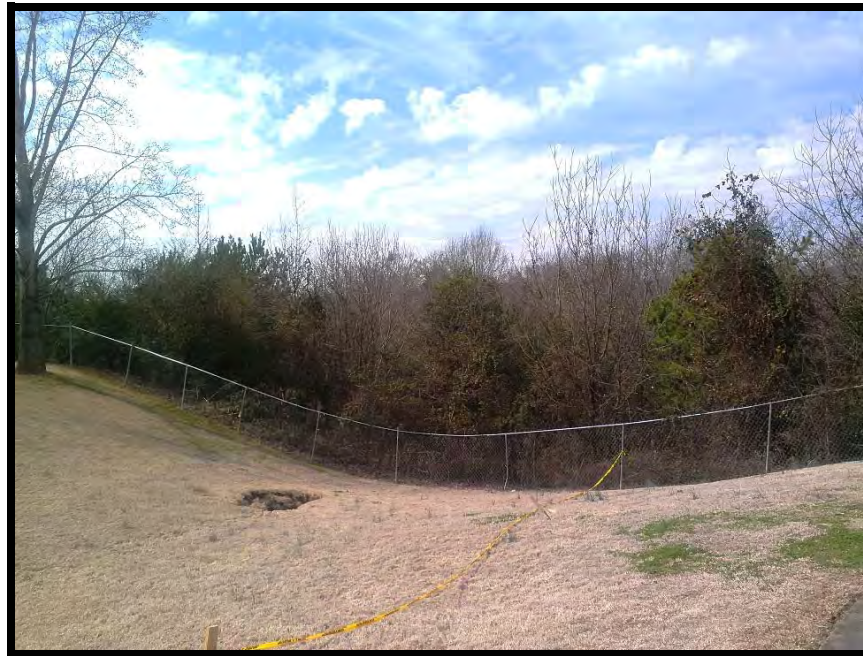
South view from site



Southwest view from site



West view from site



Northwest view from site



Management Office



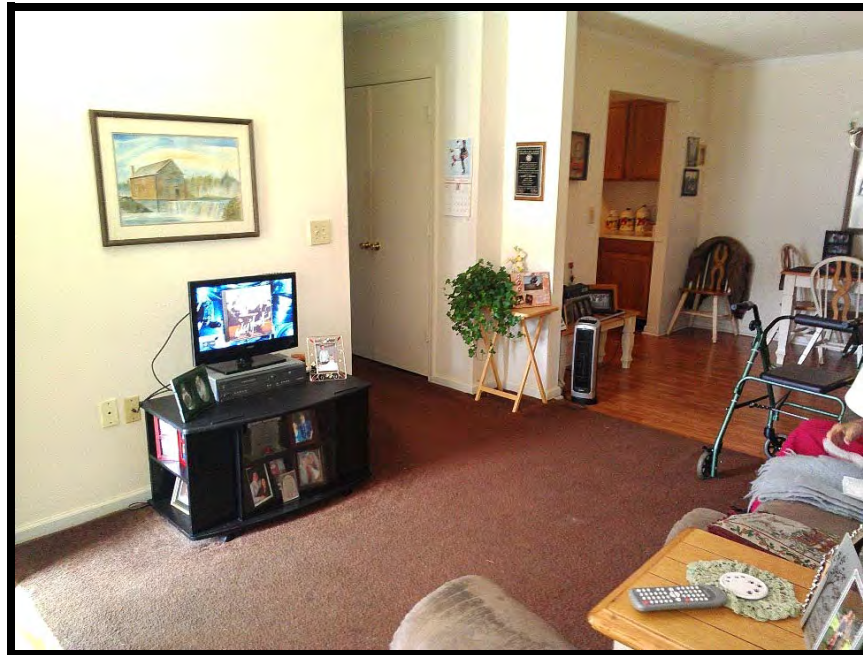
Laundry Room



Community Room



Community Room - Kitchen



One-Bedroom - Living Room



One-Bedroom - Dining Room



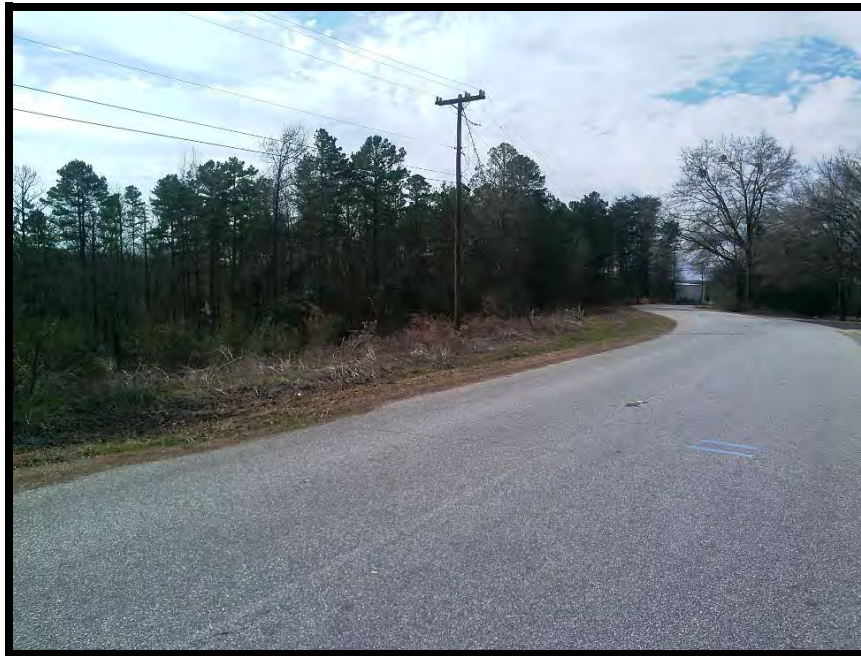
One-Bedroom - Kitchen



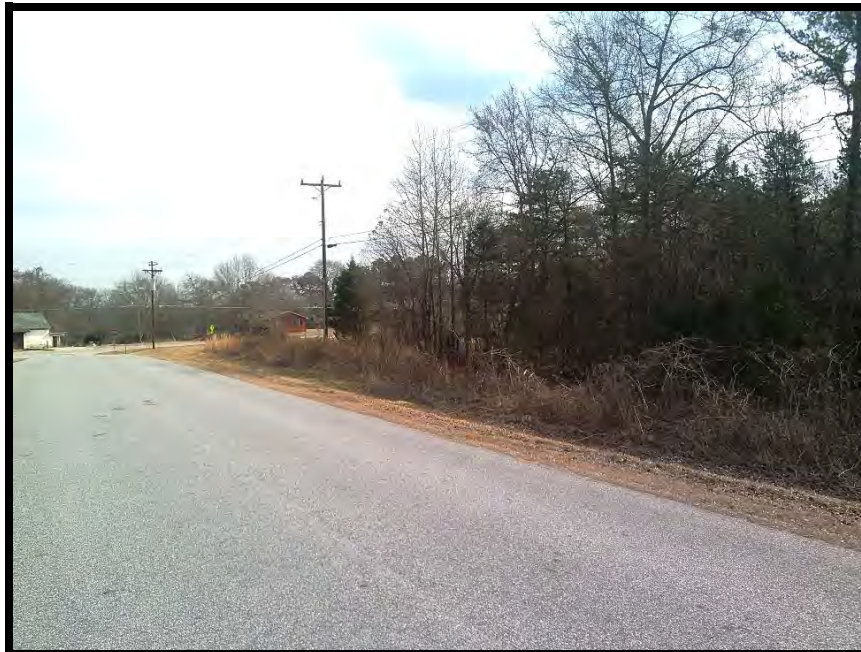
One-Bedroom - Bathroom



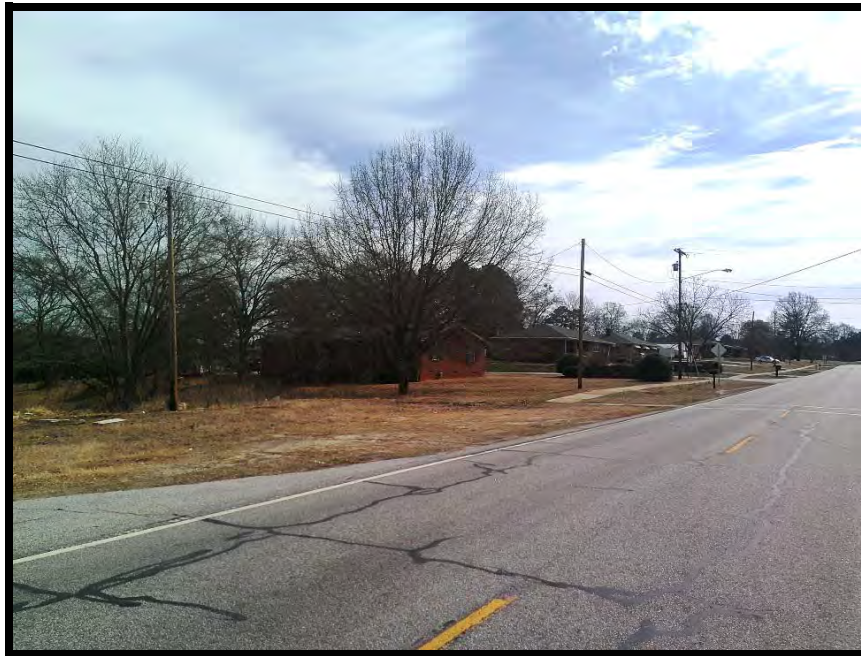
One-Bedroom



Streetscape - Southwest view of Holloway Drive



Streetscape - Northeast view of Holloway Drive



Streetscape - Southeast view of North Greenwood Avenue Exd.


















Streetscape - Northwest view of North Greenwood Avenue Exd.

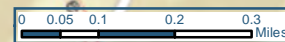
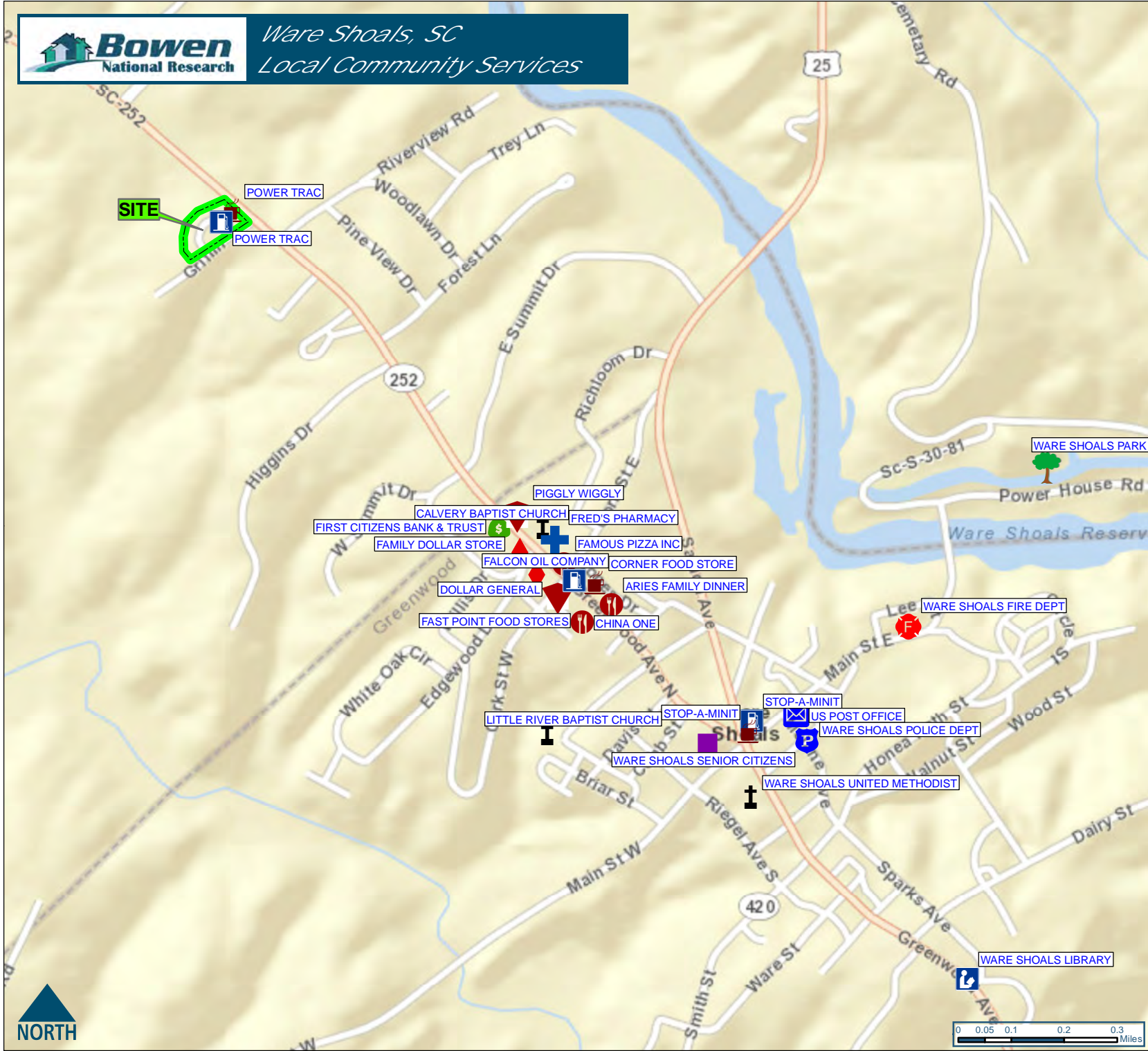
5. SITE AND COMMUNITY SERVICES MAPS

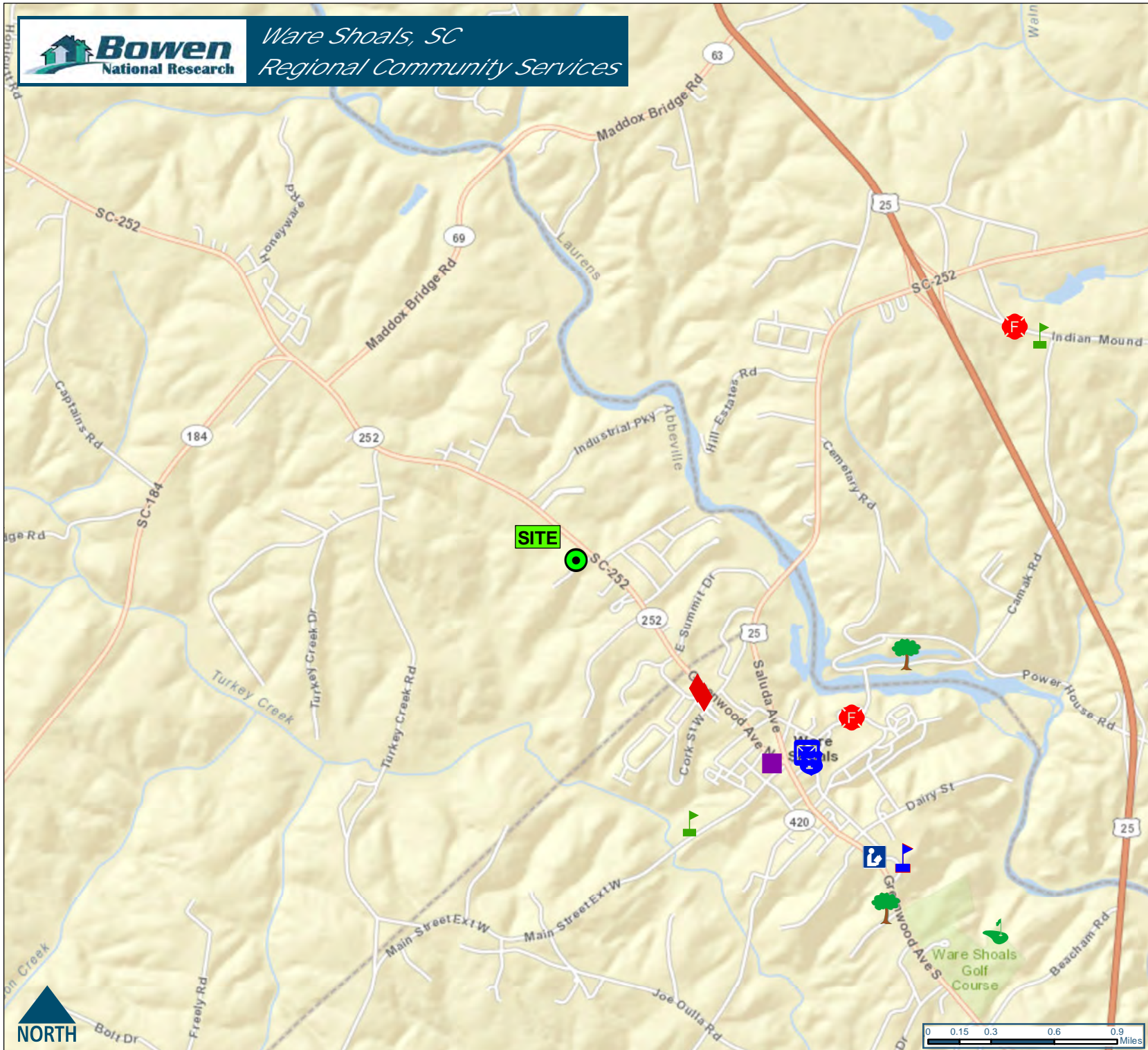
Maps of the subject site and relevant community services follow.















