

Market Feasibility Analysis

May River Village Phase II
Near 5736 Patriot Lane
Bluffton, Beaufort County, South Carolina 29910

Prepared For

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14-180 JW/PB



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

Development Name: May River Village Phase II Total # Units: 40
 Location: Near 5736 Patriot Lane, Bluffton, SC 29910 # LIHTC Units: 40
 PMA Boundary: State Route 462, Three Mile Road, Hazzard Creek and the Chechessee River to the north; Calibogue Sound and Mackay Creek to the east; the Bluffton city limits to the south and State Route 462 and the Bluffton city limits to the west.
 Development Type: Family Older Persons Farthest Boundary Distance to Subject: 12.5 miles

RENTAL HOUSING STOCK (found on page H-17)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	12	1,649	36	97.8%
Market-Rate Housing	6	1,064	32	97.0%
Assisted/Subsidized Housing not to include LIHTC	-	-	-	-
LIHTC (All that are stabilized)*	8	585	4	99.3%
Stabilized Comps**	8	585	4	99.3%
Non-stabilized Comps	-	-	-	-

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

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

Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
3	One	1.0	850	\$508	\$885	\$1.04	42.60%	\$890	\$1.06
9	One	1.0	850	\$628	\$885	\$1.04	29.04%	\$890	\$1.06
4	Two	2.0	1,078-1,100	\$596	\$1,005	\$0.92	40.70%	\$1,105	\$0.97
12	Two	2.0	1,078-1,100	\$740	\$1,005	\$0.92	26.37%	\$1,105	\$0.97
3	Three	2.0	1,230-1,250	\$675	\$1,120	\$0.90	39.73%	\$1,290	\$0.91
9	Three	2.0	1,230-1,250	\$840	\$1,120	\$0.90	25.00%	\$1,290	\$0.91
Gross Potential Rent Monthly*				\$28,025	\$40,140		30.18%		

*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	N/A	N/A	5,434	23.6%	5,679	23.1%
Income-Qualified Renter HHs (LIHTC)	N/A	N/A	1,741	7.6%	1,848	7.5%
Income-Qualified Renter HHs (MR)	(if applicable)	N/A	N/A	N/A	N/A	N/A

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

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	78	84	-	-	-	107
Existing Households (Overburd + Substand)	964	897	-	-	-	1,163
Homeowner conversion (Seniors)	-	-	-	-	-	-
Other:	-	-	-	-	-	-
Less Comparable/Competitive Supply	0	0	-	-	-	0
Net Income-qualified Renter HHs	1,042	981	-	-	-	1,270

CAPTURE RATES (found on page G-5)

Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	1.0%	3.1%	-	-	-	3.1%

ABSORPTION RATE (found on page G-6)

Absorption Period	5 months
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S-2 RENT CALCULATION WORKSHEET

Project Name: May River Village II

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Potential Tenant Rent	Adjusted Market Rent	Gross Potential Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
3	1 BR	\$508	\$1,524	\$885	\$2,655	
9	1 BR	\$628	\$5,652	\$885	\$7,965	
	1 BR		\$0		\$0	
4	2 BR	\$596	\$2,384	\$1,005	\$4,020	
12	2 BR	\$740	\$8,880	\$1,005	\$12,060	
	2 BR		\$0		\$0	
3	3 BR	\$675	\$2,025	\$1,120	\$3,360	
9	3 BR	\$840	\$7,560	\$1,120	\$10,080	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	40		\$28,025		\$40,140	30.18%

B. PROJECT DESCRIPTION

The subject project involves the new construction of the 40-unit May River Village Phase II in Bluffton, South Carolina. The proposed project, which will offer one- to three-bedroom units, will be developed under the Low-Income Housing Tax Credit (LIHTC) program and will target households with incomes up to 50% and 60% of Area Median Household Income (AMHI). The proposed collected rents will be \$508 to \$628 for a one-bedroom unit, \$596 to \$740 for a two-bedroom unit and \$675 to \$840 for a three-bedroom unit. The project is projected to be open in 2015. May River Village (Phase I of the subject project) offers 68 one-, two- and three-bedroom units. According to management, Phase I is 100.0% occupied with a 30-household wait list. Additional details concerning the subject project are as follows:

- a. Property Location:** Near 5736 Patriot Lane
Bluffton, SC 29910
(Beaufort County)
- b. Construction Type:** New Construction
- c. Occupancy Type:** Family
- d. Target Income Group:** 50% and 60% AMHI
- e. Special Needs Population:** Not Applicable
- f. and h. to j. Unit Configuration and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	Percent Of AMHI	Proposed Rents			2014 Max Allowable LIHTC Rent
						Collected	Utility Allowance	Gross	
3	One-Br.	1.0	Garden	850	50%	\$508	\$89	\$597	\$597
9	One-Br.	1.0	Garden	850	60%	\$628	\$89	\$717	\$717
4	Two-Br.	2.0	Garden	1,078-1,100	50%	\$596	\$121	\$717	\$717
12	Two-Br.	2.0	Garden	1,078-1,100	60%	\$740	\$121	\$861	\$861
3	Three-Br.	2.0	Garden	1,230-1,250	50%	\$675	\$153	\$828	\$828
9	Three-Br.	2.0	Garden	1,230-1,250	60%	\$840	\$153	\$993	\$993
40	Total								

Source: Bennett & Reindl Companies
AMHI – Area Median Household Income (Beaufort County, SC; 2014)

- g. Number Of Stories/Buildings:** Three (3) two-story, walk-up residential buildings with garden-style units.
- k. Project-Based Rental Assistance (Existing or Proposed):** Not Applicable



l. Community Amenities:

The subject property will include the following community features (as part of Phase II):

- Splash Pad
- Playground
- Sun Deck
- Centralized Laundry Facility

Residents will also have access to on-site management, a club house, computer center and picnic area at Phase I.

m. Unit Amenities:

Each unit will include the following amenities:

- Electric Range
- Refrigerator
- Dishwasher
- Disposal
- Microwave Oven
- Washer/Dryer Hookups
- Carpet
- Window Blinds
- Sunroom (1st floor units)
- Balcony (2nd floor units)
- Central Air Conditioning
- Ceiling Fan

n. Parking:

A surface parking lot with 86 spaces (approximately two spaces per unit) will be provided at no charge to the tenants.

o. Renovations and Current Occupancy:

Not applicable

p. Utility Responsibility:

Water, sewer and trash collection are included in the rent, while tenants are responsible for all other utilities and services, including the following:

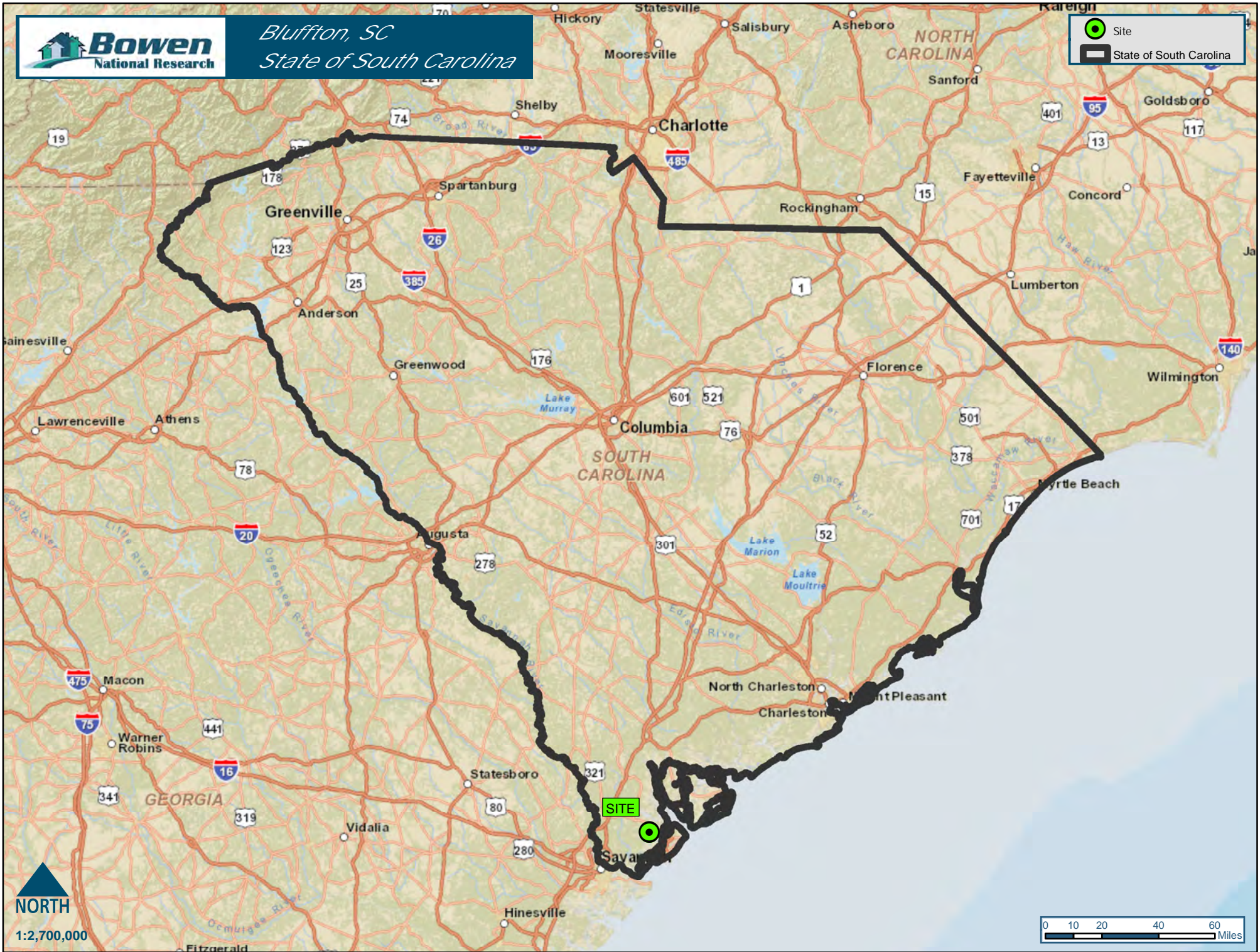
- Electric Heating
- Electric Cooking
- Electric Hot Water
- General Unit Electricity

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



Bluffton, SC
State of South Carolina

Site
State of South Carolina

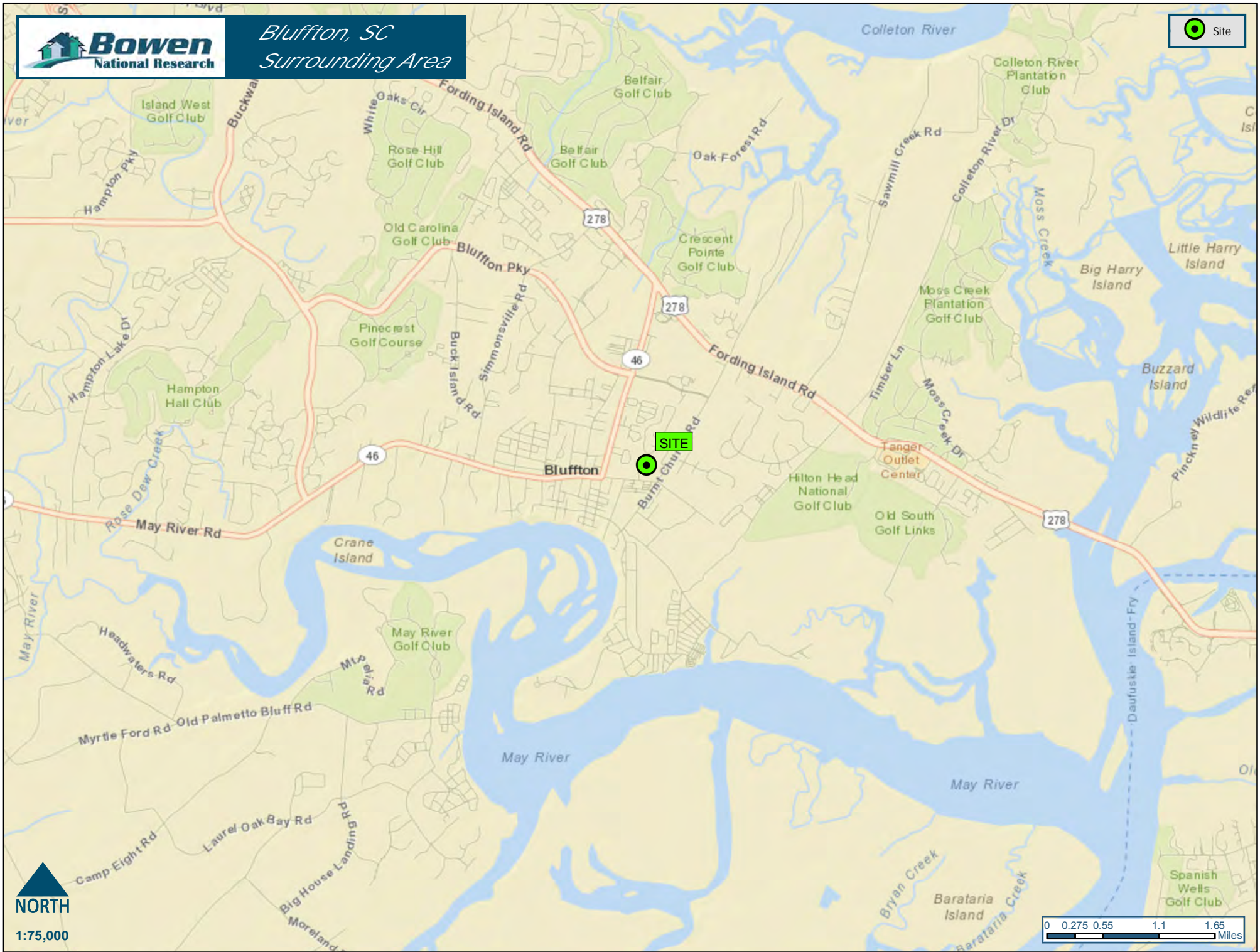


NORTH
1:2,700,000





*Bluffton, SC
Surrounding Area*



C. SITE DESCRIPTION AND EVALUATION

1. SITE INSPECTION DATE

As indicated by Laura Nicholson with SCHFDA, a study may be updated without conducting a site visit, if the subject inspection was conducted the prior year. As such, this is a telephone update of the original market study completed February 2013. We have assumed the surrounding land uses have not changed since our original site inspection. This is the original site evaluation.

2. SITE DESCRIPTION AND SURROUNDING LAND USES

The subject site consists of approximately 3.5 acres of undeveloped land located adjacent to May River Village I, located at 5736 Patriot Lane, in Bluffton, South Carolina. Located within Beaufort County, Bluffton is approximately 17.0 miles east of Hardeeville, South Carolina and approximately 7.0 miles northwest of Hilton Head, South Carolina. Following is a description of surrounding land uses:

North -	Bordering the site to the north is Lake Linden Drive which contains single-family homes in average condition. Continuing northeast on Lake Linden Lane, are additional single-family homes in average condition. Further northwest is Bluffton Community Library.
East -	The existing May River Village I borders the site to the east. Further east is 2-Friends Beads Crafts & Gifts, The Corner Perk Café Shop and Burnt Church Road. Undeveloped land and scattered single-family homes are on the east side of Burnt Church Road.
South -	Hawkes Road borders the site to the south and dead ends into State Road S-7-120/Bruin Road. Further south consists of wooded land, local businesses and the Beaufort County School District Office located on Burnt Church Road.
West -	Bordering the site to the west by a single-family residence, followed by Hawkes Road. A 24-hour self storage facility lines the west side of Hawkes Road and is followed by wooded land, single-family homes and local businesses that are located along State Route 46/Bluffton Road and May River Road.

The proposed development is within very close proximity to various business and shopping centers which will contribute to the marketability of the site. Overall, the subject property fits well with the surrounding land uses, which should contribute to the marketability of the site.

3. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

Community Services	Name	Driving Distance From Site (Miles)
Major Highway(s)	State Route 46 U.S. Highway 278	Adjacent south 1.4 Northeast
Public Bus Stop	Lowcountry Regional Transportation Authority (Palmetto Breeze Transit)	2.4 Northwest
Major Employers/ Employment Centers	Krogers Ramstad	3.1 North 3.1 North
Convenience Store	Nickel Pumpers Enmark Stations Circle K	0.3 West 2.4 North 2.7 West
Grocery	Bi-Lo Food Lion	1.0 North 2.3 North
Discount Department Store	Dollar General Target	1.0 West 2.0 Northwest
Shopping Center/Mall	Tanger Outlet Centers	2.0 Northeast
Schools: Elementary Middle/Junior High Senior High	MC Riley Elementary Bluffton Middle School Bluffton High School	0.3 South 3.0 Northwest 4.3 Northwest
Hospital/Medical Center	Doctor Care Urgent Care Clinic Beaufort Memorial Hospital	1.5 Northwest 4.2 Northwest
Police	Bluffton Police Department	2.1 North
Fire	Bluffton Township Fire Department	0.4 South
Post Office	U.S. Post Office	1.1 Northwest
Bank	Palmetto State Bank BB&T Coastal States Bank	0.5 Northwest 1.3 Northeast 1.0 North
Gas Station	Nickel Pumpers	0.3 West
Pharmacy	Bluffton Pharmacy CVS	0.7 Northwest 2.3 North
Restaurant	The Corner Perk Cafe Fiddle Head Pizza Captain Woody's May River Grill	0.2 east 0.2 east 0.5 west 0.8 west
Library	Bluffton Community Library	1.1 Northwest
Fitness Center	Curves Benchmark Fitness	2.1 North 2.7 North
Recreation Facility	Bluffton Pool Bluffton Recreation Center	0.3 Southeast 1.1 South
Church	Church of The Cross	0.9 Southwest
Golf	Hilton Head National Golf Club	2.5 East

The subject site is located within close proximity to numerous shopping, dining, and entertainment opportunities. Fording Island Road is located approximately 1.3 miles north of the site and serves as a major commercial corridor in the immediate site neighborhood. Multiple community services are located along this major arterial roadway including Tanger Outlet Centers, Target, restaurants, banks, and gas stations.

The site is located within Beaufort County School District and is served by MC Riley Elementary (0.3 miles south), Bluffton Middle School (3.0 miles northwest), and Bluffton High School (4.3 miles northwest).

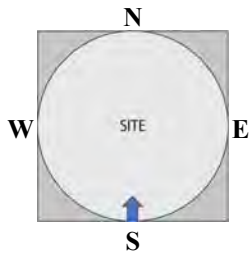
Beaufort Memorial Hospital is the area's major hospital, and the largest medical center between Savannah, Georgia and Charleston, South Carolina. It is located 4.2 miles northwest of the site. Beaufort Memorial Hospital is equipped with 197 beds and over 150 qualified medical staff. Additionally, Doctor's Care Urgent Care Clinic is located 1.5 miles northwest of the site.

The city of Bluffton is served by the Lowcountry Regional Transportation Authority, also known as Palmetto Breeze Transit. This is a scheduled route transportation service that operates 4:30 a.m. to 8:00 p.m. Sunday through Saturday. The site is served by Route 503 with the nearest bus stop located at Target on Fording Island Road 2.4 Miles northwest of the site. Note that the Palmetto Breeze Transit also provides on-call services between 10:00 a.m. and 1:00 p.m. Monday through Friday that will be able to accommodate residents at the subject site.