Legend

-  Site Area
-  bank
-  church
-  convenience store
-  fire
-  gas
-  grocery
-  library
-  park
-  pharmacy
-  police
-  post office
-  restaurant
-  senior services
-  shopping





Legend

-  Site
-  elementary school
-  fire
-  golf
-  high school
-  library
-  middle school
-  park
-  police
-  post office
-  senior services
-  shopping



6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

The subject site is adjacent to State Route 252. 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 (107) for the Site PMA is above the national average with an overall personal crime index of 137 and a property crime index of 100. Total crime risk (95) for Abbeville County is below the national average with indexes for personal and property crime of 132 and 79, respectively.

	Crime Risk Index	
	Site PMA	Abbeville County
Total Crime	107	95
Personal Crime	137	132
Murder	108	94
Rape	93	95
Robbery	38	41
Assault	237	227
Property Crime	100	79
Burglary	134	105
Larceny	97	70
Motor Vehicle Theft	53	51

Source: Applied Geographic Solutions

Although the total crime risk for the Ware Shoals Site PMA is slightly above the national average, the perception of crime within the area is not considered to have a negative impact on the continued marketability of the subject site. This is further evidenced by the subject project's high occupancy rate.

A map illustrating crime risk is on the following page.



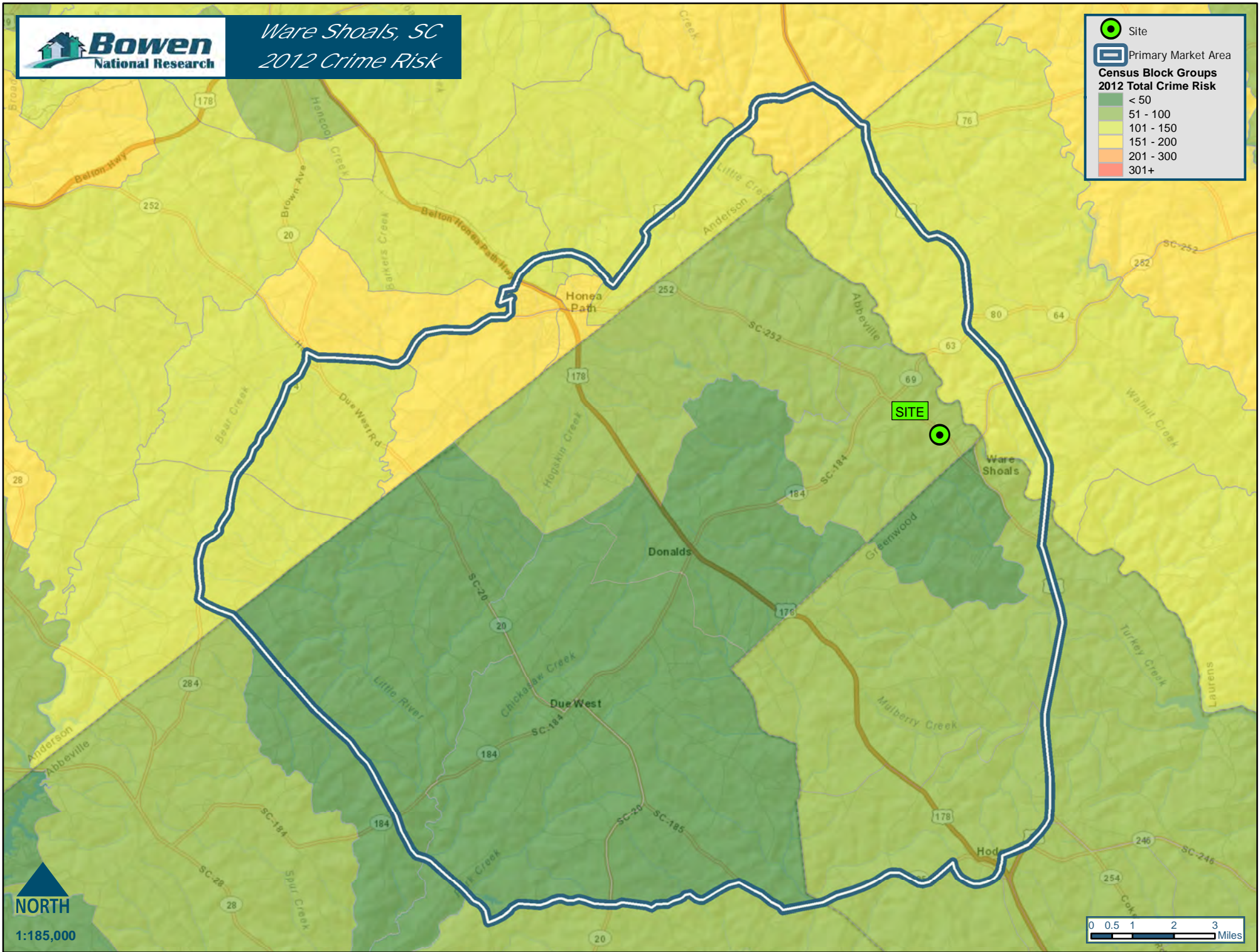
Ware Shoals, SC
2012 Crime Risk

● Site

▭ Primary Market Area

**Census Block Groups
2012 Total Crime Risk**

Green	< 50
Light Green	51 - 100
Yellow	101 - 150
Orange	151 - 200
Red-Orange	201 - 300
Red	301+



NORTH
1:185,000



8. ACCESS AND VISIBILITY

The subject site is located on Holloway Drive, which derives access from State Route 252. As previously mentioned, vehicular traffic along State Route 252 is considered to be moderate, while there is an insignificant amount of pedestrian traffic. In addition, entry and egress of the site are considered easy due to the moderate flow of vehicular traffic and clear lines of sight provided in all directions of travel. Although entry signage cannot be seen while traveling along State Route 252, the subject buildings can be seen from both directions of traffic while traveling along this arterial roadway. Also, given that there are no surrounding land uses that obstruct the view of the proposed site, visibility of the site is considered good. State Route 252 also provides quick and convenient access to other arterial roads such as U.S. Highway 25 and State Route 184. State Route 252 provides quick and convenient access to community services in close proximity of the site as well. Overall, given the subject site's proximity to major arterial roadways, clear visibility and proximity to community services, access and visibility of the site is considered good.

9. VISIBLE OR ENVIRONMENTAL ISSUES

Note that Ware Shoals Industries and the Ware Shoals Industrial Park are both within a quarter-mile radius from the subject project. These facilities have not had an impact on the project's marketability, as evidenced by the subject's high occupancy rate. In fact, both facilities provide employment opportunities for those senior residents still in the workforce. Also note that the subject project may be within falling distance of surrounding electrical poles.

10. OVERALL SITE CONCLUSIONS

The subject site is located within a rural area of Ware Shoals. Surrounding land uses generally include undeveloped land, single-family homes and a industrial facility. Generally, the surrounding structures are considered to be in satisfactory condition, while the undeveloped, wooded land is aesthetically pleasing. These land uses are considered to be consistent with the residential and rural nature of the site neighborhood. Access and visibility are considered good, as residents can easily access arterial roadways such as State Route 184 and U.S. Highway 25. Although the area is considered rural, basic community services can be found within 1.0 mile southeast of the subject site. Overall, we expect the site's location, visibility, access and proximity to community services to continue to have a positive impact on its continued 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 continue to originate. The Ware Shoals Site PMA was determined through interviews with management at the subject site, government officials and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The Ware Shoals Site PMA includes portions of Ware Shoals, Honea Path, Hodges, Donalds, Due West and the surrounding unincorporated areas of Abbeville and Greenwood counties. The boundaries of the Site PMA consists of U.S. Highway 76, northern town limits of Honea Path and State Route 252 to the north; U.S. Highway 25 to the east; southern town limits of Hodges, State Route 185, Gilgal Church Road and Milford Dairy Road to the south and State Route 201 to the west. The Site PMA comprises Census Tract numbers: 32.02, 115, 116, 9202.01, 9202.02, 9501, 9502 and 9701.02.

Donna Leonard, Property Manager of the Cedar Ridge Manor Apartments (subject site), stated that the majority of her tenants originate from Ware Shoals, as well as the surrounding areas of Abbeville and Greenwood counties, thus confirming the Site PMA. Mrs. Leonard further stated that many tenants either grew up in the area or raised a family in Ware Shoals and have remained in the area. Tenant's previous zip codes were provided, indicating that over 70% of the project's current tenants originated from within Ware Shoals, Donalds, Honea Path and Hodges, further confirming the Site PMA.

Heather Fields, Administrative Assistant at the Town of Ware Shoals, also stated that the majority of people residing in Ware Shoals were either raised in the area or raised a family of their own in Ware Shoals. Mrs. Fields further explained that it is more common for seniors to remain in the area or move back to the area when they reach a certain age because they want stay close to their family. Mrs. Fields also mentioned that besides the Ware Shoals area, many people relocate from areas such as Honea Path, Donalds, Abbeville and Anderson. Mrs. Fields stated that it common to see people relocate to Ware Shoals from anywhere within a 20-mile radius, but would consider Ware Shoals to be the general area where people originate.

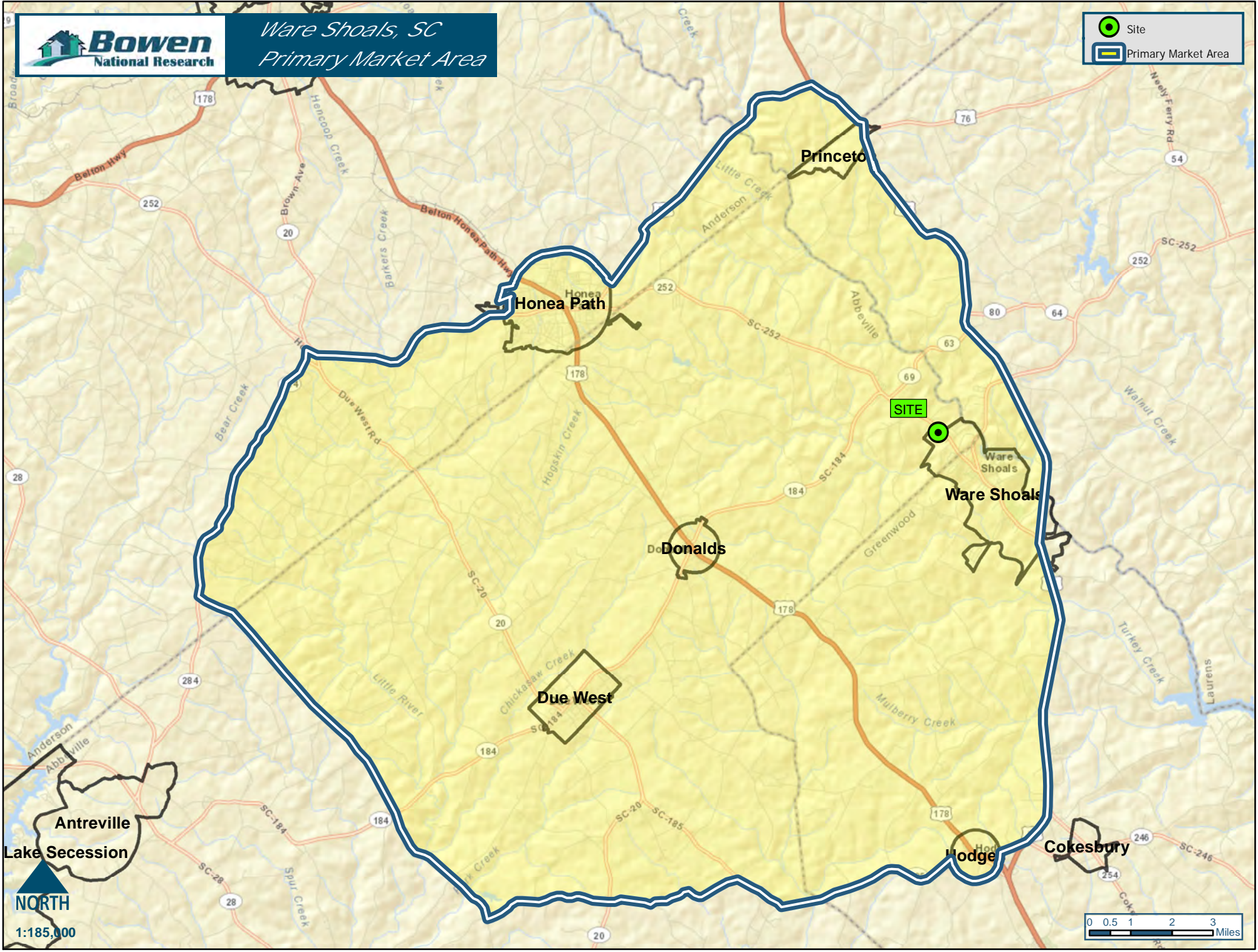
A modest portion of support may originate from some of the outlying smaller communities in the area; we have not, however, considered any secondary market area in this report.