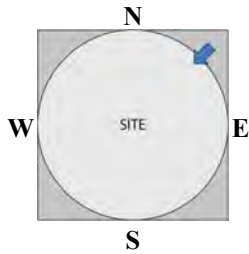
4. SITE PHOTOGRAPHS

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

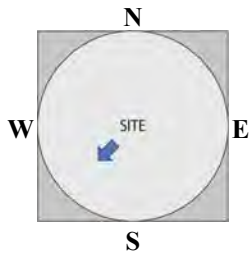
SITE PHOTOGRAPHS



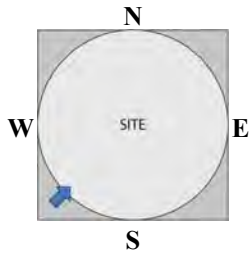
View of Hawkes Road from the south



View of site from the northeast



Hawkes Road looking southwest from site



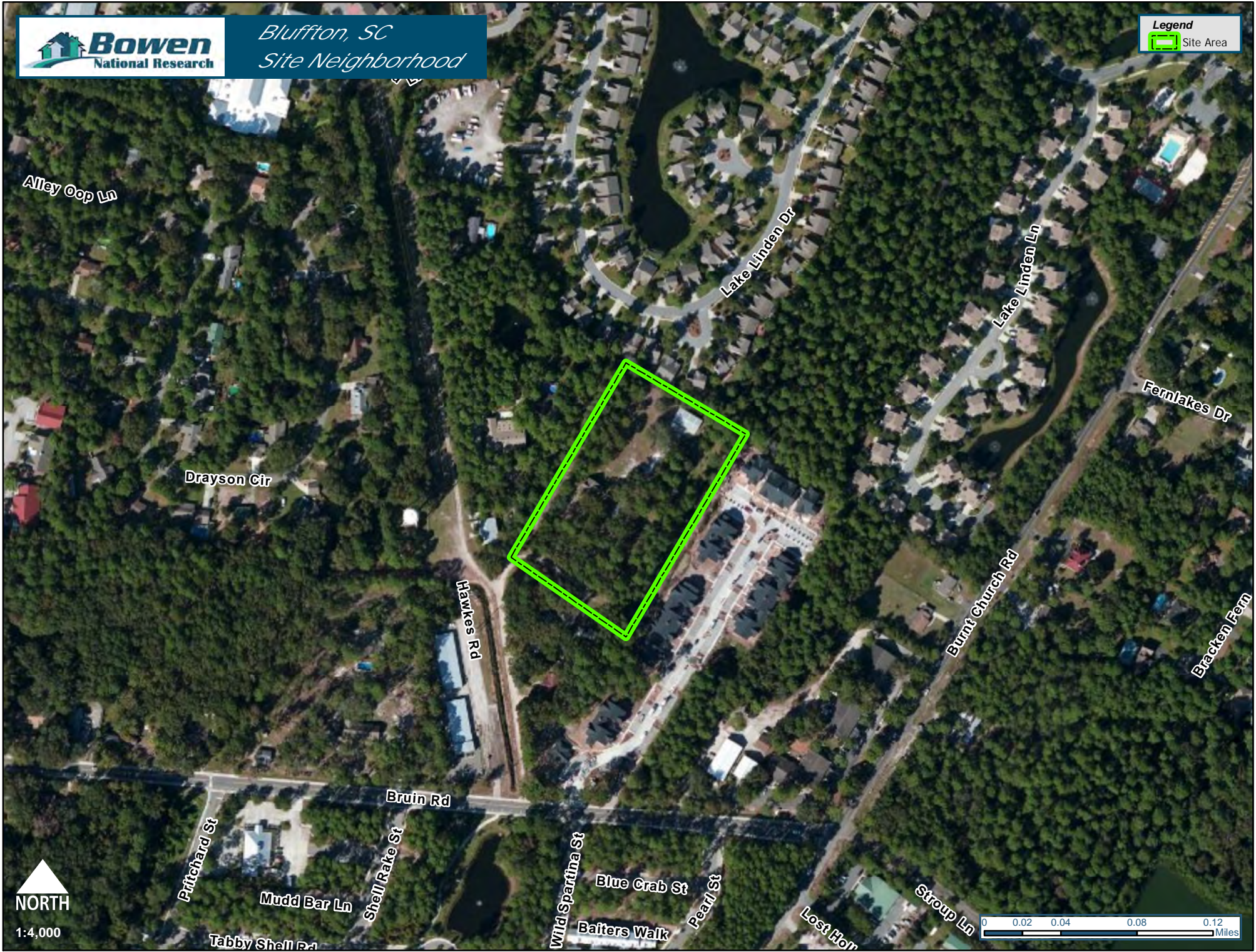
View of site from the southwest

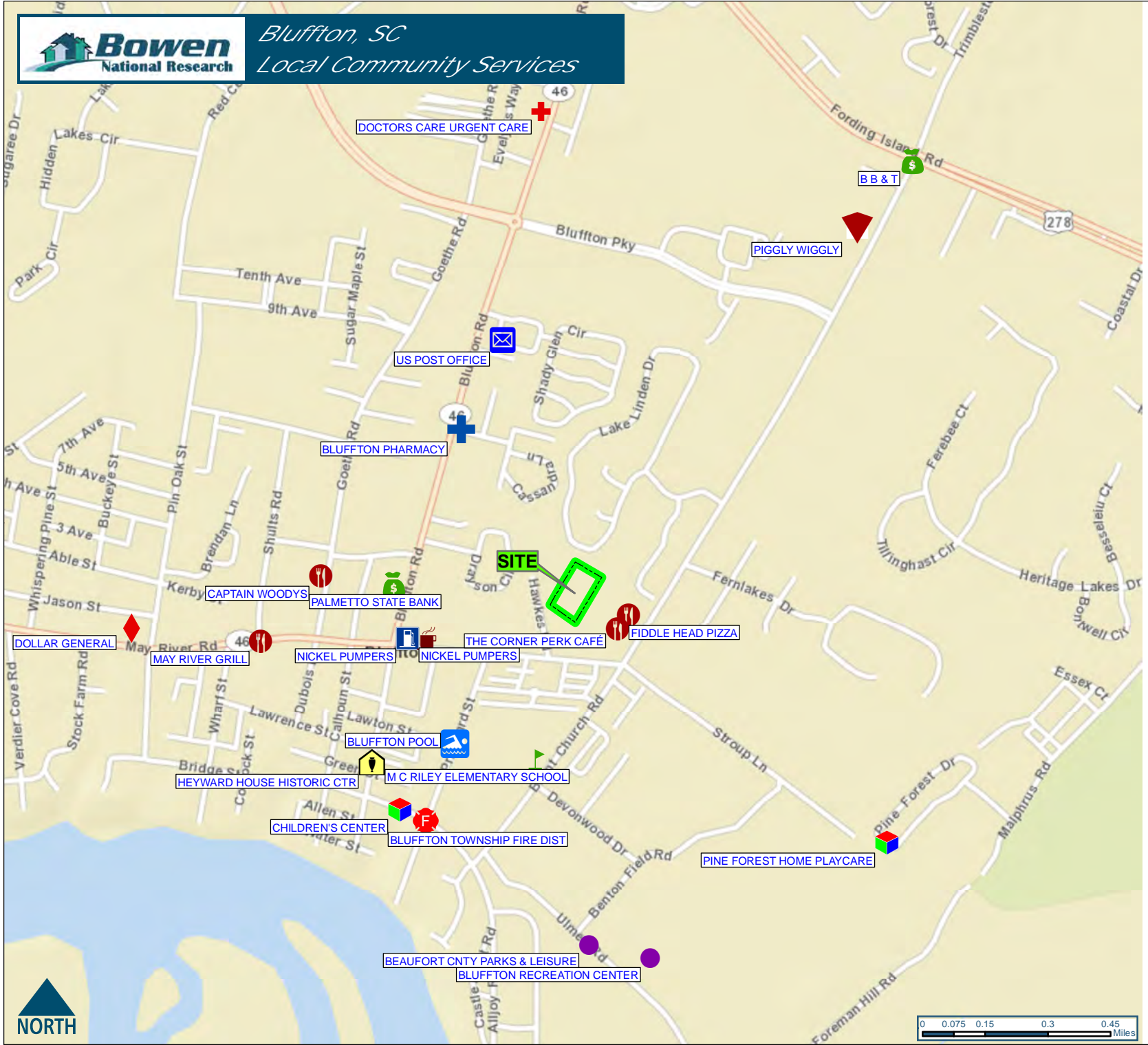


Looking south from northeast corner of site.

5. SITE AND COMMUNITY SERVICES MAPS

Maps of the subject site and relevant community services follow.





Legend

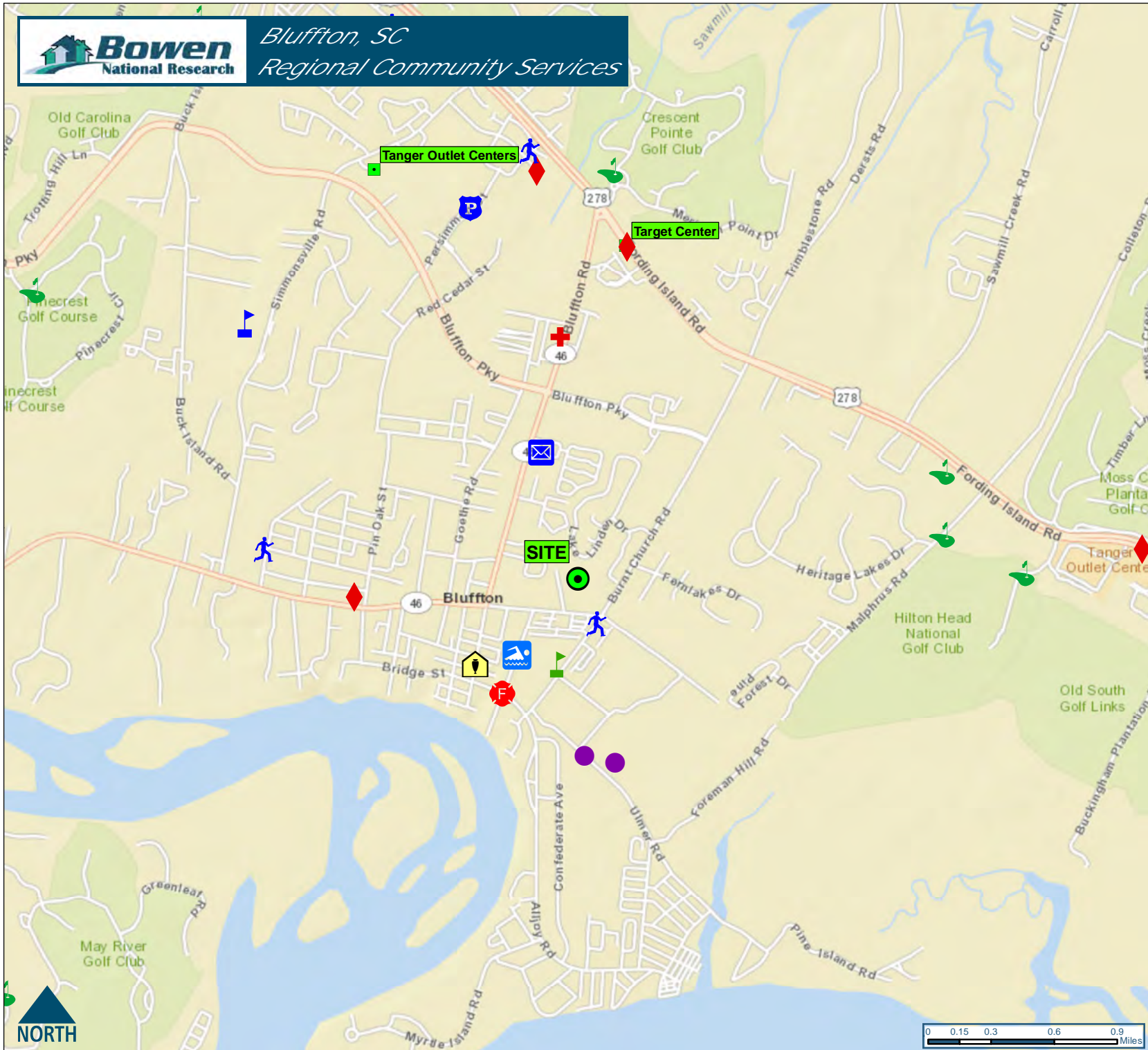
- Site Area
- bank
- child care
- convenience store
- elementary school
- fire
- gas
- grocery
- medical center
- museum
- pharmacy
- post office
- recreation center
- restaurant
- shopping
- swimming



1:20,000



Bluffton, SC
Regional Community Services

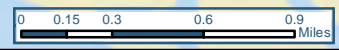


Legend

- Site
- elementary school
- fire
- fitness center
- golf
- library
- medical center
- middle school
- museum
- police
- post office
- recreation center
- shopping
- swimming

Shopping Center Gross Leasable Area

- < 500,000 sq. ft.
- < 1,000,000 sq. ft.
- < 3,200,000 sq. ft.



1:40,000

6. ROAD AND INFRASTRUCTURE IMPROVEMENTS

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 (143) for the Site PMA is above the national average with an overall personal crime index of 152 and a property crime index of 165. Total crime risk (134) for Beaufort County is above the national average with indexes for personal and property crime of 143 and 154, respectively.

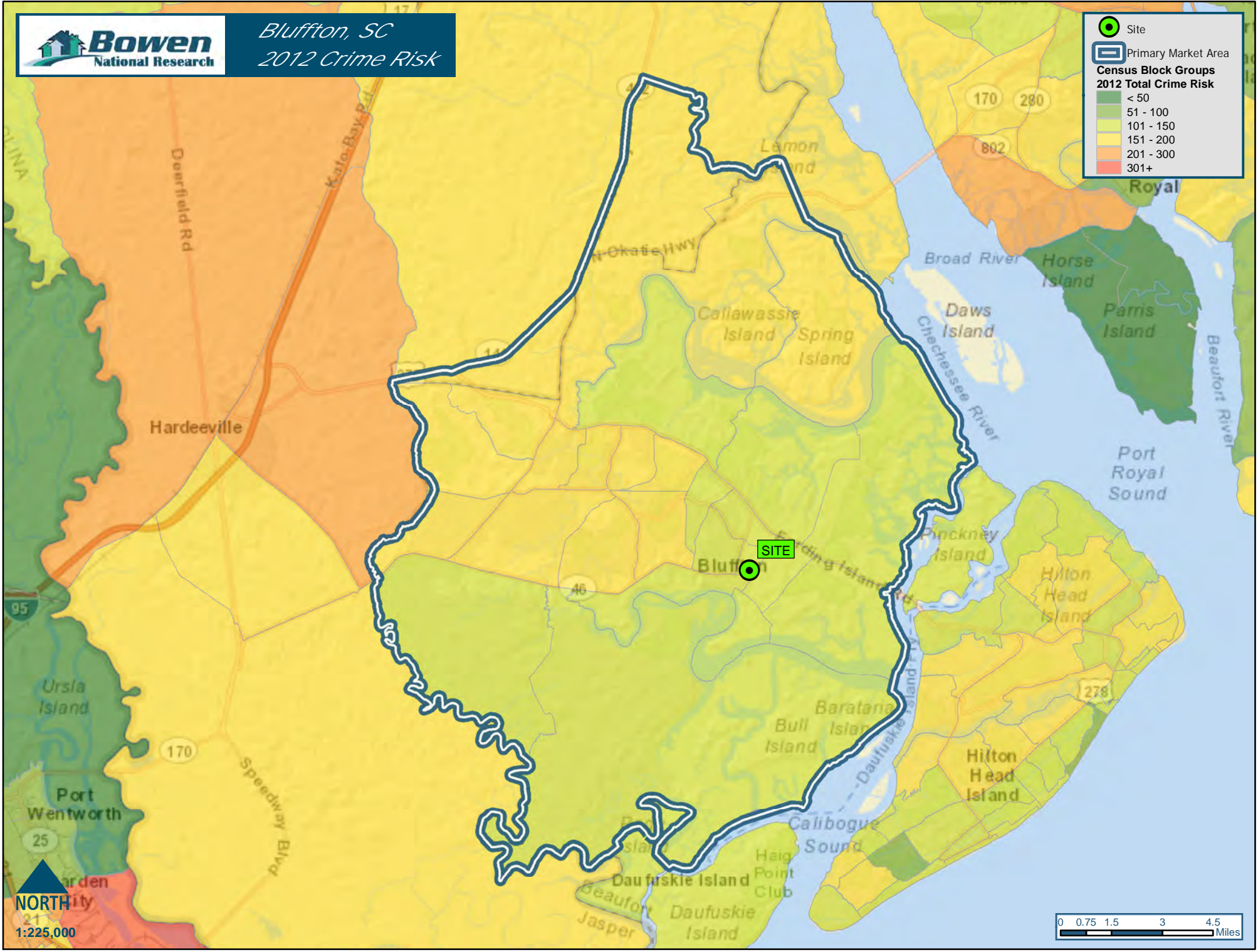
	Crime Risk Index	
	Site PMA	Beaufort County
Total Crime	143	134
Personal Crime	152	143
Murder	99	108
Rape	120	136
Robbery	99	81
Assault	203	166
Property Crime	165	154
Burglary	142	161
Larceny	228	198
Motor Vehicle Theft	104	78

Source: Applied Geographic Solutions

As the preceding table demonstrates, both the Site PMA and Beaufort County have crime risk indices above the national average. However, this has not had an impact on the rental housing market, as all properties surveyed in the market are maintaining high occupancies, which is further summarized in Section H of this report. Further, May River Village Phase I is 100.0% occupied and maintains a wait list, further providing evidence that the perception of crime has not had an adverse impact on the housing market. As such, we do not anticipate crime will be an issue on the marketability of the subject site.

A map illustrating crime risk is on the following page.

 Site
 Primary Market Area
Census Block Groups
2012 Total Crime Risk
 < 50
 51 - 100
 101 - 150
 151 - 200
 201 - 300
 301+



8. ACCESS AND VISIBILITY

The subject site is adjacent to May River Village Phase I, which is located at 5736 Patriot Lane. It is anticipated that the subject site will share the same access point as May River Village Phase I. Vehicular traffic along Patriot Lane is light and pedestrian traffic is insignificant. Visibility is considered good from State Road S-7-120/Bruin Road and is slightly obstructed when traveling northbound along Hawkes Road due to the wooded land west of the site. Accessibility is considered good, as there is easy and immediate access to major arterial roadways in the area. Public transportation services are also available. Vehicular traffic may experience slight delays upon ingress and egress of the site, as State Road S-7-120/Bruin Road may have increments of heavy flowing traffic.

9. VISIBLE OR ENVIRONMENTAL ISSUES

There were no visible or environmental concerns within proximity to the site.

10. OVERALL SITE CONCLUSIONS

The subject project fits in well with surrounding land uses. Visibility and access are considered good. The site is within 3.1 miles of most shopping, employment, recreation, entertainment and education opportunities. Social services, public transportation and public safety services are all within 4.2 miles, and the site has convenient access to major highways. Overall, we consider the site's location and proximity to community services to have a positive impact on its marketability.

D. PRIMARY MARKET AREA DELINEATION

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

Ms. Damaris Valentin, Property Manager of May River Village, the first phase of the proposed site, stated that the majority of her tenants originated from the Bluffton area with a few being from within Beaufort County, thus confirming the Site PMA.

In addition Itzel Garza and Ann Marie, both property managers of Bluffton House Apartments and Hallmark Homes at Malphrus (both general-occupancy LIHTC projects), respectively, confirmed the Site PMA, stating that at least 80% to 90% of their tenants originated from the Bluffton area.

The Bluffton Site PMA includes the entire City of Bluffton and the surrounding unincorporated areas of Beaufort County. The boundaries of the Site PMA consist of State Route 462, Three Mile Road, Hazzard Creek and the Chechessee River to the north; Calibogue Sound and Mackay Creek to the east; the Bluffton city limits to the south and State Route 462 and the Bluffton city limits to the west.

The Site PMA comprised the following Census Tract numbers:

21.02	21.03	21.04	21.05
21.06	21.07	21.08	22.01
22.02	9502.01		

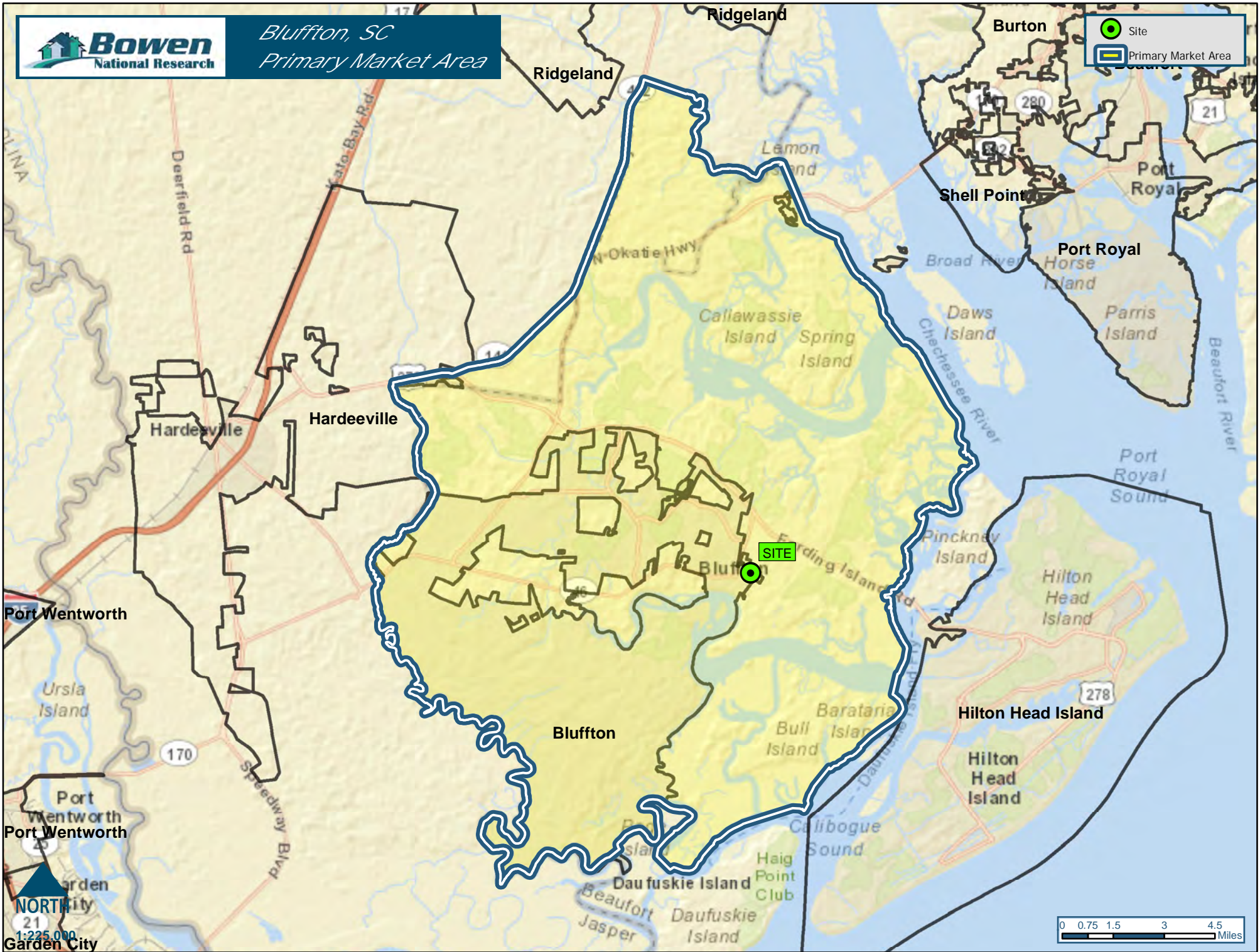
A modest portion of support may originate from some of the outlying smaller communities in the area; we have not, however, considered any secondary market area in this report.