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



*Ware Shoals, SC
Primary Market Area*

● Site
▭ Primary Market Area



Antreville
Lake Secession

NORTH
1:185,000

0 0.5 1 2 3
Miles

E. MARKET AREA ECONOMY

1. EMPLOYMENT BY INDUSTRY

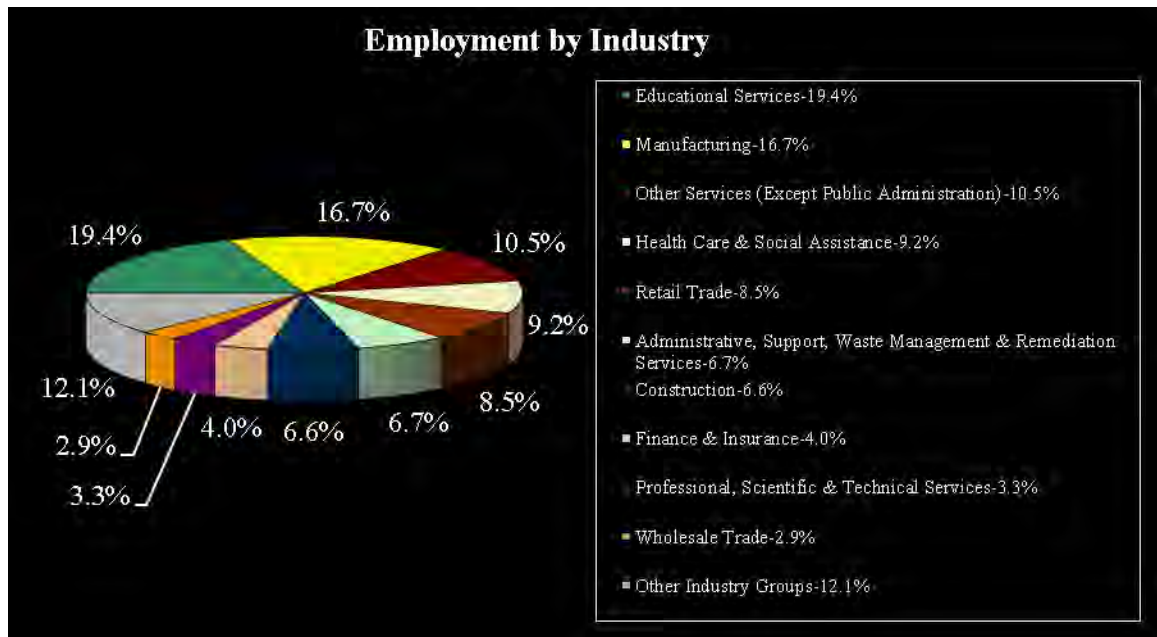
The labor force within the Ware Shoals Site PMA is based primarily in three sectors. Educational Services (which comprises 19.4%), Manufacturing and Other Services (Except Public Administration) comprise nearly 47% of the Site PMA labor force. Employment in the Ware Shoals Site PMA, as of 2013, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	30	4.6%	58	1.8%	1.9
Mining	0	0.0%	0	0.0%	0.0
Utilities	0	0.0%	0	0.0%	0.0
Construction	88	13.5%	210	6.6%	2.4
Manufacturing	26	4.0%	527	16.7%	20.3
Wholesale Trade	21	3.2%	91	2.9%	4.3
Retail Trade	83	12.7%	270	8.5%	3.3
Transportation & Warehousing	19	2.9%	59	1.9%	3.1
Information	10	1.5%	42	1.3%	4.2
Finance & Insurance	18	2.8%	128	4.0%	7.1
Real Estate & Rental & Leasing	17	2.6%	45	1.4%	2.6
Professional, Scientific & Technical Services	30	4.6%	105	3.3%	3.5
Management of Companies & Enterprises	1	0.2%	3	0.1%	3.0
Administrative, Support, Waste Management & Remediation Services	101	15.4%	213	6.7%	2.1
Educational Services	20	3.1%	613	19.4%	30.7
Health Care & Social Assistance	36	5.5%	290	9.2%	8.1
Arts, Entertainment & Recreation	5	0.8%	22	0.7%	4.4
Accommodation & Food Services	29	4.4%	86	2.7%	3.0
Other Services (Except Public Administration)	105	16.1%	333	10.5%	3.2
Public Administration	15	2.3%	67	2.1%	4.5
Total	654	100.0%	3,162	100.0%	4.8

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

E.P.E. - Average Employees Per Establishment

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



2. LOW-INCOME EMPLOYMENT OPPORTUNITIES

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

Typical Wage by Occupation Type		
Occupation Type	Upper Savannah South Carolina Nonmetropolitan Area	South Carolina
Management Occupations	\$89,000	\$93,820
Business and Financial Occupations	\$54,060	\$58,660
Computer and Mathematical Occupations	\$63,240	\$63,670
Architecture and Engineering Occupations	\$70,310	\$72,610
Community and Social Service Occupations	\$35,290	\$38,950
Art, Design, Entertainment and Sports Medicine Occupations	\$37,180	\$41,300
Healthcare Practitioners and Technical Occupations	\$61,600	\$64,670
Healthcare Support Occupations	\$23,620	\$25,010
Protective Service Occupations	\$33,560	\$33,430
Food Preparation and Serving Related Occupations	\$19,800	\$19,610
Building and Grounds Cleaning and Maintenance Occupations	\$22,750	\$22,080
Personal Care and Service Occupations	\$21,400	\$22,420
Sales and Related Occupations	\$26,740	\$30,660
Office and Administrative Support Occupations	\$29,820	\$31,280
Construction and Extraction Occupations	\$35,290	\$35,900
Installation, Maintenance and Repair Occupations	\$38,800	\$40,140
Production Occupations	\$34,540	\$34,750
Transportation and Moving Occupations	\$29,060	\$29,620

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

Most annual blue-collar salaries range from \$19,800 to \$38,800 within the Upper Savannah South Carolina Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$67,642. It is important to note that most occupational types within the nonmetropolitan area have lower typical wages than the State of South Carolina's typical wages. The proposed project will target senior households with incomes generally below \$25,200. The area employment base has a sufficient number of income-appropriate occupations from which the subject project will be able to continue to draw renter support.

3. AREA'S LARGEST EMPLOYERS

The ten largest employers within the Abbeville County area comprise a total of 2,784 employees. These employers are summarized as follows:

Employer Name	Business Type	Total Employed
Flexible Technologies, Inc.	Manufacturing: Vacuum Hoses & Heating Ducts	500
Abbeville County School District 60	Public Education	461
SAGE Automotive Interiors (Sharon & Abbeville Plants)	Automotive Upholstery	324
Prysmian Power Cables & Systems NA	Electric Power Cables	320
Abbeville Area Medical Center	Health Services	303
South Carolina State Government	State Government	219
Abbeville County Government	Government	201
Pro Towels Etc.	Manufacturer: Towels	200
Erskine College	Education	145
City of Abbeville	Local Government	111
Total		2,784

Source: SC Appalachian Council of Governments (September 2013)

Despite numerous attempts to contact local economic representatives, such individuals have not responded to our request for information. The following was obtained per our online research regarding Abbeville County:

In January 2013, Prysmian Power Cables, one of the area's largest employers and a producer of electric power cables, announced a \$4.5 million expansion that will result in the creation of 10 additional jobs at the Abbeville site. Prysmian opened their Abbeville location in 2009 after a \$46 million investment that involved the construction of a 373-foot tall office tower.

According to the South Carolina Department of Employment and Workforce (SC Works) website, there have been no WARN notices of large scale layoffs/closures reported for Abbeville County since January 2013.

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.

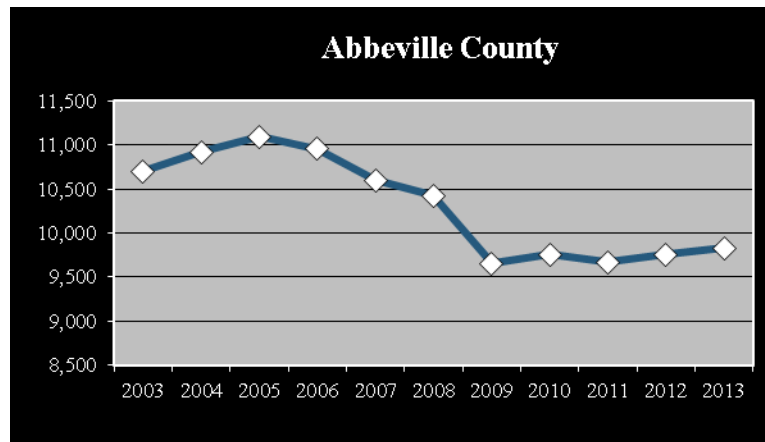
Excluding 2013, the employment base has declined by 6.4% over the past five years in Abbeville County, more than the South Carolina state decline of 1.4%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Abbeville County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2003	10,705	-	1,854,419	-	137,936,674	-
2004	10,920	2.0%	1,888,050	1.8%	138,386,944	0.3%
2005	11,097	1.6%	1,922,367	1.8%	139,988,842	1.2%
2006	10,958	-1.3%	1,970,912	2.5%	142,328,023	1.7%
2007	10,604	-3.2%	2,010,252	2.0%	144,990,053	1.9%
2008	10,429	-1.7%	1,998,368	-0.6%	146,397,529	1.0%
2009	9,656	-7.4%	1,908,839	-4.5%	146,068,824	-0.2%
2010	9,755	1.0%	1,917,747	0.5%	140,721,369	-3.7%
2011	9,672	-0.9%	1,941,654	1.2%	140,483,185	-0.2%
2012	9,757	0.9%	1,970,112	1.5%	141,748,955	0.9%
2013*	9,828	0.7%	1,995,454	1.3%	141,772,241	0.0%

Source: Department of Labor; Bureau of Labor Statistics

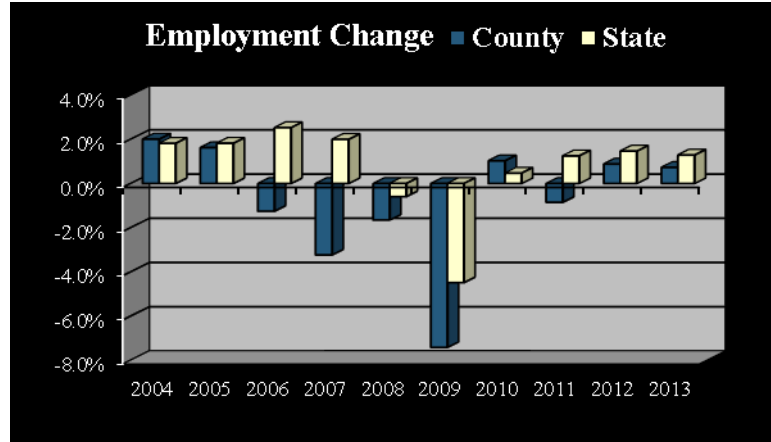
*Through December



As the preceding illustrates, the Abbeville County employment base has declined by 948 employees since 2003. It is important to note, however, that much of this decline occurred between 2008 and 2009, similar to trends experienced by much of the country during the national recession.

Since 2009, the employment base has generally stabilized, indicating economic recovery is underway.

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

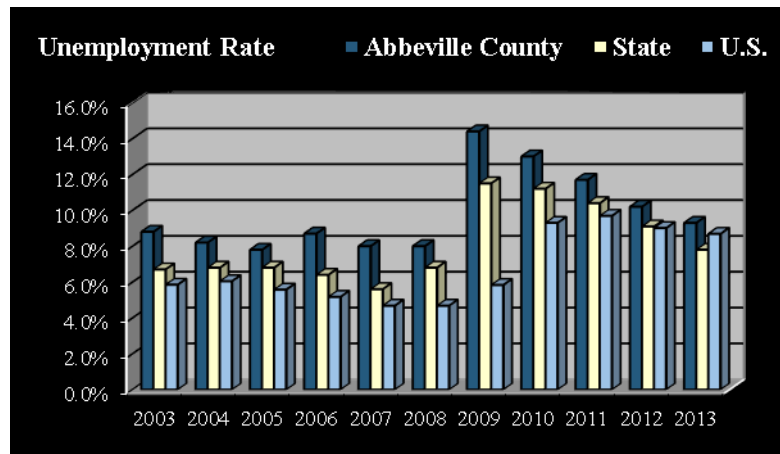


Unemployment rates for Abbeville County, South Carolina and the United States are illustrated as follows:

Year	Unemployment Rate		
	Abbeville County	South Carolina	United States
2003	8.8%	6.7%	5.8%
2004	8.2%	6.8%	6.0%
2005	7.8%	6.8%	5.6%
2006	8.7%	6.4%	5.2%
2007	8.0%	5.6%	4.7%
2008	8.0%	6.8%	4.7%
2009	14.4%	11.5%	5.8%
2010	13.0%	11.2%	9.3%
2011	11.7%	10.4%	9.7%
2012	10.2%	9.1%	9.0%
2013*	9.3%	7.8%	8.7%

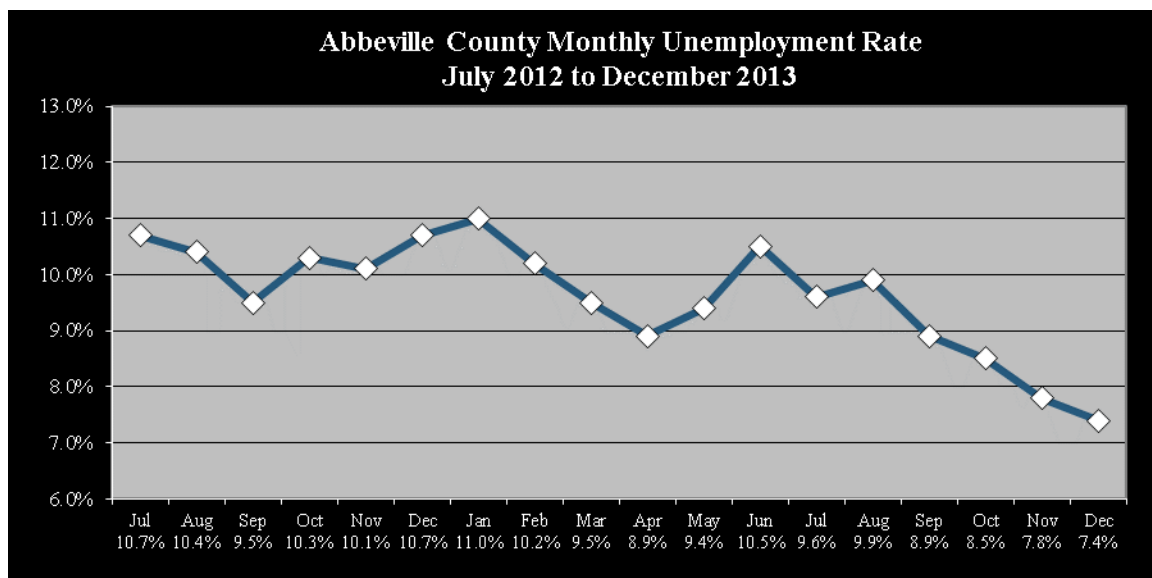
Source: Department of Labor, Bureau of Labor Statistics

*Through December



The unemployment rate in Abbeville County has ranged between 7.8% and 14.4%, above both state and national averages since 2003. Note that the unemployment base increased by over six percentage points between 2008 and 2009, which is consistent with trends experienced by much of the nation and is associated with the national recession. On a positive note, the unemployment rate has consistently decreased over the preceding five-year period. However, the current unemployment rate of 9.3% (through December 2013) is still considered relatively high.

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



While the county has experienced fluctuations in unemployment over the past 18 months, it has generally trended downward and has been at an 18-month low during the last three reported months.

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 Abbeville County.

In-Place Employment Abbeville County			
Year	Employment	Change	Percent Change
2003	6,618	-	-
2004	6,739	121	1.8%
2005	6,919	180	2.7%
2006	6,692	-227	-3.3%
2007	6,369	-323	-4.8%
2008	6,227	-142	-2.2%
2009	5,540	-687	-11.0%
2010	5,445	-95	-1.7%
2011	5,403	-42	-0.8%
2012	5,526	123	2.3%
2013*	5,423	-104	-1.9%

Source: Department of Labor, Bureau of Labor Statistics

*Through June

Data for 2012, the most recent year that year-end figures are available, indicates in-place employment in Abbeville County to be 56.6% of the total Abbeville County employment. This means that many residents both live and work within Abbeville County. This share of in-place employment within Abbeville County will likely contribute to the continued marketability of the subject project to seniors who are still in the workforce, as residents of the subject project will likely have minimal commute times to their place of employment.

5. EMPLOYMENT CENTERS MAP

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

6. COMMUTING PATTERNS

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

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	5,735	84.3%
Carpooled	643	9.5%
Public Transit	17	0.3%
Walked	250	3.7%
Other Means	43	0.6%
Worked at Home	114	1.7%
Total	6,803	100.0%

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

Over 84% of all workers drove alone, 9.5% carpooled and only 0.3% 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	1,789	26.3%
15 to 29 Minutes	2,229	32.8%
30 to 44 Minutes	1,326	19.5%
45 to 59 Minutes	710	10.4%
60 or More Minutes	635	9.3%
Worked at Home	114	1.7%
Total	6,803	100.0%

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

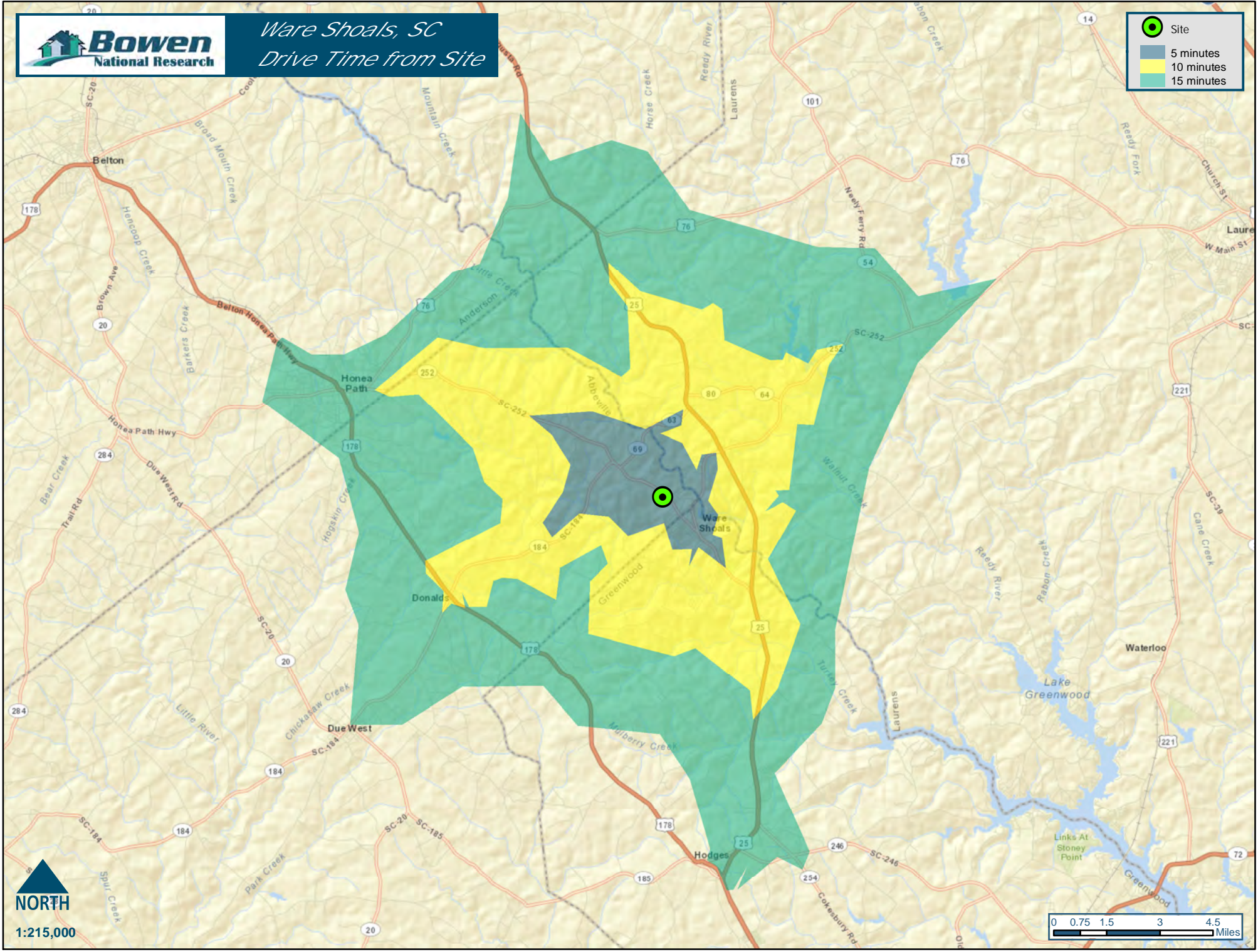
The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 30-minute drive to most of the area's largest employers, which should continue to contribute to the project's marketability, even though many of the current and potential residents may be retired. A drive-time map for the subject site is on the following page.



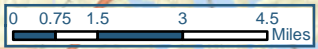
*Ware Shoals, SC
Drive Time from Site*

Site

- 5 minutes
- 10 minutes
- 15 minutes



NORTH
1:215,000



7. ECONOMIC FORECAST AND HOUSING IMPACT

Based on our online research and data provided by the U.S. Department of Labor, Bureau of Labor Statistics, the Abbeville County is slowly recovering from the impact of the national recession between 2008 and 2009. During this time period, the county's employment base declined by 773, or 7.4%, and the unemployment rate increased by over six percentage points. On a positive note, the employment base has generally been stable since 2009, increasing by 1.8% through December 2013. Similarly, the unemployment rate has consistently declined during the preceding five-year period; however, it is still considered relatively high at 9.3% (through December 2013).

Considering the relatively high unemployment rate, the need for affordable housing is anticipated to remain strong. A high rate of unemployment contributes to the demand for affordable housing, as households with lower incomes due to unemployment or underemployment may not be able to afford their current housing costs. The subject site will continue to provide a good quality housing option to seniors who are still in the workforce 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 2000, 2010, 2013 (estimated) and 2015 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2015 (Projected)
Population	16,140	16,108	16,138	16,160
Population Change	-	-32	30	22
Percent Change	-	-0.2%	0.2%	0.1%

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

The Ware Shoals Site PMA population base declined by 32 between 2000 and 2010. This represents a 0.2% decline over the 2000 population, or an annual rate of 0.0%. Between 2010 and 2013, the population increased by 30, or 0.2%. It is projected that the population will generally remain stable through 2015.

Based on the 2010 Census, the population residing in group-quarters is represented by 4.4% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	712	4.4%
Population not in Group Quarters	15,396	95.6%
Total Population	16,108	100.0%

Source: 2010 Census

b. Population by Age Group

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

Population by Age	2010 (Census)		2013 (Estimated)		2015 (Projected)		Change 2013-2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	4,277	26.6%	4,102	25.4%	4,060	25.1%	-42	-1.0%
20 to 24	1,107	6.9%	1,192	7.4%	1,164	7.2%	-28	-2.4%
25 to 34	1,671	10.4%	1,709	10.6%	1,730	10.7%	21	1.2%
35 to 44	1,970	12.2%	1,909	11.8%	1,877	11.6%	-32	-1.7%
45 to 54	2,290	14.2%	2,177	13.5%	2,131	13.2%	-46	-2.1%
55 to 64	2,154	13.4%	2,306	14.3%	2,310	14.3%	4	0.2%
65 to 74	1,424	8.8%	1,552	9.6%	1,675	10.4%	123	7.9%
75 & Over	1,215	7.5%	1,191	7.4%	1,213	7.5%	22	1.8%
Total	16,108	100.0%	16,138	100.0%	16,160	100.0%	22	0.1%

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

Most of the growth in the market is among those between the ages of 65 and 74. This will have a positive impact on the demand for senior housing in the market.

c. Elderly and Non-Elderly Population

The subject project will be restricted to senior renters age 62 and older. The following compares the PMA's elderly (age 62+) and non-elderly population.

Population Type	Year		
	2010 (Census)	2013 (Estimated)	2015 (Projected)
Elderly (Age 62+)	3,256	3,414	3,574
Non-Elderly	12,852	12,724	12,586
Total	16,108	16,138	16,160

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

The elderly population is projected to increase by 160, or 4.7%, between 2013 and 2015. This increase among the targeted age cohort will likely increase the demand of senior-oriented housing.

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 Ware Shoals Site PMA are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2015 (Projected)
Households	6,316	6,260	6,276	6,288
Household Change	-	-56	16	12
Percent Change	-	-0.9%	0.3%	0.2%
Household Size	2.56	2.57	2.46	2.46

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

Within the Ware Shoals Site PMA, households declined by 56 (0.9%) between 2000 and 2010. Between 2010 and 2013, households increased by 16 or 0.3%. By 2015, there will be 6,288 households, an increase of 12 households, or 0.2% from 2013. Similar to population trends, households are projected to remain relatively stable through 2015.

b. Household by Tenure

Households by tenure for the general population, as well as those ages 55 and older are distributed as follows:

Tenure	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	4,749	75.9%	4,680	74.6%	4,698	74.7%
Renter-Occupied	1,511	24.1%	1,596	25.4%	1,590	25.3%
Total	6,260	100.0%	6,276	100.0%	6,288	100.0%

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

Tenure Age 55+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	2,569	84.3%	2,689	84.9%	2,740	84.7%
Renter-Occupied	480	15.7%	477	15.1%	493	15.3%
Total	3,049	100.0%	3,166	100.0%	3,233	100.0%

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

Tenure Age 62+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	1,830	85.1%	1,910	87.4%	1,971	87.3%
Renter-Occupied	321	14.9%	275	12.6%	286	12.7%
Total	2,151	100.0%	2,185	100.0%	2,257	100.0%

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

In 2013, generally, occupied senior units were comprised of approximately 14% renters with the balance consisting of homeowners.

c. Households by Income

The distribution of older adult (age 55+) and elderly (age 62+) households by income are summarized as follows:

Household Income Age 55+	2000 (Census)		2012 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	369	12.1%	496	15.7%	527	16.3%
\$10,000 to \$19,999	636	20.9%	795	25.1%	824	25.5%
\$20,000 to \$29,999	504	16.5%	549	17.3%	558	17.2%
\$30,000 to \$39,999	353	11.6%	285	9.0%	290	9.0%
\$40,000 to \$49,999	236	7.7%	230	7.3%	234	7.2%
\$50,000 to \$59,999	227	7.5%	201	6.3%	199	6.2%
\$60,000 to \$74,999	256	8.4%	232	7.3%	230	7.1%
\$75,000 to \$99,999	255	8.3%	222	7.0%	221	6.8%
\$100,000 to \$124,999	96	3.2%	86	2.7%	83	2.6%
\$125,000 to \$149,999	43	1.4%	29	0.9%	27	0.8%
\$150,000 to \$199,999	54	1.8%	34	1.1%	32	1.0%
\$200,000 & Over	20	0.6%	7	0.2%	8	0.3%
Total	3,049	100.0%	3,166	100.0%	3,233	100.0%
Median Income	\$30,447		\$25,320		\$24,764	

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

Household Income 62+	2010 (Census)		2013 (Estimated)		2015 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	309	14.3%	394	18.0%	422	18.7%
\$10,000 to \$19,999	542	25.2%	634	29.0%	662	29.3%
\$20,000 to \$29,999	380	17.7%	400	18.3%	408	18.1%
\$30,000 to \$39,999	267	12.4%	194	8.9%	199	8.8%
\$40,000 to \$49,999	156	7.3%	145	6.6%	147	6.5%
\$50,000 to \$59,999	136	6.3%	113	5.2%	113	5.0%
\$60,000 to \$74,999	142	6.6%	125	5.7%	125	5.5%
\$75,000 to \$99,999	127	5.9%	106	4.9%	109	4.8%
\$100,000 to \$124,999	40	1.8%	44	2.0%	44	2.0%
\$125,000 to \$149,999	22	1.0%	13	0.6%	12	0.5%
\$150,000 to \$199,999	21	1.0%	15	0.7%	13	0.6%
\$200,000 & Over	9	0.4%	2	0.1%	3	0.1%
Total	2,151	100.0%	2,185	100.0%	2,257	100.0%
Median Income	\$25,920		\$21,613		\$21,108	

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

In 2010, the median household income for households age 62 and older was \$25,920. This declined by 16.6% to \$21,613 in 2013. By 2015, it is projected that the median household income will be \$21,108, a decline of 2.3% from 2013.

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 and owner household income by household size for 2010, 2013 and 2015 for the Ware Shoals Site PMA for those ages 55 and older and separately for those ages 62 and older:

Renter Age 55+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	109	2	13	4	7	134
\$10,000 to \$19,999	50	26	21	1	0	98
\$20,000 to \$29,999	54	20	0	5	1	79
\$30,000 to \$39,999	48	15	0	1	2	67
\$40,000 to \$49,999	4	1	2	0	2	9
\$50,000 to \$59,999	4	14	2	2	1	23
\$60,000 to \$74,999	1	13	0	6	0	20
\$75,000 to \$99,999	2	8	5	2	2	20
\$100,000 to \$124,999	6	1	4	0	5	15
\$125,000 to \$149,999	2	1	0	0	0	4
\$150,000 to \$199,999	1	7	0	1	0	9
\$200,000 & Over	0	1	0	0	0	1
Total	280	110	47	22	21	480

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 55+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	133	1	20	4	11	169
\$10,000 to \$19,999	51	32	28	2	3	116
\$20,000 to \$29,999	50	27	0	3	2	82
\$30,000 to \$39,999	30	7	2	1	2	42
\$40,000 to \$49,999	2	1	0	2	2	7
\$50,000 to \$59,999	3	11	1	0	2	17
\$60,000 to \$74,999	1	7	2	5	1	16
\$75,000 to \$99,999	1	8	4	1	2	16
\$100,000 to \$124,999	2	2	0	1	2	7
\$125,000 to \$149,999	0	1	0	0	0	1
\$150,000 to \$199,999	0	3	0	0	0	3
\$200,000 & Over	0	0	0	0	0	0
Total	273	100	57	19	27	477

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 55+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	142	1	20	5	11	180
\$10,000 to \$19,999	53	35	30	2	2	121
\$20,000 to \$29,999	48	29	0	3	2	82
\$30,000 to \$39,999	31	7	1	1	2	42
\$40,000 to \$49,999	2	1	1	1	2	7
\$50,000 to \$59,999	2	11	1	1	2	17
\$60,000 to \$74,999	2	7	1	6	1	17
\$75,000 to \$99,999	1	7	4	1	3	16
\$100,000 to \$124,999	1	2	0	1	2	6
\$125,000 to \$149,999	0	1	0	0	0	1
\$150,000 to \$199,999	0	3	0	0	0	4
\$200,000 & Over	0	0	0	0	0	0
Total	282	105	59	21	28	493

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 55+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	173	58	1	1	1	235
\$10,000 to \$19,999	365	170	2	0	1	538
\$20,000 to \$29,999	126	246	35	1	16	424
\$30,000 to \$39,999	86	163	12	1	25	287
\$40,000 to \$49,999	68	151	4	4	0	226
\$50,000 to \$59,999	32	131	19	3	18	204
\$60,000 to \$74,999	18	199	5	10	3	236
\$75,000 to \$99,999	40	106	29	29	32	235
\$100,000 to \$124,999	15	34	18	1	12	81
\$125,000 to \$149,999	7	19	2	1	10	40
\$150,000 to \$199,999	5	14	9	14	2	45
\$200,000 & Over	2	12	4	0	0	18
Total	938	1,303	141	66	121	2,569

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 55+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	229	91	4	3	0	327
\$10,000 to \$19,999	440	234	4	1	0	679
\$20,000 to \$29,999	111	291	35	2	27	467
\$30,000 to \$39,999	57	138	17	1	30	243
\$40,000 to \$49,999	49	161	8	4	1	223
\$50,000 to \$59,999	20	119	21	2	21	184
\$60,000 to \$74,999	13	183	6	11	3	216
\$75,000 to \$99,999	32	80	33	29	31	206
\$100,000 to \$124,999	15	34	15	1	14	79
\$125,000 to \$149,999	4	16	2	1	5	28
\$150,000 to \$199,999	5	10	8	8	0	31
\$200,000 & Over	0	5	2	0	0	7
Total	976	1,362	156	63	133	2,689

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 55+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	240	100	4	3	0	347
\$10,000 to \$19,999	449	245	6	1	1	703
\$20,000 to \$29,999	109	295	39	2	30	476
\$30,000 to \$39,999	57	142	17	2	29	248
\$40,000 to \$49,999	48	166	8	4	1	227
\$50,000 to \$59,999	19	119	21	2	21	182
\$60,000 to \$74,999	13	180	6	11	2	213
\$75,000 to \$99,999	33	78	32	30	33	205
\$100,000 to \$124,999	14	34	13	1	14	77
\$125,000 to \$149,999	4	15	2	1	3	26
\$150,000 to \$199,999	4	9	7	7	0	28
\$200,000 & Over	0	5	2	0	0	8
Total	992	1,390	158	65	135	2,740

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 62+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	114	0	1	4	8	128
\$10,000 to \$19,999	55	19	0	1	0	76
\$20,000 to \$29,999	7	7	0	3	1	18
\$30,000 to \$39,999	22	18	0	1	3	44
\$40,000 to \$49,999	4	1	3	0	1	10
\$50,000 to \$59,999	3	3	1	3	1	11
\$60,000 to \$74,999	1	3	0	1	0	6
\$75,000 to \$99,999	3	1	4	1	3	12
\$100,000 to \$124,999	0	1	1	0	4	7
\$125,000 to \$149,999	1	0	0	0	0	1
\$150,000 to \$199,999	0	7	0	1	0	8
\$200,000 & Over	0	0	0	0	0	0
Total	211	61	11	17	22	321