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



*Bluffton, SC
Primary Market Area*

● Site
▭ Primary Market Area



1:225,000

0 0.75 1.5 3 4.5 Miles

E. MARKET AREA ECONOMY

1. EMPLOYMENT BY INDUSTRY

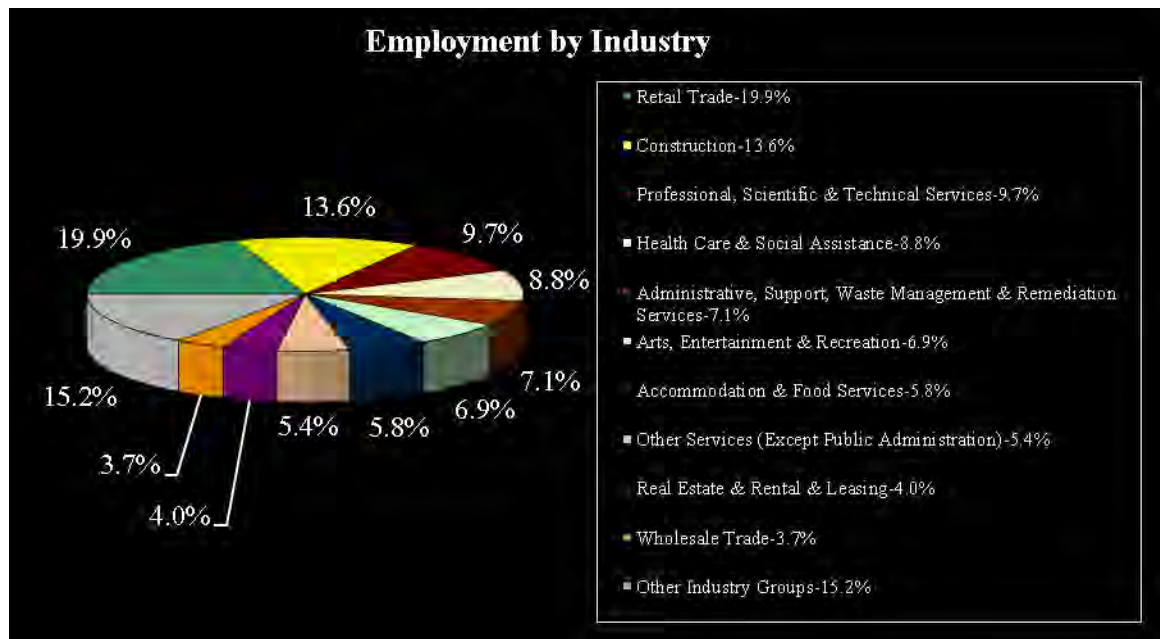
The labor force within the Bluffton Site PMA is based primarily in two sectors. Retail Trade (which comprises 19.9%) and Construction comprise nearly 33% of the Site PMA labor force. Employment in the Bluffton Site PMA, as of 2013, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	24	0.8%	90	0.6%	3.8
Mining	0	0.0%	0	0.0%	0.0
Utilities	6	0.2%	91	0.6%	15.2
Construction	483	15.3%	2,082	13.6%	4.3
Manufacturing	80	2.5%	416	2.7%	5.2
Wholesale Trade	140	4.4%	569	3.7%	4.1
Retail Trade	356	11.2%	3,051	19.9%	8.6
Transportation & Warehousing	49	1.5%	195	1.3%	4.0
Information	49	1.5%	281	1.8%	5.7
Finance & Insurance	100	3.2%	353	2.3%	3.5
Real Estate & Rental & Leasing	160	5.1%	615	4.0%	3.8
Professional, Scientific & Technical Services	479	15.1%	1,486	9.7%	3.1
Management of Companies & Enterprises	14	0.4%	30	0.2%	2.1
Administrative, Support, Waste Management & Remediation Services	520	16.4%	1,096	7.1%	2.1
Educational Services	41	1.3%	516	3.4%	12.6
Health Care & Social Assistance	203	6.4%	1,343	8.8%	6.6
Arts, Entertainment & Recreation	63	2.0%	1,056	6.9%	16.8
Accommodation & Food Services	133	4.2%	886	5.8%	6.7
Other Services (Except Public Administration)	250	7.9%	822	5.4%	3.3
Public Administration	17	0.5%	357	2.3%	21.0
Total	3,167	100.0%	15,335	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 Low Country South Carolina Nonmetropolitan Area are compared with those of South Carolina in the following table:

Typical Wage by Occupation Type		
Occupation Type	Low Country South Carolina Nonmetropolitan Area	South Carolina
Management Occupations	\$85,570	\$93,820
Business and Financial Occupations	\$61,640	\$58,660
Computer and Mathematical Occupations	\$66,910	\$63,670
Architecture and Engineering Occupations	\$65,080	\$72,610
Community and Social Service Occupations	\$40,000	\$38,950
Art, Design, Entertainment and Sports Medicine Occupations	\$36,730	\$41,300
Healthcare Practitioners and Technical Occupations	\$67,020	\$64,670
Healthcare Support Occupations	\$26,130	\$25,010
Protective Service Occupations	\$37,820	\$33,430
Food Preparation and Serving Related Occupations	\$21,800	\$19,610
Building and Grounds Cleaning and Maintenance Occupations	\$23,610	\$22,080
Personal Care and Service Occupations	\$23,620	\$22,420
Sales and Related Occupations	\$28,650	\$30,660
Office and Administrative Support Occupations	\$30,760	\$31,280
Construction and Extraction Occupations	\$36,050	\$35,900
Installation, Maintenance and Repair Occupations	\$38,800	\$40,140
Production Occupations	\$34,030	\$34,750
Transportation and Moving Occupations	\$26,190	\$29,620

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

Most annual blue-collar salaries range from \$21,800 to \$40,000 within the Low Country South Carolina Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$69,244. It is important to note that most occupational types within the nonmetropolitan area have generally similar typical wages than the State of South Carolina's typical wages. The proposed project will target households with incomes generally between \$21,450 and \$41,300. The area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

3. AREA'S LARGEST EMPLOYERS

The ten largest employers within the Beaufort County area are summarized as follows. Note that employment numbers were not available at the time this report was issued.

Employer Name	Business Type
ARSC Service Corporation	Employment Agency
Atlantic Personnel, Inc	Temp Agency
Beaufort County School District	Education
Beaufort Memorial Hospital	Medical
Carecore National LLC	Medical
County of Beaufort	Government
Cypress Club Inc	Retirement & Assisted Living
Department of Defense	Military
Hargray Communications Group, Inc	Cable Services
Lowe's	Retail

Source: Lowcounty Economic Alliance (2014)

According to a representative with the Lowcounty Economic Alliance, the Beaufort County economy is growing. The following summarizes the positive economic announcements for the county within the past year:

- In August 2013, DUER High Performance Composites, a manufacturer of composite components, established its new operations in an existing building, located at 20 Eleanor Fine Road in Beaufort. Currently, DUER is only occupying half of the facility at this time, but plans are to take over the entire property and consider purchasing within three to five years. The more than \$1 million investment is expected to generate 47 new jobs.

- In June 2013, EcoDual, manufacturer of natural gas conversion kits for diesel trucks, made their decision to remain in Beaufort in part because of local universities and military bases that produce workers with high-tech skills. Currently housed at a temporary location, EcoDual continues to search for its permanent home, whether that will be an existing facility or one they will newly construct. EcoDual has promised to create 307 new jobs averaging \$21 an hour within five years. It also pledged to invest \$13.7 million and build a 100,000-square-foot facility in Beaufort's Commerce Park.

WARN (layoff notices):

According to the South Carolina Works website, there have been no WARN notices of large scale layoffs/closures reported for Beaufort county since 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.

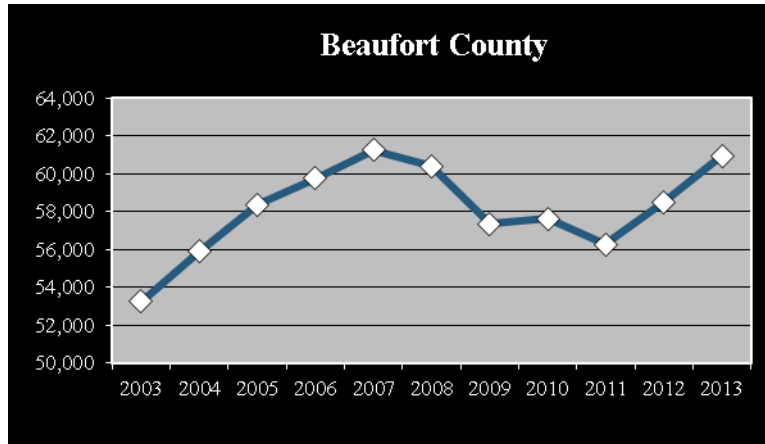
Excluding 2013, the employment base has declined by 3.2% over the past five years in Beaufort County, more than the South Carolina state decline of 1.4%. Total employment reflects the number of employed persons who live within the county.

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

Year	Total Employment					
	Beaufort County		South Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2003	53,259	-	1,854,419	-	137,936,674	-
2004	55,914	5.0%	1,888,050	1.8%	138,386,944	0.3%
2005	58,372	4.4%	1,922,367	1.8%	139,988,842	1.2%
2006	59,786	2.4%	1,970,912	2.5%	142,328,023	1.7%
2007	61,256	2.5%	2,010,252	2.0%	144,990,053	1.9%
2008	60,421	-1.4%	1,998,368	-0.6%	146,397,529	1.0%
2009	57,344	-5.1%	1,908,839	-4.5%	146,068,824	-0.2%
2010	57,647	0.5%	1,917,747	0.5%	140,721,369	-3.7%
2011	56,264	-2.4%	1,941,654	1.2%	140,483,185	-0.2%
2012	58,500	4.0%	1,970,112	1.5%	141,748,955	0.9%
2013*	60,968	4.2%	1,995,454	1.3%	141,772,241	0.0%

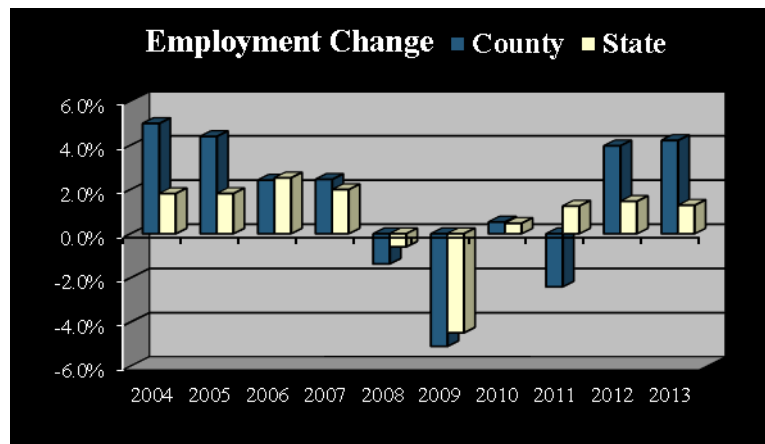
Source: Department of Labor; Bureau of Labor Statistics

*Through December



As the preceding illustrates, the Beaufort County employment base declined by 3,912 employees (6.4%) between 2007 and 2009. The decline in the employment base is consistent with national trends during the recession. It should be noted, since 2009, the employment base increased by 3,624 employees (6.3%), indicating that the county is well within the stage of recovery. It is of further note that the employment base is near where it was immediately before the national recession.

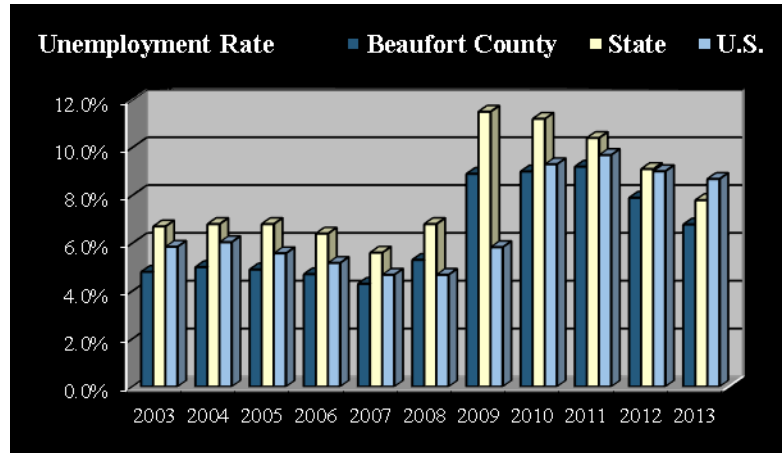
The following table illustrates the percent change in employment for Beaufort County and South Carolina.