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 62+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	119	0	2	4	11	136
\$10,000 to \$19,999	47	17	0	2	3	69
\$20,000 to \$29,999	5	4	0	1	2	12
\$30,000 to \$39,999	12	7	2	1	2	24
\$40,000 to \$49,999	2	1	0	2	2	7
\$50,000 to \$59,999	2	2	1	0	1	6
\$60,000 to \$74,999	1	2	1	1	1	6
\$75,000 to \$99,999	1	1	3	1	2	8
\$100,000 to \$124,999	1	1	0	0	2	4
\$125,000 to \$149,999	0	1	0	0	0	1
\$150,000 to \$199,999	0	3	0	0	0	3
\$200,000 & Over	0	0	0	0	0	0
Total	190	38	9	12	26	275

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Age 62+ Households	2015 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	128	0	1	5	11	145
\$10,000 to \$19,999	49	20	0	2	2	72
\$20,000 to \$29,999	5	4	0	1	2	11
\$30,000 to \$39,999	11	7	1	1	2	23
\$40,000 to \$49,999	2	1	1	1	2	7
\$50,000 to \$59,999	1	2	1	1	1	6
\$60,000 to \$74,999	1	2	1	1	1	7
\$75,000 to \$99,999	1	1	3	1	2	8
\$100,000 to \$124,999	1	1	0	0	2	3
\$125,000 to \$149,999	0	1	0	0	0	1
\$150,000 to \$199,999	0	3	0	0	0	3
\$200,000 & Over	0	0	0	0	0	0
Total	198	42	8	13	26	286

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 62+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	144	36	0	0	1	181
\$10,000 to \$19,999	322	142	2	0	0	466
\$20,000 to \$29,999	106	210	29	1	16	362
\$30,000 to \$39,999	77	126	11	1	7	223
\$40,000 to \$49,999	49	92	3	2	0	147
\$50,000 to \$59,999	21	85	14	3	2	125
\$60,000 to \$74,999	17	114	1	1	3	137
\$75,000 to \$99,999	32	54	18	10	0	115
\$100,000 to \$124,999	11	21	1	0	0	33
\$125,000 to \$149,999	6	7	0	1	6	21
\$150,000 to \$199,999	3	7	1	1	0	12
\$200,000 & Over	2	7	0	0	0	9
Total	790	902	81	21	36	1,830

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 62+ Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	192	63	2	1	0	258
\$10,000 to \$19,999	384	176	4	1	0	565
\$20,000 to \$29,999	89	246	25	2	27	388
\$30,000 to \$39,999	51	96	16	1	7	170
\$40,000 to \$49,999	32	97	6	2	0	138
\$50,000 to \$59,999	14	79	14	1	0	107
\$60,000 to \$74,999	13	101	1	1	3	119
\$75,000 to \$99,999	25	39	22	13	0	98
\$100,000 to \$124,999	13	23	3	0	2	40
\$125,000 to \$149,999	4	4	1	0	3	12
\$150,000 to \$199,999	4	6	2	0	0	12
\$200,000 & Over	0	2	0	0	0	2
Total	820	933	95	22	41	1,910

Source: Ribbon Demographics; ESRI; Urban Decision Group

Owner Age 62+ Households	2015 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	202	71	2	1	0	277
\$10,000 to \$19,999	396	186	5	1	1	589
\$20,000 to \$29,999	87	250	29	2	30	397
\$30,000 to \$39,999	51	100	16	1	7	176
\$40,000 to \$49,999	32	102	5	2	0	140
\$50,000 to \$59,999	13	79	14	1	0	107
\$60,000 to \$74,999	13	101	1	1	2	118
\$75,000 to \$99,999	25	40	22	14	0	101
\$100,000 to \$124,999	12	23	3	0	3	41
\$125,000 to \$149,999	4	4	1	0	2	11
\$150,000 to \$199,999	4	5	1	0	0	10
\$200,000 & Over	0	2	0	0	0	3
Total	839	963	100	24	45	1,971

Source: Ribbon Demographics; ESRI; Urban Decision Group

Population and households have been relatively stable since 2000 and these trends are projected to remain stable through at least 2015. However, it should be noted that both population and households ages 62 and older are projected to increase at a more rapid rate relative to the general demographic, increasing by 160 (4.7%) and 72 (3.3%), respectively, between 2013 and 2015. This projected growth among the senior demographic is expected to increase the demand for age-restricted rental units over the next couple of years.

G. PROJECT-SPECIFIC DEMAND ANALYSIS

The subject project currently operates under the income and rent requirements of the RD Section 515 and LIHTC programs. The project will be renovated and will continue to operate under both programs. As such, it is expected to follow the same household eligibility requirements that are currently in effect. Regardless, we have provided various demand scenarios that evaluate the depth of continued support for the project under both the RD and LIHTC programs and in the event the project had to operate exclusively under the LIHTC program.

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 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 Abbeville County, South Carolina, which has a four-person median household income of \$48,700 for 2014. 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 \$52,500 in 2014. The subject property will be restricted to senior households with incomes up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size at the targeted income levels:

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$18,400	\$22,080
Two-Person	\$21,000	\$25,200

The one-bedroom units at the subject site are expected to house up to two-person households. As such, the maximum allowable income at the subject site is \$25,200.

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 \$492 (2014 maximum allowable gross LIHTC rent at 50% of AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$5,904. Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$14,760.

Since 25 of the subject’s 28 units operate with Rental Assistance that require tenants to pay 30% of their adjusted gross income towards housing costs, some households could have little or no income and still reside at the subject project. Therefore, we have also evaluated support for the subject’s RD 515 units with Rental Assistance using \$0 as the minimum income.

Based on the preceding analyses, the income-appropriate ranges required for residency at the subject project are included in the following table:

Unit Type	Income Range	
	Minimum	Maximum
RD 515 (Limited To 50% Of AMHI) with RA	\$0	\$21,000
RD 515 (Limited To 60% Of AMHI) with RA	\$0	\$25,200
Overall as Proposed with RA (62+)	\$0	\$25,200
Tax Credit (Limited To 50% Of AMHI)	\$14,760	\$21,000
Tax Credit (Limited To 60% Of AMHI)	\$17,280	\$25,200
Tax Credit Only Overall (55+)	\$14,760	\$25,200

RA- Rental Assistance

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 2013 Census data estimates and projecting forward to the anticipated placed-in-service date of the project (2016) 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 (as available), ACS 5 year estimates or demographic estimates provided by reputable companies. All data in tables should be projected from the same source:*

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

Based on Table B25074 of the American Community Survey (ACS) 2006-2010 5-year estimates, approximately 30.7% to 47.6% (depending upon the targeted income level) of senior households within the market were rent overburdened. These households have been included in our demand analysis.

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

Based on the 2010 ACS 5-Year Estimates Table B25016, 10.0% of all households within the market were living in substandard housing (lacking complete indoor plumbing and overcrowded households/1+ persons per room).

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

The subject project is located in a rural area of South Carolina. As a result, we anticipate that 5.0% of senior homeowners will consider the subject project as a housing alternative. Therefore, we used a 5.0% homeowner conversion rate in our capture rate estimates.

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

4. **METHODOLOGY**

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

- a. **Demand:** The two overall demand components (3a and 3b) added together represent total demand for the project.
- b. **Supply:** Comparable/competitive units funded, under construction, or placed in service in 2013 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2013 which have not reach stabilized occupancy must also be considered as part of the supply.
- c. **Capture Rates:** Capture rates must be calculated for each targeted income group and each bedroom size proposed as well as for the project overall.
- d. **Absorption Rates:** The absorption rate determination should consider such factors as the overall estimate of new renter household growth, the available supply of comparable/competitive units, observed trends in absorption of comparable/competitive units, and the availability of subsidies and rent specials.

5. **DEMAND/CAPTURE RATE CALCULATIONS**

Within the Site PMA, there are no affordable housing projects that were funded and/or built during the projection period (2013 to current). We did, however, identify a LIHTC project that was placed in service prior to 2013 that has not reached a stabilized occupancy. This one project is summarized in the table on the following page.

Map I.D.	Project Name	Year Built	Total Units	Overall Occupancy	Unit Type	Directly Comparable Supply Units At Targeted AMHI (Vacant Units)	
						50% AMHI	60% AMHI
4	Historical Ware Shoals Inn	2009	23	65.2%	One-Br.	6 (3)	8 (2)
					Two-Br.	3 (1)	6 (2)

The five vacant units located within the comparable one-bedroom units at Historical Ware Shoals Inn (Map I.D. 4) have been included in our following demand analysis.

The following tables illustrate the amount of household support for the project as proposed with the retention of RA on 25 of the 28 total units (Scenario One) and in the unlikely event the subsidy were not offered (Scenario Two):

Scenario One (As Proposed) Demand Component (Age 62+)	Percent of Median Household Income			
	RD 515 & LIHTC with RA (Limited To 50% AMHI) (\$0 - \$21,000)	RD 515 & LIHTC with RA (Limited To 60% AMHI) (\$0 - \$25,200)	RD 515 & LIHTC without RA (Limited To 60% AMHI) (\$17,280 - \$25,200)	RD 515 & LIHTC Overall (\$0 - \$25,200)
Demand From New Renter Households (Age- And Income-Appropriate)	225 - 206 = 19	229 - 211 = 18	26 - 25 = 1	229 - 211 = 18
+				
Demand From Existing Households (Rent Overburdened)	206 X 47.6% = 98	211 X 44.5% = 94	25 X 30.7% = 8	211 X 44.5% = 94
+				
Demand From Existing Households (Renters In Substandard Housing)	206 X 10.0% = 21	211 X 10.0% = 21	25 X 10.0% = 2	211 X 10.0% = 21
+				
Demand From Existing Households (Senior Homeowner Conversion)	862 X 5.0% = 43	1,025 X 5.0% = 51	355 X 5.0% = 18	1,025 X 5.0% = 51
=				
Total Demand	181	184	29	184
-				
Supply	0	0	2	2
=				
Net Demand	181	184	27	182
Proposed Units	7	18	3	28
Capture Rate	3.9%	9.8%	11.1%	15.4%

RA – Rental Assistance

As proposed, the subject project will maintain its subsidy and will require a capture rate of 15.4%. Based on the current occupancy of the project and the overall market, the 15.4% capture rate is considered low and achievable. Further, the subject project is 96.4% occupied (resulting in one vacancy) and all tenants are anticipated to income-qualify post renovations. Therefore, the effective capture rate is 4.8% (1 / 21 = 4.8%).

Scenario Two Demand Component (Age 55+)	Percent of Median Household Income		
	LIHTC (Limited To 50% AMHI) (\$14,760-\$21,000)	LIHTC (Limited To 60% AMHI) (\$17,280 - \$25,200)	LIHTC Only Overall (\$14,760 - \$25,200)
Demand From New Renter Households (Age- And Income-Appropriate)	73 - 69 = 4	76 - 74 = 2	107 - 104 = 3
+			
Demand From Existing Households (Rent Overburdened)	69 X 37.3% = 26	74 X 30.7% = 23	104 X 33.1% = 34
+			
Demand From Existing Households (Renters In Substandard Housing)	69 X 10.0% = 7	74 X 10.0% = 7	104 X 10.0% = 10
+			
Demand From Existing Households (Senior Homeowner Conversion)	402 X 5.0% = 20	427 X 5.0% = 21	598 X 5.0% = 30
=			
Total Demand	57	53	77
-			
Supply	3	2	5
=			
Net Demand	54	51	72
Proposed Units	7	21	28
Capture Rate	13.0%	41.2%	38.9%

In the unlikely event the subject project were to lose its project-based subsidy, the capture rate would be 38.9%. This capture rate is considered slightly high utilizing SCSHFDA-demand methodology and indicates that there may be a limited number of households to draw support from if the Rental Assistance was ever lost and all units were vacated simultaneously.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	60%
Two-Bedroom	40%
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 for the project as proposed with the retention of RA on 25 of the 28 total units (Scenario One) and in the unlikely event the subsidy were not offered (Scenario Two).

Scenario One

Rural Development - Units Targeting 50% Of AMHI with RA (181 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 (60%)	109	0	109	7	6.4%
Two-Bedroom (40%)	72	0	72	N/A	N/A

*Directly comparable units built and/or funded in the project market over the projection period or vacant units that have not reached a stabilized occupancy

Rural Development - Units Targeting 60% Of AMHI with RA (184 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 (60%)	110	0	110	18	16.4%
Two-Bedroom (40%)	74	0	74	N/A	N/A

*Directly comparable units built and/or funded in the project market over the projection period or vacant units that have not reached a stabilized occupancy

Rural Development - Units Targeting 60% Of AMHI without RA (29 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 (60%)	17	2	15	3	20.0%
Two-Bedroom (40%)	12	2	10	N/A	N/A

*Directly comparable units built and/or funded in the project market over the projection period or vacant units that have not reached a stabilized occupancy

Scenario Two

Tax Credit - Units Targeting 50% Of AMHI (57 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 (60%)	34	3	31	7	22.6%
Two-Bedroom (40%)	23	1	22	N/A	N/A

*Directly comparable units built and/or funded in the project market over the projection period or vacant units that have not reached a stabilized occupancy

Tax Credit - Units Targeting 60% Of AMHI (53 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 (60%)	32	2	30	21	70.0%
Two-Bedroom (40%)	21	2	19	N/A	N/A

*Directly comparable units built and/or funded in the project market over the projection period or vacant units that have not reached a stabilized occupancy

As previously illustrated by the overall capture rate, the project will continue to rely on a considerable demographic base of support if it continues to operate under the RD 515 program and maintains Rental Assistance. In the unlikely event the project were to lose Rental Assistance, it would likely have a challenge to maintain a stabilized occupancy if all 28 units were vacated simultaneously and re-introduced into the market at one time under the LIHTC program.

6. ABSORPTION PROJECTIONS

A total of 27 of the 28 subject units are occupied. It is important to note that the renovations at the subject site will not necessitate the displacement of current residents. As a result, it is anticipated that none or very few of the current tenants will move from the project during or following renovations. Therefore, few if any of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 28 subject units will be vacated and that all units will have to be re-rented (assuming Rental Assistance is preserved on 25 of the 28 units) under the RD 515 program. We also assume the absorption period at the site begins as soon as the first renovated units are available for occupancy. We also assume that initial renovated units at the site will be available for rent sometime in 2016, though the actual completion time may be earlier.

It is our opinion that the 28 units at the subject site will reach a stabilized occupancy of 93.0% within approximately five months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of five units per month. Our absorption projections assume that no other projects targeting a similar income group will be developed during the projection period and that the renovations will be completed as outlined in this report. These absorption projections also assume that the Rental Assistance will be maintained.

Should Rental Assistance not be secured and the project had to operate exclusively under the LIHTC program, the 28 units at the subject site would likely have an extended absorption period beyond 12 months if all units were vacated simultaneously.

In reality, the absorption period for this project will be less than one month as most tenants are expected to remain at the project and continue to pay up to 30% of their adjusted gross income towards housing costs.

H. RENTAL HOUSING ANALYSIS (SUPPLY)

1. COMPETITIVE DEVELOPMENTS

We identified one non-subsidized age-restricted Low-Income Housing Tax Credit (LIHTC) property within the Ware Shoals Site PMA. This property targets senior households with incomes up to 50% and 60% of Area Median Household Income (AMHI); therefore it is considered a competitive property.

Given the lack of non-subsidized LIHTC housing in the market, we have also identified and surveyed one additional project outside of the Site PMA, but within the region that offers one-bedroom units. This project targets households with incomes of up to 50% and 60% of AMHI and is considered comparable. This project is not considered competitive as it derives demographic support from a different geographical area. As such, this project has been included for comparison purposes only.

These two LIHTC properties and the subject development are summarized as follows:

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Cedar Ridge Manor	1994 / 2015	28	96.4%	-	RA: 1 H.H.	Seniors 62+; 50% & 60% AMHI & RD 515
4	Historical Ware Shoals Inn	2009	23	65.2%	1.2 Miles	None	Seniors 55+; 50% & 60% AMHI
901	Cardinal Glen Apts.	2003	64	100.0%	19.2 Miles	6 H.H.	Families; 50% & 60% AMHI

OCC. – Occupancy

H.H. – Households

RA – Rental Assistance

Map ID 901 outside of Site PMA

The two LIHTC projects have a combined occupancy rate of 90.8%, a stable rate for rental housing. It should be noted, however, that the one age-restricted LIHTC project in the market, Historical Ware Shoals Inn (Map I.D. 4), is operating at a poor occupancy rate of 65.2%. According to management, vacancies are likely attributed to the location (this property was observed to be located in a "C" quality neighborhood). It should also be pointed out that this development involved the adaptive reuse of a historic hotel, offering very small unit sizes ranging from 169 to 357 for a one-bedroom unit and 489 to 508 for a two-bedroom unit. Further, it is believed that the overall site plan (steep staircase to enter the building) is not conducive for the targeted demographic, as senior residents may find it difficult to navigate to and from the property. Currently, this project is not offering any rent concessions. Considering that all other properties surveyed in the market are operating with high occupancies, it can be concluded that vacancies at Historical Ware Shoals Inn is likely due to product deficiencies.

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	Cedar Ridge Manor	\$492*/50% (7) \$576/60% (21)	-	-	-
4	Historical Ware Shoals Inn	\$532/50% (6/3) \$544/60% (8/2)	\$616/50% (3/1) \$616/60% (6/2)	-	None
901	Cardinal Glen Apts.	\$547/50% (8/0) \$561/60% (8/0)	\$660/50% (16/0) \$688/60% (16/0)	\$775/50% (8/0) \$791/60% (8/0)	None

*2014 maximum allowable LIHTC rent
Map ID 901 is located outside of Site PMA

The proposed subject gross rent at 50% of AMHI of \$492 will be the lowest in the region, whereas the proposed gross rent at 60% of AMHI of \$576 will be the highest by \$15. While these rents are achievable, they will have a slowing affect on absorption of these units. Regardless, the subject project will continue to operate with RA on 25 of the 28 total units, requiring tenants to pay up to 30% of their income towards housing costs. In addition, a Private Rental Assistance (PRA) subsidy will be available to current residents who remain at the site. With the PRA subsidy, the existing unassisted residents will continue to pay their current rents following the completion of renovations and will not experience a rent increase. Therefore, the subject project will continue to represent a substantial value in the market.

Vouchers as well as the approximate number of units occupied by residents utilizing Housing Choice Vouchers:

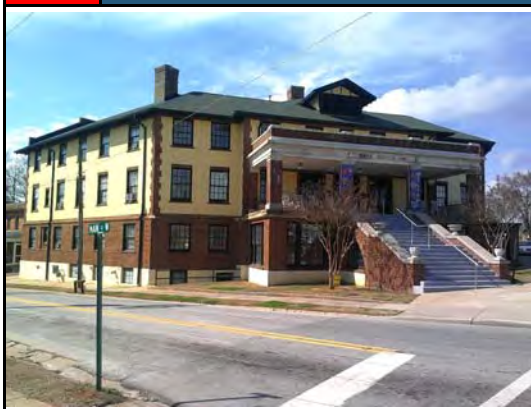
Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
4	Historical Ware Shoals Inn	23	6	26.1%
901	Cardinal Glen Apts.	64	27	42.2%
Total		87	33	37.9%

Map ID 901 is located outside of Site PMA

As the preceding table illustrates, there are a total of approximately 33 units that are occupied by Voucher holders among the two comparable LIHTC projects in the region. The 33 units occupied by Voucher holders comprise 37.9% of these comparable units. As such, it seems that more than 60% of the comparable LIHTC units in the region are occupied by tenants which are not currently receiving rental assistance. However, as noted earlier in this section, only 15 units are occupied at Historical Ware Shoals Inn (Map I.D. 4), yielding a Voucher occupancy of 40.0%. Although the majority of tenants residing at this property are not receiving rental assistance, this project is

65.2% occupied. This may indicate that the gross rents charged at the one competitive project in the market are not achievable. Nonetheless, the subject project will offer RA on 25 of the 28 total units; therefore, the subject development will continue to represent a substantial value to potential residents in the Ware Shoals area.

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



Address 1 Greenwood Ave.
Ware Shoals, SC 29692

Phone (864) 456-2184 **Contact** Misty

Total Units 23 **Vacancies** 8 **Percent Occupied** 65.2%

Project Type Tax Credit

Year Open 2009 **Floors** 3

Concessions No Rent Specials

Age Restrictions Senior (55+)

Waiting List NONE

Ratings: **Quality** C+ **Neighborhood** C **Access/Visibility** B+/-

Remarks
50% & 60% AMHI; HCV (6 units); Adaptive reuse, originally built in 1923; Funded through Federal Historic Tax Credit, State of SC Historic Tax Credit & SC Textile Tax Credit



FEATURES AND UTILITIES

Utilities Landlord pays Gas Heat, Water, Sewer, Trash
Unit Amenities Refrigerator, Range, Microwave, Central AC, Wood Flooring, Ceiling Fan, Intercom, Blinds
Project Amenities On-site Management, Laundry Facility, Meeting Room, Fitness Center, Elevator, Computer Lab
Parking Surface Parking

UNIT CONFIGURATION

BRs	BA's	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	8	2	169 to 357	\$1.33 - \$2.81	\$475	60%
1	1	G	6	3	169 to 357	\$1.30 - \$2.74	\$463	50%
2	1	G	6	2	489 to 508	\$1.03 - \$1.07	\$525	60%
2	1	G	3	1	489 to 508	\$1.03 - \$1.07	\$525	50%

901 Cardinal Glen Apts.

19.2 miles to site



Address	1524 Parkway Greenwood, SC 29648		
Phone	(864) 943-8883	Contact	Semi
Total Units	64	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2003	Floors	2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	6 households		
Ratings:	Quality B+	Neighborhood B	Access/Visibility
Remarks	50% & 60% AMHI; HCV (approx. 27 units)		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage
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
1	1	G	8	0	730	\$0.65	\$475	60%
1	1	G	8	0	730	\$0.63	\$461	50%
2	1	G	16	0	935	\$0.62	\$575	60%
2	1	G	16	0	935	\$0.59	\$547	50%
3	2	G	8	0	1150	\$0.57	\$650	60%
3	2	G	8	0	1150	\$0.55	\$634	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	Cedar Ridge Manor	660	-	-
4	Historical Ware Shoals Inn	169 - 357	489 - 508	-
901	Cardinal Glen Apts.	730	935	1,150

Map ID 901 is located outside of Site PMA

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
Site	Cedar Ridge Manor	1.0	-	-
4	Historical Ware Shoals Inn	1.0	1.0	-
901	Cardinal Glen Apts.	1.0	1.0	2.0

Map ID 901 is located outside of Site PMA

The subject development will continue to offer one-bedroom unit sizes, based on square feet and number of bathrooms offered, within the range of one-bedroom unit sizes offered within the region. In fact, the subject project will offer the largest one-bedroom unit sizes when compared with the one LIHTC project in the market. This will provide the subject with a competitive advantage and illustrate that the subject's one-bedroom unit sizes are appropriate for the market, as evidenced by its high occupancy rate.

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

COMPARABLE PROPERTIES AMENITIES - WARE SHOALS, SOUTH CAROLINA

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
SITE	X	X	X			X	X		X		X	X				B	X	S	
4	X	X				X	X		W			X			X	B		S	
901	X	X	X	X	X		X		C		X	X				B		S	Exterior Storage

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			CCTV
4		X	X		X	X						X		X					
901		X	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



The amenity packages at the subject site are considered generally similar when compared to the amenities found at the comparable Tax Credit projects within the region. However, the subject project will offer in-unit washer/dryer hookups, a patio and an emergency call system, of which are lacking at the one comparable age-restricted LIHTC project in the market. This will provide the subject with a competitive advantage. In regards to project amenities, the subject will not lack any amenity that will have an adverse impact on its marketability. This is further evidenced by its 96.4% occupancy.

Based on our analysis of the unit sizes (square footage), amenities, location and quality, it is our opinion that the subject development continue to be will be marketable, assuming that RA is maintained on 25 of the 28 total units. In the unlikely event the subject project were to lose its subsidy and all units were vacated simultaneously, operating solely under LIHTC program guidelines, the proposed rent at 60% of AMHI is slightly higher than the comparable units' one-bedroom rents at 60% of AMHI. This has been considered in our absorption projections.

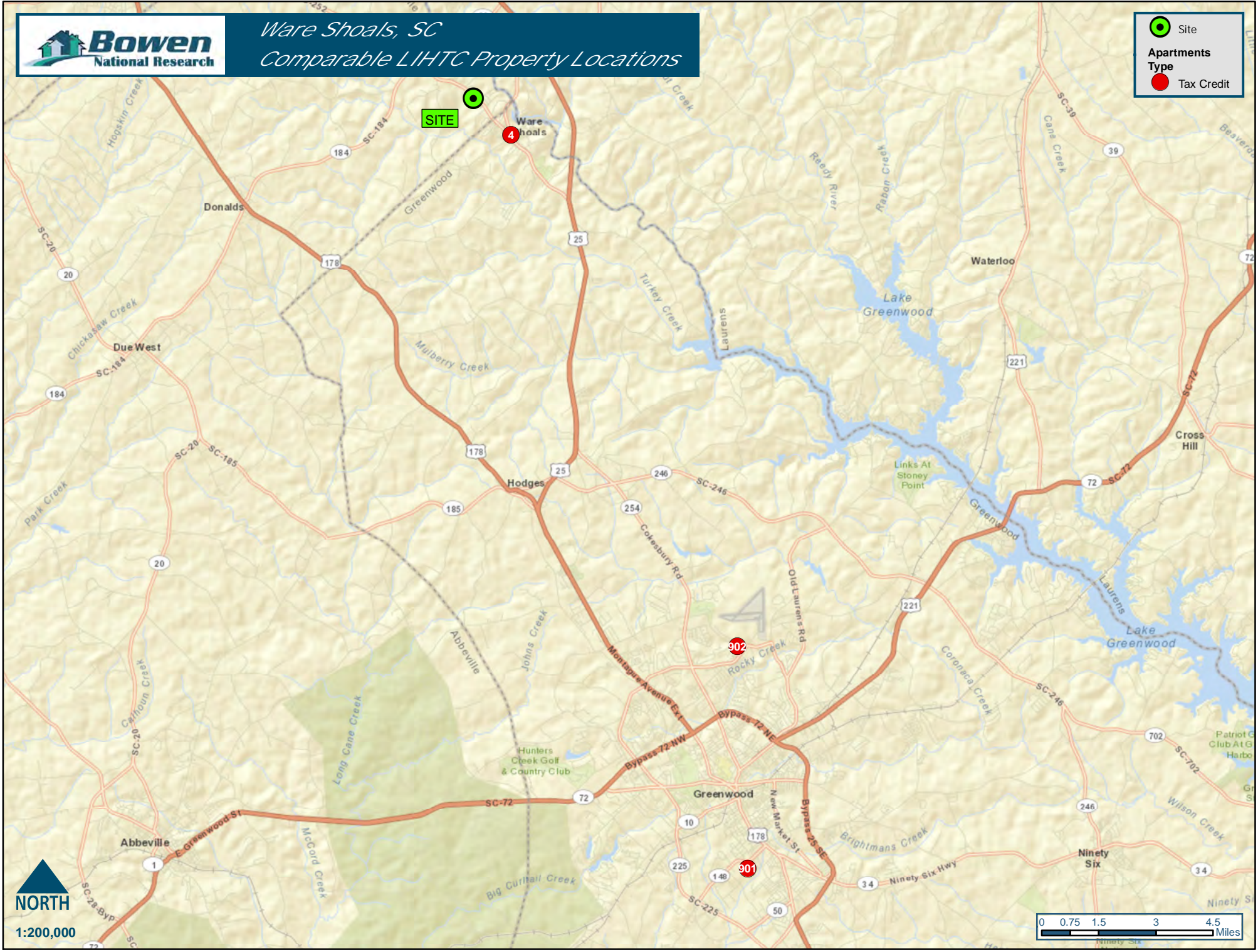
2. COMPARABLE TAX CREDIT PROPERTIES MAP

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



Ware Shoals, SC
Comparable LIHTC Property Locations

● Site
● Apartments
● Tax Credit



3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Ware Shoals Site PMA in 2010 and 2013 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2013 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	6,260	86.2%	6,276	86.0%
Owner-Occupied	4,749	75.9%	4,680	74.6%
Renter-Occupied	1,511	24.1%	1,596	25.4%
Vacant	1,001	13.8%	1,023	14.0%
Total	7,261	100.0%	7,299	100.0%

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

Based on a 2013 update of the 2010 Census, of the 7,299 total housing units in the market, 14.0% were vacant. In 2013, it was estimated that homeowners occupied 74.6% of all occupied housing units, while the remaining 25.4% were occupied by renters. The share of renters is considered typical for a rural market and the 1,596 renter households in 2013 represent a sufficient base of continued and potential support in the market for the subject development.

While we acknowledge that there are 1,596 renter-occupied units in the market, we believe that most of these rentals are located in non-conventional rental housing units including single-family/mobile home rentals, duplex, etc.

The estimated distribution of occupied housing by units in a structure and tenure is detailed in the following table:

Units in Structure	Owner		Renter	
	Number	Percent	Number	Percent
1, Detached	3,519	75.2%	991	62.1%
1, Attached	33	0.7%	10	0.6%
2 to 4	9	0.2%	115	7.2%
5 to 9	0	0.0%	115	7.2%
10 or more	0	0.0%	27	1.7%
Mobile Homes	1,119	23.9%	338	21.2%
Total	4,680	100.0%	1,596	100.0%

Source: U.S. Census Bureau, 2006-2010 American Community Survey (ACS)

As the preceding table illustrates, over 91.0% of renter-occupied housing units consists of single-family/mobile home and two to four-unit rentals, whereas only 1.7% consist of structures with 10 or more units. As such, this demonstrates that there is limited conventional multifamily rental housing units in the market. Therefore, the subject project will continue to provide a rental housing alternative that is currently lacking in the market.

We identified and personally surveyed four conventional housing projects (including the subject site) containing a total of 119 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 91.6%, a stable and good rate for rental housing.

Note that we identified two additional government-subsidized projects in the market; however, management at these two projects would not respond to our request for rental information at the time this report was issued. A summary of the affordable projects we were unable to survey are as follows:

- Shamrock Apartments is a family-oriented Section 8 community located at 308 East Hampton Avenue in Honea Path. Built in 1995, this project offers 40 two- and three-bedroom units. According to historical data obtained by Bowen National Research, this project was 100.0% occupied in May 2008.
- Honea Path Townhomes is a family-oriented RD 515 community located at 800 Brooks Street in Honea Path. This project offers one- and two-bedroom units.

Considering that the aforementioned projects target family (general-occupancy) households, they are not considered comparable/competitive with the subject project.

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

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Tax Credit	1	23	8	65.2%
Tax Credit/Government-Subsidized	3	96	2	97.9%
Total	4	119	10	91.6%

Other than the one Tax Credit project in the market, the three Tax Credit and government-subsidized projects have a combined occupancy of 97.9%, a strong rate for affordable housing. As noted earlier in this section, vacancies at the one Tax Credit project, Historical Ware Shoals Inn (Map I.D. 4), are likely due to management and/or product deficiencies and are not reflective of the performance of the Ware Shoals rental housing market. Note that we were unable to identify and survey any market-rate product within the Site PMA.

The Ware Shoals apartment market offers a limited range of rental product, in terms of price point and quality. In fact, only one conventional non-subsidized LIHTC project was identified within the Site PMA, as previously mentioned. As such, it is necessary to identify market-rate product outside of the Site PMA, but within the region. The five market-rate properties, Deerfield Apartments (Map I.D. 903), Huntington Apartments (Map I.D. 905), Montclair Apartments (Map I.D. 906), Regency Park (Map I.D. 908) and Winter Ridge (Map I.D. 909) were built between 1979 and 2007. These five market-rate projects comprise a total of 545 units and have a combined occupancy rate of 98.1%. This high overall occupancy rate at these properties indicate that they have been well received within the region.