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

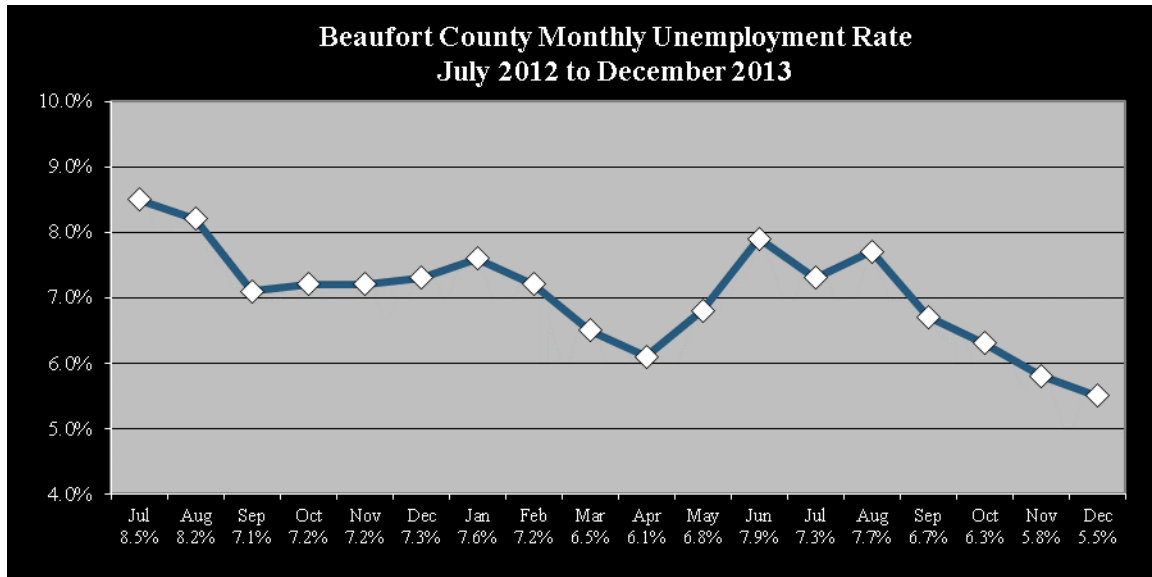
Year	Unemployment Rate		
	Beaufort County	South Carolina	United States
2003	4.8%	6.7%	5.8%
2004	5.0%	6.8%	6.0%
2005	4.9%	6.8%	5.6%
2006	4.7%	6.4%	5.2%
2007	4.3%	5.6%	4.7%
2008	5.3%	6.8%	4.7%
2009	8.9%	11.5%	5.8%
2010	9.0%	11.2%	9.3%
2011	9.2%	10.4%	9.7%
2012	7.9%	9.1%	9.0%
2013*	6.8%	7.8%	8.7%

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



The unemployment rate in Beaufort County has ranged between 4.3% and 9.2%, generally below both the state and national averages since 2003. It should be noted that the unemployment rate increased by nearly five percentage points between 2007 and 2010, which is consistent with trends during the national recession. On a positive note, the unemployment rate has consistently declined over the preceding three-year period and the current unemployment rate of 6.8% (through December 2013) is the lowest it has been since 2008.

The following table illustrates the monthly unemployment rate in Beaufort 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 below 7.0% since September of 2013. It is also noteworthy to point out that the unemployment rate of 5.5% is the lowest it has been during the preceding 18-month period.

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 Beaufort County.

In-Place Employment Beaufort County			
Year	Employment	Change	Percent Change
2003	57,059	-	-
2004	58,841	1,782	3.1%
2005	60,663	1,822	3.1%
2006	61,852	1,189	2.0%
2007	63,027	1,175	1.9%
2008	61,860	-1,167	-1.9%
2009	58,272	-3,588	-5.8%
2010	56,511	-1,761	-3.0%
2011	56,453	-58	-0.1%
2012	57,581	1,128	2.0%
2013*	57,480	-101	-0.2%

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 Beaufort County to be 98.4% of the total Beaufort County employment. This means that Beaufort County has more employed persons staying in the county for daytime employment than those who work outside the county. This will likely have a positive impact on the marketability of the proposed development.

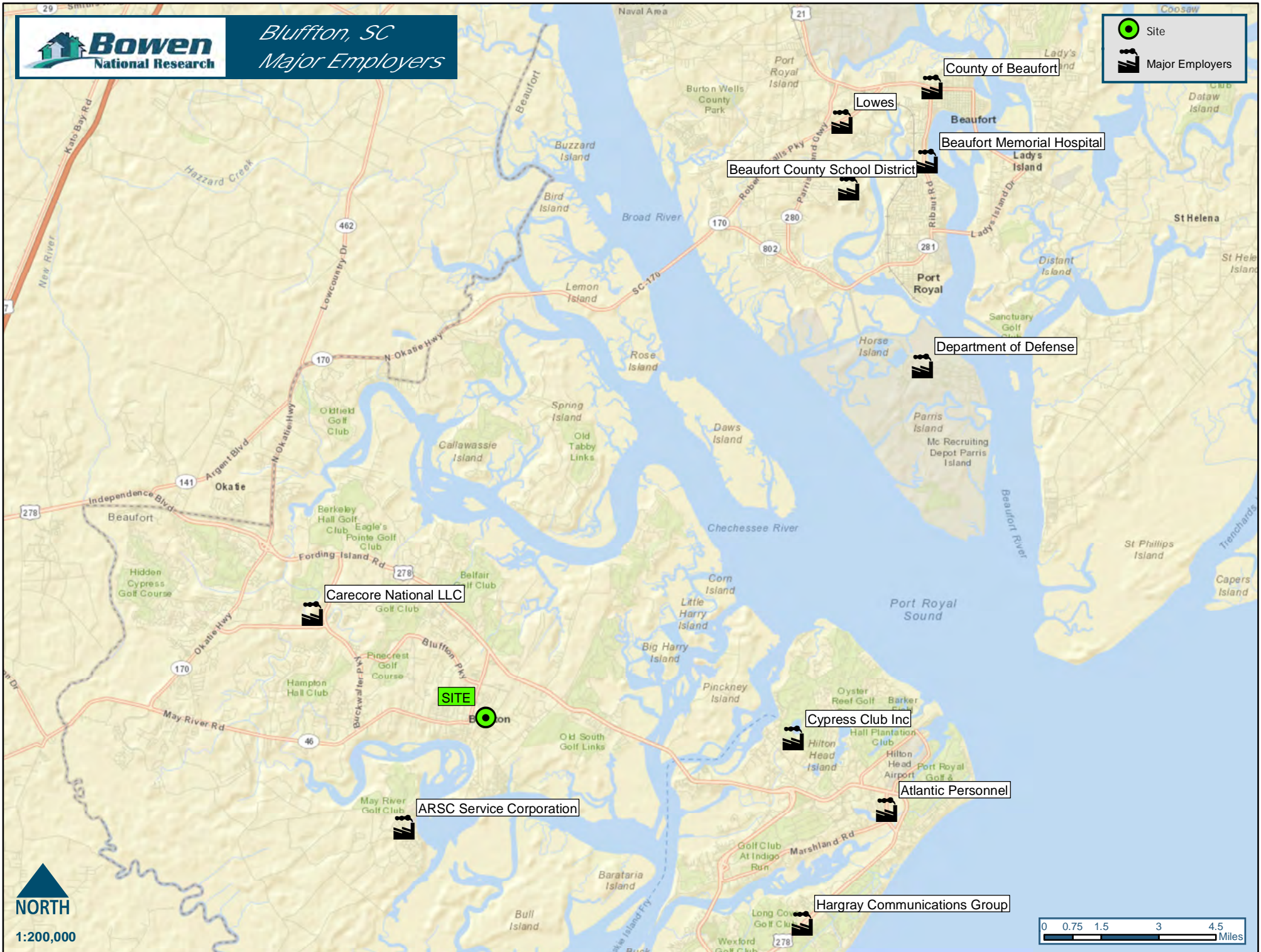
5. EMPLOYMENT CENTERS MAP

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



Bluffton, SC Major Employers

- Site
- Major Employers



NORTH
1:200,000



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	15,792	78.5%
Carpooled	2,484	12.3%
Public Transit	118	0.6%
Walked	364	1.8%
Other Means	349	1.7%
Worked at Home	1,015	5.0%
Total	20,122	100.0%

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

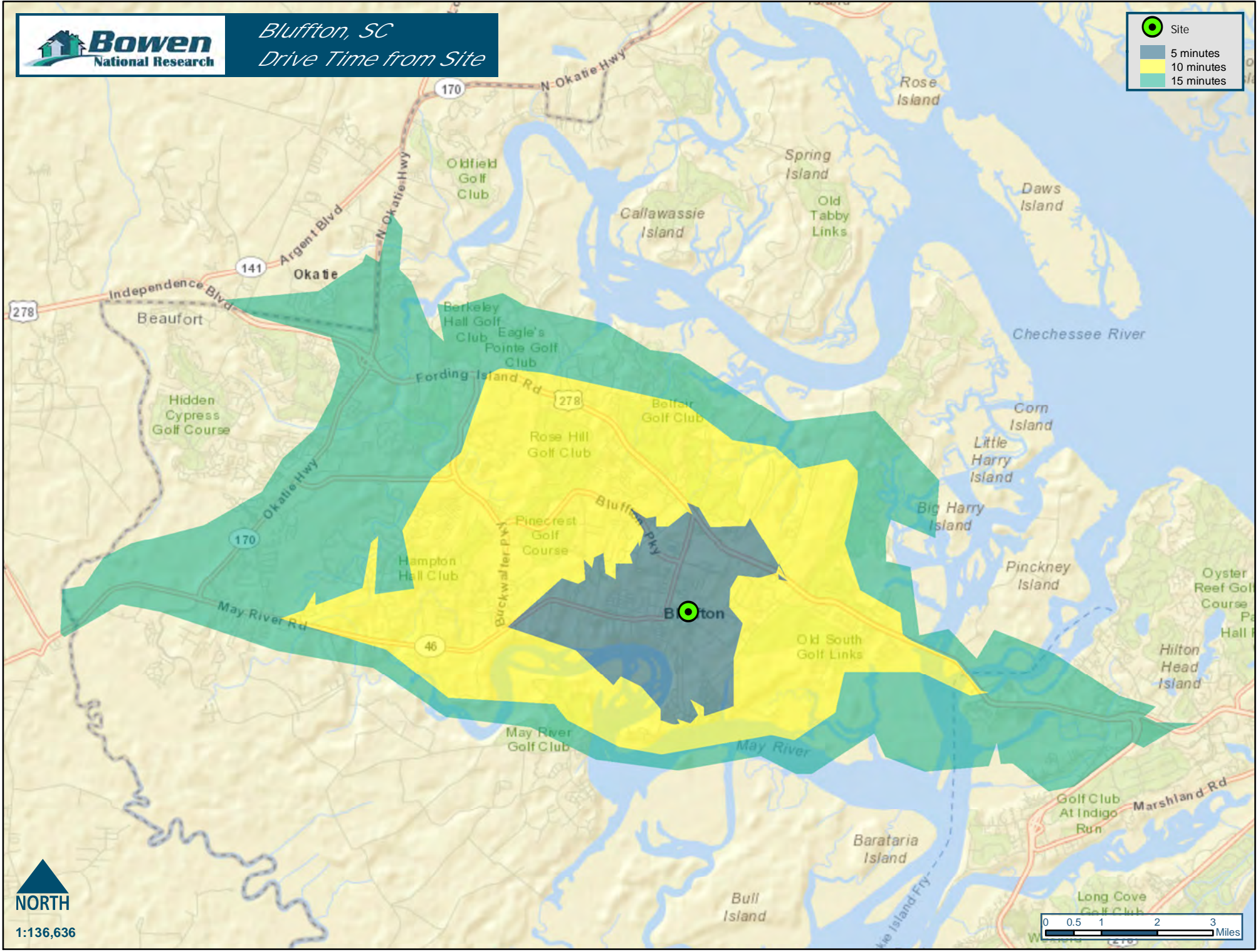
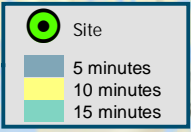
Nearly 78% of all workers drove alone, 12.3% carpooled and only 0.6% used public transportation.