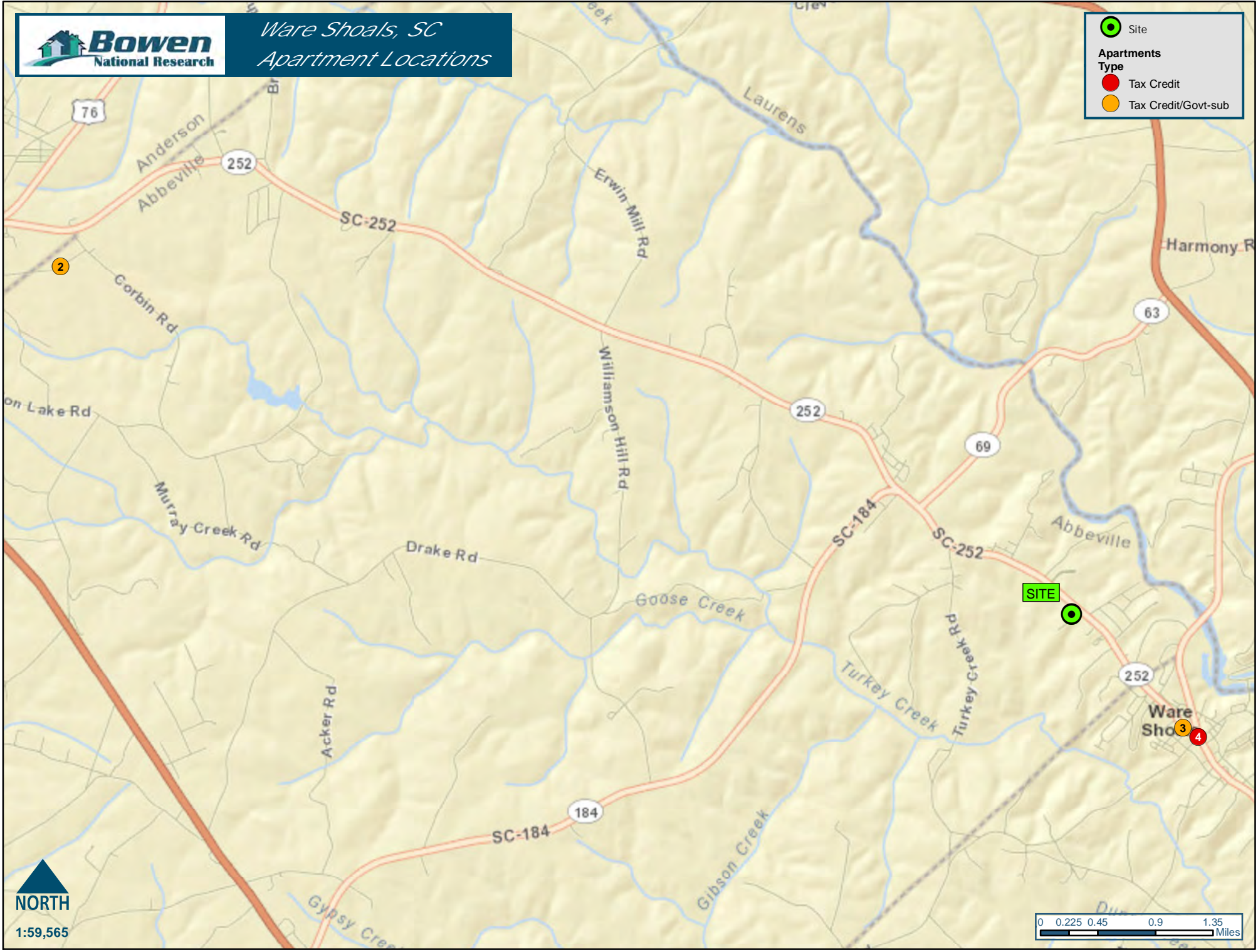
4. **RENTAL HOUSING INVENTORY MAP**

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

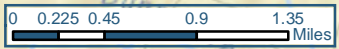


Ware Shoals, SC
Apartment Locations

● Site
● Tax Credit
● Tax Credit/Govt-sub



NORTH
1:59,565



5. & 6. PLANNED AND PROPOSED DEVELOPMENTS

According to the planning and building departments of various municipalities in the Ware Shoals Site PMA, there is one rental project within the preliminary phases of development. This proposed market-rate multifamily project is to be located at Laurel and Eastview streets in Honea Path. Currently the project is awaiting zoning approval. If approved, the development will consist of 40 to 64 rental units. Peachtree Housing is the developer of this project.

Considering that this project is within the very preliminary stages of development and the fact that it will be a market-rate community if developed, this project will not have an impact on the continued marketability of the subject project.

7. ADDITIONAL SCSHFDA VACANCY 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 one comparable project within the Site PMA that has received Tax Credit funding. However, as noted throughout this report, this project is operating at a non-stabilized occupancy of 65.2%. Considering that the subject project is 96.4% occupied, the vacancy issues at the one non-subsidized LIHTC project are not reflective of the overall rental housing market.

8. MARKET RENT ADVANTAGE

Given the lack of market-rate product within the Ware Shoals Site PMA, we identified and surveyed five market-rate properties outside of the Site PMA in the city of Greenwood that we consider comparable to the subject development based on unit type and design. Note that adjustments have been made to account for the differences between the Ware Shoals and Greenwood markets. These selected properties are used to derive market rent for a project with characteristics similar to the subject development. It is important to note that for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to derive achievable market rents, or *Conventional Rents for Comparable Units*, 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
- 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 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	Cedar Ridge Manor	1994 / 2015	28	96.4%	28 (96.4%)	-	-
903	Deerfield Apts.	1980	61	100.0%	24 (100.0%)	37 (100.0%)	-
905	Huntington Apts.	1979	90	95.6%	36 (94.4%)	46 (95.7%)	8 (100.0%)
906	Montclair Apts.	1999	98	100.0%	22 (100.0%)	76 (100.0%)	-
908	Regency Park	2001	132	95.5%	18 (94.4%)	66 (95.5%)	48 (95.8%)
909	Winter Ridge	2007	164 + 32*	100.0%	64 (100.0%)	92 (100.0%)	8 (100.0%)

*Units under construction
900 Series Map ID's are located outside of the Site PMA

The five selected market-rate projects have a combined total of 545 units with an overall occupancy rate of 98.2%, a strong rate for rental housing. As such, this demonstrates that these comparable properties have been well received within the region.

The Rent Comparability Grid on the following page shows the collected rents for each of the selected properties and illustrates 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 → **ONE BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Cedar Ridge Manor		Deerfield Apts.		Huntington Apts.		Montclair Apts.		Regency Park		Winter Ridge	
2 Holloway Dr.		1870 Emerald Rd.		1814 Bypass 72 NE		111 Montclair Dr.		120 Edinborough Cir.		111 Montclair Dr.	
Ware Shoals, SC		Greenwood, SC		Greenwood, SC		Greenwood, SC		Greenwood, SC		Greenwood, SC	
A. Rents Charged	Data on Subject	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$460		\$499		\$530		\$697		\$565	
2	Date Surveyed	Feb-14		Feb-14		Jan-14		Jan-14		Jan-14	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	100%		94%		100%		94%		100%	
5	Effective Rent & Rent/ sq. ft	\$460	0.84	\$499	1.00	\$530	0.74	\$697	0.82	\$565	0.85
B. Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	
6	Structure / Stories	R/1		WU/1,2		WU/2		WU/3		WU/2	
7	Yr. Built/Yr. Renovated	1994/2015		1980	\$25	1979	\$26	1999	\$6	2001	\$4
8	Condition /Street Appeal	G		G		G		G		G	
9	Neighborhood	G		G		G		G		G	
10	Same Market?	No	(\$46)	No	(\$50)	No	(\$53)	No	(\$70)	No	(\$57)
C. Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	660	\$23	550	\$23	500	\$33	720	(\$13)	850	(\$40)
14	Balcony/ Patio	Y		Y		N	\$5	Y		Y	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	Y/N	(\$5)	N/Y	(\$5)	N/Y	(\$5)	Y/Y	(\$10)	N/Y	(\$5)
18	Washer/Dryer	HU/L	\$5	HU	\$5	HU	\$5	HU	\$5	HU/L	\$5
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Intercom/E-Call Buttons	N/Y	\$3	N/N	\$3	N/N	\$3	N/N	\$3	N/N	\$3
22	Garbage Disposal	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
23	Ceiling Fans	Y	\$5	N	\$5	N	\$5	Y	\$5	N	\$5
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		Y		N	\$5	Y		Y	
26	Security Gate	N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	N/Y	\$5	N/N	\$5	N/N	\$5	Y/N		N/N	\$5
28	Pool/ Recreation Areas	F	\$5	N	\$5	P	(\$5)	L	\$2	P/F/S	(\$13)
29	Computer Center	Y	\$3	N	\$3	N	\$3	N	\$3	Y	\$3
30	Picnic Area	Y	\$3	N	\$3	N	\$3	N	\$3	Y	\$3
31	Playground	N	(\$3)	Y	(\$3)	Y	(\$3)	N		Y	(\$3)
32	Social Services	N		N		N		N		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/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	N/N	(\$56)	Y/Y	(\$56)	Y/Y	(\$56)	N/N		N/N	
39	Trash /Recycling	N/N	(\$13)	Y/N	(\$13)	Y/N	(\$13)	Y/N	(\$13)	Y/N	(\$13)
F. Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	
40	# Adjustments B to D	9	4	10	5	8	4	2	6	8	5
41	Sum Adjustments B to D	\$77	(\$59)	\$93	(\$68)	\$32	(\$76)	\$7	(\$141)	\$34	(\$70)
42	Sum Utility Adjustments		(\$69)		(\$69)		(\$13)		(\$13)		(\$13)
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$51)	\$205	(\$44)	\$230	(\$57)	\$121	(\$147)	\$161	(\$49)	\$117
G. Adjusted & Market Rents	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	Adj. Rent	
44	Adjusted Rent (5+ 43)	\$409		\$455		\$473		\$550		\$516	
45	Adj Rent/Last rent		89%		91%		89%		79%		91%
46	Estimated Market Rent	\$485	\$0.73	← 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 Grid, it was determined that the current achievable market rent (aka *Conventional Rents for Comparable Units-CRCU*) for units similar to the subject development is \$485 for a one-bedroom unit. The following table compares the proposed collected rents at the subject site with achievable market rent for selected units.

Bedroom Type	Proposed Collected Rent	Achievable Market Rent (CRCU)	Market Rent Advantage
One-Bedroom	\$371* (50%)	\$485	23.51%
	\$455 (60%)		6.19%
Weighted Average			10.52%

*Programmatic Rent (Max Allowable Gross Rent less applicable utility allowance)

Typically, Tax Credit rents should represent at least a 10% market rent advantage to ensure that the project will incur a sufficient flow of tenants. The proposed collected one-bedroom rents represent an overall market rent advantage of 10.52%. As such, the proposed rents will likely be perceived as a value within the market. It is important to note that 25 of the 28 subject units will retain Rental Assistance. All of the remaining current occupants will be covered by Private Rental Assistance (PRA); therefore, these residents will not experience a rent increase and will not pay the proposed Tax Credit rents. It is expected that only when typical turnover occurs (approximately one per month) will there be a unit to be rented at the proposed Tax Credit rent levels. The only difficulty the project may have is if it lost its subsidy and all units were vacated simultaneously, operating exclusively under the Tax Credit program. In this unlikely scenario, the proposed 60% units would likely experience a slower absorption rate than the proposed 50% units.

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

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



7. Upon completion of renovations, the subject project will have an effective age of around 2005. The selected properties were built between 1979 and 2007. As such, we have adjusted the rents at the selected properties by \$1 per year to reflect the age of these properties.
10. As previously stated, all five of the selected properties are located outside of the Ware Shoals Site PMA in Greenwood, which is approximately 16.0 miles south of Ware Shoals. The Greenwood market is significantly larger than Ware Shoals in terms of population, community services and apartment selections. Given the difference in markets, the rents that are achievable in Greenwood will not directly translate to the Ware Shoals market. Therefore, we have adjusted each collected rent at these five comparable projects by approximately 10.0% to account for this market difference.
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.
- 13.- 23. The subject project will offer a unit amenity package generally similar 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 subject project will offer a comprehensive project amenities package generally considered superior to the selected properties. We have made monetary adjustments to reflect the difference between the subject 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

As previously noted, one of the two affordable projects that are considered comparable within the region will compete with the subject project. The anticipated occupancy rate of this existing non-subsidized age-restricted Tax Credit development during the first year of occupancy (after renovations) at the subject is illustrated below:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2015
4	Historical Ware Shoals Inn	65.2%	65.0%+

Note that the subject project is currently 96.4% occupied. The renovation of the subject project is not anticipated to displace any current tenants and will not add new units to the supply. As such, we do not believe the renovation of Cedar Ridge Manor will have a tangible impact on the occupancy rate of the one competitive property. As noted throughout this section, the vacancy issues experienced by Historical Ware Shoals Inn (Map I.D. 4) are likely due to product and/or management deficiencies and are not reflective of the overall rental housing market.

10. OTHER HOUSING OPTIONS (BUY VERSUS RENT)

According to ESRI, the median home value within the Site PMA was \$99,183. At an estimated interest rate of 4.7% and a 30-year term (and 95% LTV), the monthly mortgage for a \$99,183 home is \$611, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$99,183
Mortgaged Value = 95% of Median Home Price	\$94,224
Interest Rate - Bankrate.com	4.7%
Term	30
Monthly Principal & Interest	\$489
Estimated Taxes and Insurance*	\$122
Estimated Monthly Mortgage Payment	\$611

*Estimated at 25% of principal and interest

In comparison, the collected one-bedroom Tax Credit rents for the subject property are \$371 to \$455 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is \$156 to \$239 greater than the cost of renting a one-bedroom unit at the subject site, depending on targeted income level. It is unlikely that current and potential renters in the area would be able to afford the monthly payments required to own a home and the number of tenants who would also be able to afford the down payment on such a home is considered minimal. In fact, as the subject project targets seniors, we expect some support from elderly homeowners downsizing from

their homes and seeking a maintenance free housing alternatives. Therefore, we do not anticipate any competitive impact on of from the homebuyer market.

11. HOUSING VOIDS

As previously noted, we identified and surveyed 119 conventional units within four projects (including the subject site) within the Site PMA. These totals include Low-Income Housing Tax Credit and/or government-subsidized projects. The overall occupancy rate of projects surveyed is 91.6%, a stable rate for rental housing. However, eight of the ten total vacancies are located at the one non-subsidized LIHTC project, Historical Ware Shoals Inn (Map I.D. 4). When excluding this one property, the overall occupancy is at a combined high of 97.9%. As such, it is likely that demand is high for rental-assisted apartment units in the market. Given the subject project is 96.4%, it is clear that the subject project is meeting a need for affordable housing within Ware Shoals. We anticipate that the proposed renovations will enhance the project's appeal and add to its marketability.

Further, as illustrated earlier in this section, over 91.0% of all rental units in the market are located within non-conventional rental units (single-family/mobile home, duplex, etc.), whereas only 1.7% consist of structures with 10 or more units. Note that there is one market-rate project within the preliminary phases of development; however, it is uncertain if it will come to fruition. As such, this demonstrates that there is limited conventional multifamily rental housing units in the market. Therefore, the subject project will continue to provide a rental housing alternative that is currently lacking in the market and will continue to meet a portion of the demand for affordable housing in the Site PMA.

I. INTERVIEWS

The following are summaries of interviews conducted with various stakeholders knowledgeable about the Ware Shoals/Abbeville County area:

- SuSu Wallace, Information, Referral and Assistance Administrator with the Area Agency on Aging (864-941-8069), stated that there is a need for additional affordable housing for seniors in the area. Ms. Wallace commented that the area is quite rural and, as such, there is a lack of affordable housing. What is available is not up to par and is in need of significant repair. As for age-restricted housing, there are very few options, most of which typically have limited availability.
- Diane (would not disclose last name), Site Manager for the Abbeville Senior Center (864-366-9666), explained that the area does need more affordable housing for seniors. Due to the lack of housing, many of the seniors in the area who are moving out of their homes have no other option other than moving twenty miles away in Greenwood, where there is a larger inventory available.

J. RECOMMENDATIONS

Based on the findings reported in our market study, it is our opinion that a market will continue to exist for the 28-unit Cedar Ridge Manor apartment project in Ware Shoals, South Carolina, assuming it is renovated and operated as detailed in this report. Changes in the project's scope of renovations, rents, amenities or completion date may alter these findings.


The subject site is currently 96.4% occupied (result of one vacancy). As 25 of the 28 total units are anticipated to retain Rental Assistance, we expect all current tenants to remain at the subject project. As such, the "effective" capture rate for the subject development is 4.8%. However, it should be noted that the capture rate for the subject project operating exclusively under the limitations of the Tax Credit program with residents paying non-subsidized Tax Credit rents is 38.9%, indicating a more limited base of demographic support within the Site PMA for the subject project to operate without the benefit of a Rental Assistance subsidy. It is likely that the proposed one-bedroom rent at 60% of AMHI may have a slowing affect on the absorption of these units in the unlikely event Rental Assistance was lost and the subject project had to operate exclusively under the LIHTC program income and rent restrictions.

However, the subject project is considered competitive with the affordable housing options within the market and will represent a significant value within the market, as long as Rental Assistance is retained. Although the proposed collected Tax Credit rents at 60% of AMHI will be among the highest LIHTC rents in the market, and would likely lead to an extended absorption period, the majority of the units will retain Rental Assistance. As such, tenants will only pay up to 30% of their adjusted gross income towards rent. Assuming Rental Assistance remains in place, we have no recommendations or suggested modifications for the subject project at this time.

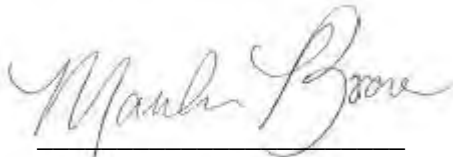
K. SIGNED STATEMENT REQUIREMENT

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.

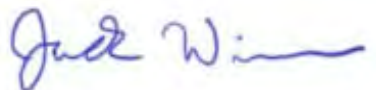
Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: February 26, 2014



Marlon Boone
Market Analyst
marlonb@bowennational.com
Date: February 26, 2014



Jack Wiseman
Market Analyst
jackw@bowennational.com
Date: February 26, 2014

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 18 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.

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.

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.

Chuck Ewing, Market Analyst, has been conducting site-specific analysis throughout the United States since 2009. He has experience in the evaluation of a variety of real estate developments that include affordable and market-rate apartments, senior living facilities, student housing, supportive and disabled veteran housing, farm worker housing and regional rental supply analysis. Mr. Ewing has a Bachelor of Arts degree in Economics from the Ohio State University.

Marlon Boone, 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. Boone graduated from The Ohio State University with a Bachelor of Science in City and Regional Planning, with a concentration in Housing, Development and Real Estate.

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

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

WARE SHOALS, 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.

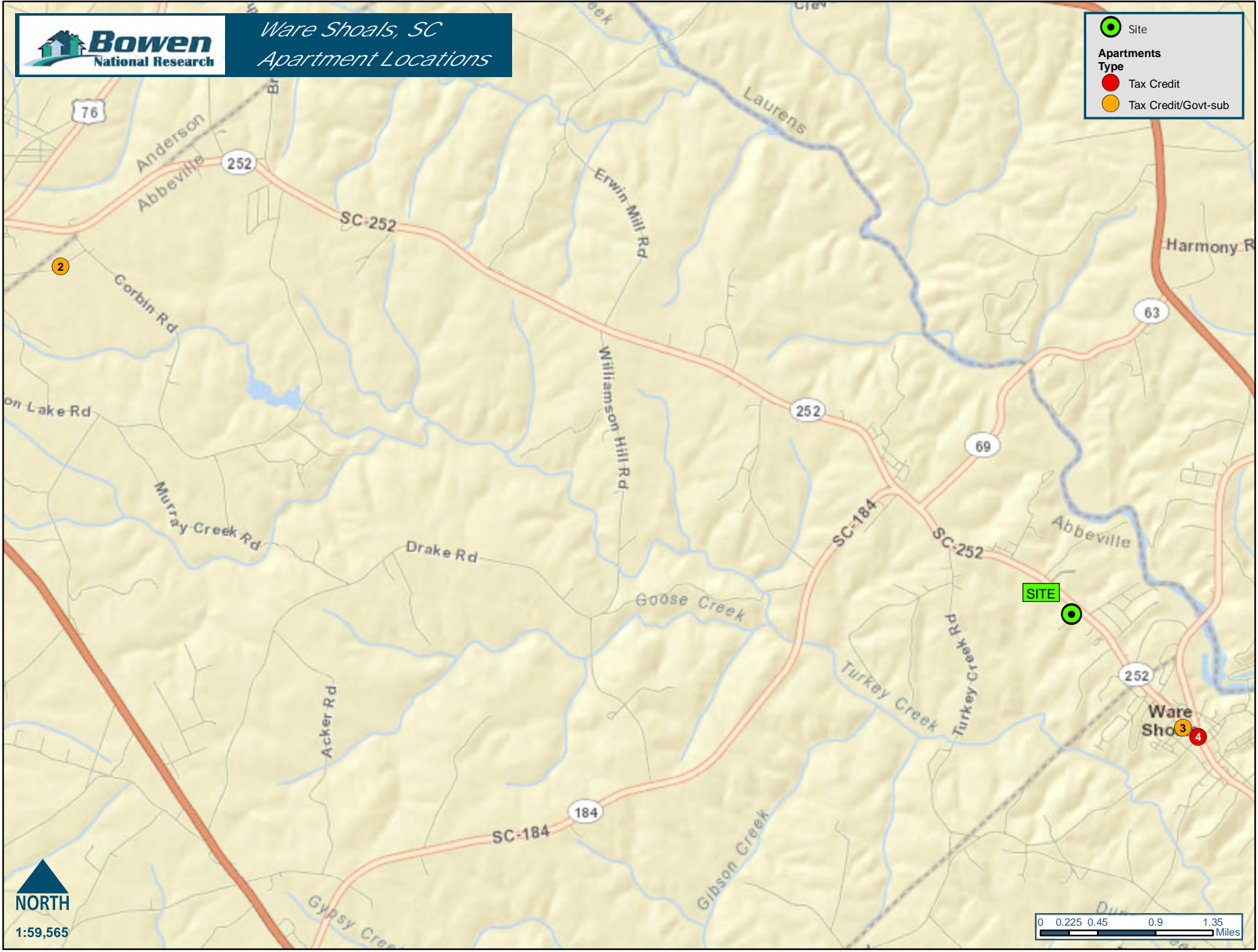
Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties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



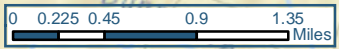
Ware Shoals, SC
Apartment Locations

● Site
● Tax Credit
● Tax Credit/Govt-sub

Apartments
Type



NORTH
1:59,565



MAP IDENTIFICATION LIST - WARE SHOALS, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
◆ 1	Cedar Ridge Manor (Site)	TGS	B+	1994	28	1	96.4%	-
2	Wildwood Apts.	TGS	B	1982	30	1	96.7%	8.0
3	Shoals Pointe Apts.	TGS	B	1970	38	0	100.0%	1.1
◆ 4	Historical Ware Shoals Inn	TAX	C+	2009	23	8	65.2%	1.2

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
TAX	1	23	8	65.2%	0
TGS	3	96	2	97.9%	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

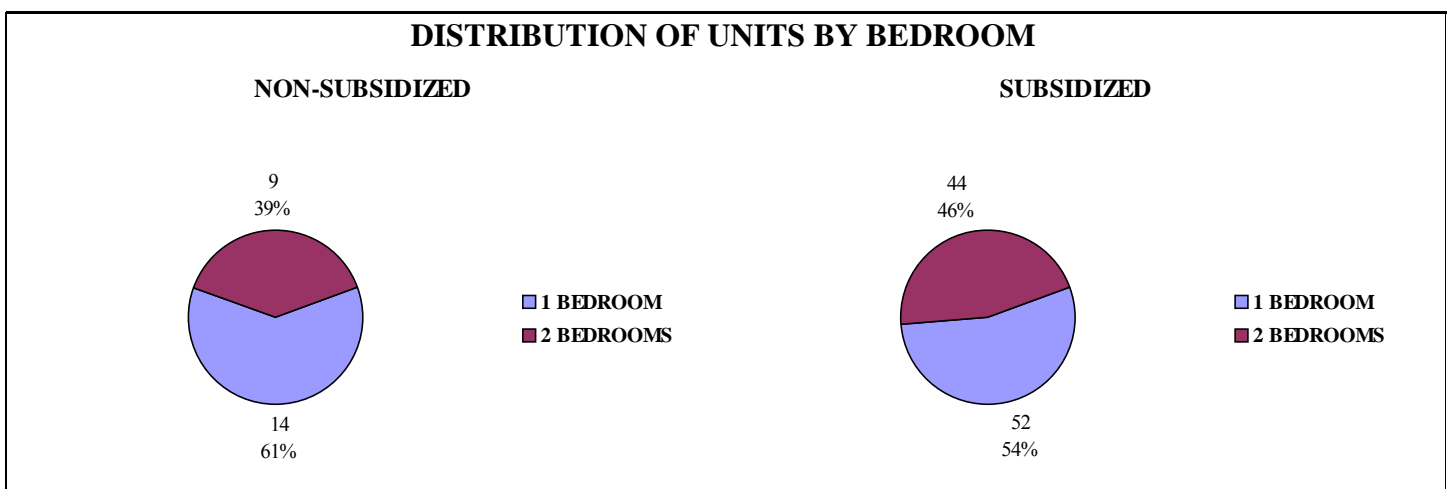
* - Drive Distance (Miles)

Survey Date: February 2014

DISTRIBUTION OF UNITS - WARE SHOALS, SOUTH CAROLINA

TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	14	60.9%	5	35.7%	\$544
2	1	9	39.1%	3	33.3%	\$616
TOTAL		23	100.0%	8	34.8%	

TAX CREDIT, GOVERNMENT-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	52	54.2%	1	1.9%	N.A.
2	1	26	27.1%	0	0.0%	N.A.
2	1.5	18	18.8%	1	5.6%	N.A.
TOTAL		96	100.0%	2	2.1%	
GRAND TOTAL		119	-	10	8.4%	



SURVEY OF PROPERTIES - WARE SHOALS, SOUTH CAROLINA

1 Cedar Ridge Manor (Site)			
	Address 2 Holloway Dr. Ware Shoals, SC 29692	Phone (864) 456-2240 (Contact in person)	Total Units 28
	Year Built 1994	Contact Donna	Vacancies 1
	Comments 60% AMHI; RD 515, has RA (25 units); HCV (1 unit); Vacancy in non-RA unit; Square footage estimated		Occupied 96.4%
			Floors 1
			Quality Rating B+
			Senior Restricted (62+)
			Waiting List
			RA: 1 household
2 Wildwood Apts.			
	Address 360 E. Hampton Ave. Honea Path, SC 29654	Phone (864) 369-2516 (Contact in person)	Total Units 30
	Year Built 1982 Renovated 2010	Contact Autumn	Vacancies 1
	Comments 40% & 60% AMHI; RD 515, has RA (15 units); HCV (6 units); Square footage estimated		Occupied 96.7%
			Floors 2
			Quality Rating B
			Waiting List
			None
3 Shoals Pointe Apts.			
	Address 29 N. Greenwood Ave. Ware Shoals, SC 29692	Phone (864) 456-2900 (Contact in person)	Total Units 38
	Year Built 1970 Renovated 1998	Contact Alice	Vacancies 0
	Comments 50% AMHI; RD 515, has RA (34 units); HCV (1 unit); Year built & square footage estimated		Occupied 100.0%
			Floors 1,2
			Quality Rating B
			Waiting List
			10 households
4 Historical Ware Shoals Inn			
	Address 1 Greenwood Ave. Ware Shoals, SC 29692	Phone (864) 456-2184 (Contact in person)	Total Units 23
	Year Built 2009	Contact Misty	Vacancies 8
	Comments 50% & 60% AMHI; HCV (6 units); Adaptive reuse, originally built in 1923; Funded through Federal Historic Tax Credit, State of SC Historic Tax Credit & SC Textile Tax Credit		Occupied 65.2%
			Floors 3
			Quality Rating C+
			Senior Restricted (55+)
			Waiting List
			None

Project Type

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

Survey Date: February 2014

TAX CREDIT UNITS - WARE SHOALS, SOUTH CAROLINA

ONE-BEDROOM UNITS							
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT	
2	Wildwood Apts.	6	600	1	60%	\$365 - \$403	
2	Wildwood Apts.	6	600	1	40%	\$365 - \$403	
◆	1	Cedar Ridge Manor (Site)	28	660	1	60%	\$435 - \$556
◆	4	Historical Ware Shoals Inn	6	169 - 357	1	50%	\$463
◆	4	Historical Ware Shoals Inn	8	169 - 357	1	60%	\$475
3	Shoals Pointe Apts.	12	600	1	50%	\$481 - \$551	
TWO-BEDROOM UNITS							
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT	
2	Wildwood Apts.	9	850	1.5	60%	\$438 - \$498	
2	Wildwood Apts.	9	850	1.5	40%	\$438 - \$498	
◆	4	Historical Ware Shoals Inn	6	489 - 508	1	60%	\$525
◆	4	Historical Ware Shoals Inn	3	489 - 508	1	50%	\$525
3	Shoals Pointe Apts.	26	850	1	50%	\$537 - \$607	

◆ - Senior Restricted

DISTRIBUTION OF UTILITIES - WARE SHOALS, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
LANDLORD			
GAS	1	23	19.3%
TENANT			
ELECTRIC	3	96	80.7%
			100.0%
COOKING FUEL			
TENANT			
ELECTRIC	4	119	100.0%
			100.0%
HOT WATER			
TENANT			
ELECTRIC	3	89	74.8%
GAS	1	30	25.2%
			100.0%
ELECTRIC			
TENANT	4	119	100.0%
			100.0%
WATER			
LANDLORD	3	91	76.5%
TENANT	1	28	23.5%
			100.0%
SEWER			
LANDLORD	3	91	76.5%
TENANT	1	28	23.5%
TRASH PICK-UP			
LANDLORD	3	91	76.5%
TENANT	1	28	23.5%
			100.0%

UTILITY ALLOWANCE - WARE SHOALS, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$15	\$14		\$6	\$11	\$15	\$14	\$7	\$38	\$20	\$32	\$13	\$20
1	GARDEN	\$17	\$17		\$7	\$12	\$18	\$14	\$8	\$43	\$21	\$35	\$13	\$20
1	TOWNHOUSE	\$40	\$25		\$11	\$12	\$18	\$14	\$8	\$53	\$21	\$35	\$13	\$20
2	GARDEN	\$20	\$22		\$10	\$17	\$25	\$16	\$10	\$56	\$26	\$43	\$13	\$20
2	TOWNHOUSE	\$40	\$31		\$14	\$17	\$25	\$16	\$10	\$68	\$26	\$43	\$13	\$20
3	GARDEN	\$23	\$27		\$12	\$22	\$32	\$17	\$12	\$70	\$30	\$52	\$13	\$20
3	TOWNHOUSE	\$41	\$38		\$17	\$22	\$32	\$17	\$12	\$83	\$30	\$52	\$13	\$20
4	GARDEN	\$25	\$33		\$14	\$25	\$37	\$18	\$14	\$83	\$35	\$61	\$13	\$20
4	TOWNHOUSE	\$41	\$45		\$20	\$25	\$37	\$18	\$14	\$99	\$35	\$61	\$13	\$20

SC-Upstate Region (12/2013)

Survey Date: February 2014

ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

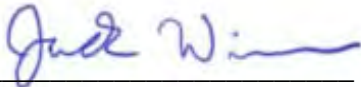
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard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

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

Certified:



Patrick Bowen
President/Market Analyst
Bowen National Research
155 E. Columbus St., Suite 220
Pickerington, OH 43147
(614) 833-9300
patrickb@bowennational.com
Date: February 26, 2014



Jack Wiseman
Market Analyst
jackw@bowennational.com
Date: February 26, 2014

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