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

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	4,925	24.5%
15 to 29 Minutes	7,614	37.8%
30 to 44 Minutes	4,911	24.4%
45 to 59 Minutes	1,068	5.3%
60 or More Minutes	589	2.9%
Worked at Home	1,015	5.0%
Total	20,122	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 20-minute drive to most of the area's largest employers, which should contribute to the project's marketability. A drive-time map for the subject site is on the following page.



8. ECONOMIC FORECAST AND HOUSING IMPACT

According to local economic development representatives, the Beaufort County economy is growing. Notably, DUER High Performance Composites and EcoDual plan to invest nearly \$15 million in the county, which is anticipated to create over 350 jobs over the next five years. Additionally, based on ESRI data and employment data from the Bureau of Labor Statistics, the Beaufort County economy appears to be well beyond the beginning stages of economic recovery. Although the county's economy was adversely impacted by the national recession, the employment base has been consistently increasing and the unemployment rate has been consistently decreasing since 2011. It is important to note that the employment base is near where it was immediately before the recession and the current unemployment rate of 6.8% (through December 2013) is the lowest it has been since 2008, being below both state and national averages. Considering these positive economic trends, we believe the area economy will continue to create a stable environment for affordable housing.

F. COMMUNITY DEMOGRAPHIC DATA

The following demographic data relates to the Site PMA. It is important to note that not all 2016 projections quoted in this section agree because of the variety of sources and rounding methods used. In most cases, the differences in the 2016 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 2016 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2016 (Projected)
Population	19,169	53,067	56,581	60,116
Population Change	-	33,898	3,514	3,535
Percent Change	-	176.8%	6.6%	6.2%

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

The Bluffton Site PMA population base increased by 33,898 between 2000 and 2010. This represents a 176.8% increase over the 2000 population, or an annual rate of 10.7%. Between 2010 and 2013, the population increased by 3,514, or 6.6%. It is projected that the population will increase by 3,535, or 6.2%, between 2013 and 2016.

Based on the 2010 Census, the population residing in group-quarters is represented by 0.5% of the Site PMA population, as demonstrated in the following table:

	Number	Percent
Population in Group Quarters	263	0.5%
Population not in Group Quarters	52,804	99.5%
Total Population	53,067	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)		2016 (Projected)		Change 2013-2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	11,713	22.1%	12,574	22.2%	13,557	22.6%	983	7.8%
20 to 24	2,494	4.7%	2,615	4.6%	2,548	4.2%	-67	-2.5%
25 to 34	6,705	12.6%	6,768	12.0%	6,821	11.3%	53	0.8%
35 to 44	6,290	11.9%	6,663	11.8%	7,102	11.8%	439	6.6%
45 to 54	5,330	10.0%	5,726	10.1%	6,024	10.0%	298	5.2%
55 to 64	7,582	14.3%	7,506	13.3%	7,732	12.9%	226	3.0%
65 to 74	8,738	16.5%	9,816	17.3%	10,581	17.6%	765	7.8%
75 & Over	4,216	7.9%	4,913	8.7%	5,750	9.6%	837	17.0%
Total	53,068	100.0%	56,581	100.0%	60,116	100.0%	3,535	6.2%

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

As the preceding table illustrates, over 47% of the population is expected to be between 25 and 64 years old in 2013. This age group is the prime group of potential renters for the subject site and will likely represent a significant number of the tenants.

c. Elderly and Non-Elderly Population

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

d. Special Needs Population

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

2. HOUSEHOLD TRENDS

a. Total Households

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

	Year			
	2000 (Census)	2010 (Census)	2013 (Estimated)	2016 (Projected)
Households	7,948	21,628	23,056	24,537
Household Change	-	13,680	1,428	1,481
Percent Change	-	172.1%	6.6%	6.4%
Household Size	2.41	2.45	2.44	2.44

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

Within the Bluffton Site PMA, households increased by 13,680 (172.1%) between 2000 and 2010. Between 2010 and 2013, households increased by 1,428 or 6.6%. By 2016, there will be 24,537 households, an increase of 1,481 households, or 6.4% from 2013. This is an increase of approximately 494 households annually over the next three years. This demonstrates a likely increase in the potential base of demographic support for the proposed family (general-occupancy) housing units.

b. Household by Tenure

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2013 (Estimated)		2016 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	16,807	77.7%	17,622	76.4%	18,859	76.9%
Renter-Occupied	4,821	22.3%	5,434	23.6%	5,678	23.1%
Total	21,628	100.0%	23,056	100.0%	24,537	100.0%

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

In 2013, homeowners occupied 76.4% of all occupied housing units, while the remaining 23.6% were occupied by renters. The 5,434 renter households in 2013 represent a good base of potential support in the market for the subject development.

c. Households by Income

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

Household Income	2010 (Census)		2013 (Estimated)		2016 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	594	2.7%	631	2.7%	700	2.9%
\$10,000 to \$19,999	1,649	7.6%	1,824	7.9%	2,017	8.2%
\$20,000 to \$29,999	1,939	9.0%	2,214	9.6%	2,441	9.9%
\$30,000 to \$39,999	2,170	10.0%	2,614	11.3%	2,845	11.6%
\$40,000 to \$49,999	2,772	12.8%	3,040	13.2%	3,213	13.1%
\$50,000 to \$59,999	2,307	10.7%	2,274	9.9%	2,428	9.9%
\$60,000 to \$74,999	2,206	10.2%	2,694	11.7%	2,835	11.6%
\$75,000 to \$99,999	3,256	15.1%	3,447	14.9%	3,605	14.7%
\$100,000 to \$124,999	1,912	8.8%	1,766	7.7%	1,837	7.5%
\$125,000 to \$149,999	1,011	4.7%	893	3.9%	901	3.7%
\$150,000 to \$199,999	875	4.0%	771	3.3%	801	3.3%
\$200,000 & Over	936	4.3%	888	3.9%	914	3.7%
Total	21,628	100.0%	23,056	100.0%	24,537	100.0%
Median Income	\$57,324		\$55,297		\$54,336	

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

In 2010, the median household income was \$57,324. This declined by 3.5% to \$55,297 in 2013. By 2016, it is projected that the median household income will be \$54,336, a decline of 1.7% 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 household income by household size for 2010, 2013 and 2016 for the Bluffton Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	27	83	9	7	5	131
\$10,000 to \$19,999	134	184	124	69	38	550
\$20,000 to \$29,999	89	223	102	53	123	590
\$30,000 to \$39,999	284	85	91	147	156	763
\$40,000 to \$49,999	293	270	74	66	133	836
\$50,000 to \$59,999	125	65	157	145	21	513
\$60,000 to \$74,999	80	72	50	62	75	338
\$75,000 to \$99,999	26	192	70	111	170	569
\$100,000 to \$124,999	18	37	27	60	30	172
\$125,000 to \$149,999	20	36	44	7	26	132
\$150,000 to \$199,999	24	18	75	1	23	141
\$200,000 & Over	26	44	7	7	2	86
Total	1,146	1,310	829	734	802	4,821

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2013 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	28	103	15	4	2	152
\$10,000 to \$19,999	188	158	157	82	42	628
\$20,000 to \$29,999	143	227	144	54	150	719
\$30,000 to \$39,999	291	113	154	157	217	932
\$40,000 to \$49,999	310	292	88	113	163	966
\$50,000 to \$59,999	151	74	142	141	45	553
\$60,000 to \$74,999	85	121	70	84	114	474
\$75,000 to \$99,999	46	226	83	131	161	647
\$100,000 to \$124,999	11	34	17	28	14	103
\$125,000 to \$149,999	8	33	34	8	23	107
\$150,000 to \$199,999	14	10	70	2	13	108
\$200,000 & Over	8	25	2	4	4	45
Total	1,283	1,417	977	808	948	5,434

Source: Ribbon Demographics; ESRI; Urban Decision Group

Renter Households	2016 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	30	106	17	6	3	164
\$10,000 to \$19,999	197	167	170	89	47	669
\$20,000 to \$29,999	151	243	159	56	168	777
\$30,000 to \$39,999	305	117	164	164	231	982
\$40,000 to \$49,999	311	292	89	116	173	982
\$50,000 to \$59,999	149	77	150	147	47	571
\$60,000 to \$74,999	86	122	73	90	123	493
\$75,000 to \$99,999	48	223	83	134	168	657
\$100,000 to \$124,999	14	35	18	30	16	112
\$125,000 to \$149,999	8	32	37	7	24	107
\$150,000 to \$199,999	14	14	76	2	13	120
\$200,000 & Over	7	25	5	4	3	44
Total	1,321	1,453	1,042	846	1,017	5,678

Source: Ribbon Demographics; ESRI; Urban Decision Group

Overall, population and households have experienced positive growth since 2000. In fact, between 2000 and 2010, households increased significantly by 13,680, or 172.1%. These trends are projected to remain positive through 2016, with the population increasing by 3,535 (6.2%) and households increasing by 1,481 (6.4%) between 2013 and 2016. It should also be noted that over one-fifth of the market is occupied by renter households and the 5,434 renter households represent a good base of potential support in the market for the subject development. In addition, as discussed in Section H of this report, all affordable housing communities are maintaining high occupancy rates. This indicates that there is strong demand for such housing and the continuing need for additional affordable housing options within the Site PMA, particularly when factoring in rent overburdened households or those living in substandard housing.

G. PROJECT-SPECIFIC DEMAND ANALYSIS

1. INCOME RESTRICTIONS

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

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

The subject site is within Beaufort County, which has a four-person median household income of \$63,400 for 2014. The subject property will be restricted to households with incomes of up to 50% and 60% of AMHI. The following table summarizes the maximum allowable income by household size at various levels of AMHI:

Household Size	Maximum Allowable Income	
	50%	60%
One-Person	\$22,300	\$26,760
Two-Person	\$25,500	\$30,600
Three-Person	\$28,700	\$34,440
Four-Person	\$31,850	\$38,220
Five-Person	\$34,400	\$41,280

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income at the subject site is \$41,280.

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 \$597 (at 50% AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$7,164. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$20,469.

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

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited To 50% Of AMHI)	\$20,469	\$34,400
Tax Credit (Limited To 60% Of AMHI)	\$24,583	\$41,280
Overall Project	\$20,469	\$41,280

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 52.4% to 78.4% (depending upon the targeted income level) of 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, 9.7% 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.*
- 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 not identify any projects that were placed in service prior to 2013 that have not reached a stabilized occupancy. As such, no units were included in the following demand estimates.

The following is a summary of our demand calculations:

Demand Component	Percent Of Median Household Income		
	50% AMHI (\$20,469-\$34,400)	60% AMHI (\$24,583-\$41,280)	Overall (\$20,469-\$41,280)
Demand From New Renter Households (Age- And Income-Appropriate)	1,173 - 1,095 = 78	1,529 - 1,445 = 84	1,848 - 1,741 = 107
+			
Demand From Existing Households (Rent Overburdened)	1,095 X 78.4% = 858	1,445 X 52.4% = 757	1,741 X 57.1% = 994
+			
Demand From Existing Households (Renters In Substandard Housing)	1,095 X 9.7% = 106	1,445 X 9.7% = 140	1,741 X 9.7% = 169
+			
Demand From Existing Households (Senior Homeowner Conversion)	N/A	N/A	N/A
=			
Total Demand	1,042	981	1,270
-			
Supply (Directly Comparable Units Built And/Or Funded Since 2013)	0	0	0
=			
Net Demand	1,042	981	1,270
Proposed Units	10	30	40
Proposed Units/ Net Demand	10/1,042	30/981	40/1,270
Capture Rate	= 1.0%	= 3.1%	= 3.1%

The capture rate for units targeting households at 50% and 60% of AMHI, ranging from 1.0% to 3.1% is very low and achievable. The overall capture rate for the subject project is also low and achievable at 3.1%. The capture rates demonstrate that there is a significant base of income-qualified renter households that will be able to support the subject project.

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

Estimated Demand By Bedroom	
Bedroom Type	Percent
One-Bedroom	25%
Two-Bedroom	50%
Three-Bedroom	25%
Total	100.0%

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

Units Targeting 50% Of AMHI (1,042 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 (25%)	261	0	261	3	1.1%
Two-Bedroom (50%)	521	0	521	4	0.8%
Three-Bedroom (25%)	260	0	260	3	1.2%

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

Units Targeting 60% Of AMHI (981 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 (25%)	245	0	245	9	3.7%
Two-Bedroom (50%)	491	0	491	12	2.4%
Three-Bedroom (25%)	245	0	245	9	3.7%

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

The capture rates by bedroom type for the proposed 50% and 60% income level units range from 0.8% to 3.7%. These capture rates are also considered very low and achievable, indicating that there is a significant base of income-qualified renter households that will be able to support the subject project based on bedroom type.

6. ABSORPTION PROJECTIONS

For the purpose of this analysis, we assume the absorption period at the proposed subject site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow Agency guidelines that assume a 2016 opening date for the site, we also assume that the first completed units at the site will be available for rent sometime in 2016. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, floor plans, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and will continue to monitor market conditions during the project's initial lease-up period. Our absorption projections also take into consideration the absorption experienced by May River Village Phase I (Map I.D. 1), which occupied all 68 units within eight months of opening. The projections also take into consideration the fact that the majority of the subject units will likely be filled by households currently on the waiting list at Phase I. The property currently maintains a wait list of 30 households for the next available units. Therefore, it is possible that a large number of the 40 units will be pre-leased prior to the completion of construction.

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

H. RENTAL HOUSING ANALYSIS (SUPPLY)

1. COMPETITIVE DEVELOPMENTS

We identified eight Low-Income Housing Tax Credit (LIHTC) properties within the Bluffton Site PMA. These properties target households with income of up to 45%, 50% and/or 60% of Area Median Household Income (AMHI); therefore, they are considered competitive properties.

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	May River Village Phase II	2015	40	-	-	-	Families; 50% & 60% AMHI
1	May River Village I	2012	68	100.0%	Adjacent	30 H.H.	Families; 50% & 60% AMHI
2	Bluffton House I	1997	120	100.0%	2.9 Miles	None	Families; 60% AMHI
3	Bluffton House II	1998	90	100.0%	2.9 Miles	None	Families; 60% AMHI
4	Bluffton House III	1999	51*	100.0%	2.9 Miles	None	Families; 60% AMHI
6	Simmons Cay Apts. & Townhomes	1998	80*	100.0%	3.0 Miles	8 H.H.	Families; 50% & 60% AMHI
8	Vista View Apts.	1998	72	97.2%	2.0 Miles	None	Families; 45% & 60% AMHI
11	Hallmark White Oak	2007	72	97.2%	2.0 Miles	None	Families; 50% & 60% AMHI
12	Hallmark Malphrus	2008	32	100.0%	1.7 Miles	None	Families; 50% & 60% AMHI

OCC. – Occupancy
H.H. - Households
*Tax Credit units only

The eight LIHTC projects have a combined occupancy rate of 99.3%, indicating very strong demand for affordable housing in the market. In fact, out of the 585 total Tax Credit units, there are only four vacancies. As such, this demonstrates that there is likely pent-up demand for additional affordable housing in the market.

Management for May River Village (Phase I), Bluffton’s newest LIHTC project, began pre-leasing in November 2011. The property opened in January 2012 and reached 100.0% occupancy in August 2012, resulting in an average monthly absorption of approximately seven units per month. This demonstrates that new affordable rental housing has been well received within the market.

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	May River Village Phase II	\$597/50% (3) \$717/60% (9)	\$717/50% (4) \$861/60% (12)	\$828/50% (3) \$993/60% (9)	-
1	May River Village I	\$657/50% (6/0) \$777/60% (16/0)	\$777/50% (7/0) \$921/60% (21/0)	\$892/50% (4/0) \$1,043/60% (14/0)	None
2	Bluffton House I	-	\$941-\$961/60% (48/0)	\$1,013-\$1,033/60% (72/0)	None
3	Bluffton House II	-	\$941-\$961/60% (32/0)	\$1,013-\$1,033/60% (58/0)	None
4	Bluffton House III	-	\$941-\$961/60% (24/0)	\$1,013/60% (27/0)	None
6	Simmons Cay Apts. & Townhomes	-	-	\$907/50% (49/0) \$978/60% (31/0)	None
8	Vista View Apts.	-	-	\$813/45% (15/0) \$1,092/60% (57/2)	None
11	Hallmark White Oak	-	\$788/50% (20/0) \$949/60% (32/1)	\$906/50% (20/1)	None
12	Hallmark Malphrus	-	\$788/50% (9/0) \$945/60% (7/0)	\$906/50% (8/0) \$996/60% (8/0)	None

The proposed subject gross rents, ranging from \$597 to \$993, will be among the lowest priced LIHTC units targeting similar income levels in the market. Considering that there are only four vacancies within the eight competitive LIHTC projects and the fact that phase I of the subject site maintains a wait list of 30 households, the rents of the comparable properties are achievable and represent a good base of comparison for the proposed subject project's rents. Based on this comparison, the proposed gross rents are appropriately positioned within the market. It should also be noted that the subject project will be one of two LIHTC projects within the market to offer one-bedroom units. As such, this will provide the subject site with a competitive edge. Due to the high occupancy rates, none of the comparable properties are offering rent concessions.

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

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
1	May River Village I	68	5	7.4%
2	Bluffton House I	120	6	5.0%
3	Bluffton House II	90	6	6.7%
4	Bluffton House III	51*	5	9.8%
6	Simmons Cay Apts. & Townhomes	80*	5	6.3%
8	Vista View Apts.	72	8	11.3%
11	Hallmark White Oak	72	10	13.9%
12	Hallmark Malphrus	32	1	3.1%
Total		585	46	7.9%

*Tax Credit units only

As the preceding table illustrates, there are a total of approximately 46 voucher holders residing at the comparable LIHTC properties within the market. This comprises 7.9% of the 585 total non-subsidized LIHTC units. Considering that over 90% of these comparable units are occupied by tenants currently not receiving rental assistance, it can be concluded that the gross rents at these properties are achievable. This is further evidenced by the combined occupancy rate of 99.3% at all comparable LIHTC properties.

According to a representative with the Beaufort Housing Authority, there are approximately 574 Housing Choice Voucher holders within the housing authority's jurisdiction, as well as over 500 households currently on the waiting list for additional Vouchers. The waiting list is closed and it is uncertain as to when it may reopen. Monthly turnover of households in the Voucher program is estimated at two to five households monthly. This reflects the continuing need for Housing Choice Voucher assistance.

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

4 Bluffton House III

2.9 miles to site



Address	20 Simmonsville Rd. Bluffton, SC 29910		
Phone	(843) 815-5900	Contact	Gwen
Total Units	64	Vacancies	0
		Percent Occupied	100.0%
Project Type	Market-Rate & Tax Credit		
Year Open	1999	Floors	2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	NONE		
Ratings:	Quality B	Neighborhood B	Access/Visibility B
Remarks	Market-rate (13 units); 60% AMHI (51 units); HCV (approx. 5 units); Higher rents on 1st floor units		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Club House, Playground, Tennis Court(s), Sports Court
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	12	0	943	\$0.89	\$839	60%
2	2	G	12	0	943	\$0.87	\$819	60%
3	2	G	13	0	1104	\$0.80	\$885	
3	2	G	27	0	1104	\$0.78	\$865	60%

6 Simmons Cay Apts. & Townhomes

3.0 miles to site




Address	57 Simmonsville Rd. Bluffton, SC 29910		
Phone	(843) 815-3437	Contact	Ericka
Total Units	88	Vacancies	0
		Percent Occupied	100.0%
Project Type	Market-Rate & Tax Credit		
Year Open	1998	Floors	2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	8 households		
Ratings:	Quality B+	Neighborhood B	Access/Visibility
Remarks	Market-rate (8 units); 50% & 60% AMHI (80 units); HCV (5 units); HOME Funds (41 units)		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds
Project Amenities	Swimming Pool, On-site Management, Laundry Facility, Club House, Playground, Lake, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
3	2	T	25	0	1223	\$0.68	\$830	60%
3	2	T	23	0	1223	\$0.62	\$759	50%
3	2	G	8	0	1223 to 1283	\$0.65 - \$0.68	\$830	
3	2	G	6	0	1223	\$0.68	\$830	60%
3	2	G	26	0	1223	\$0.62	\$759	50%

1 May River Village I		Adjacent to site
	Address 5736 Patriot Ln. Bluffton, SC 29910	
	Phone (843) 837-9400	Contact Damris
Total Units 68 Vacancies 0 Percent Occupied 100.0%		
Project Type Tax Credit		
Year Open 2012 Floors 2,3		
Concessions No Rent Specials		
Age Restrictions NONE		
Waiting List 30 households		
Ratings: Quality A Neighborhood B Access/Visibility A		
Remarks 50% & 60% AMHI; HCV (5 units); Opened 1/2012, 100% occupied 8/2012, began preleasing 11/2011		
		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Wood Flooring, Washer/Dryer Hook Up, Ceiling Fan, Blinds, Screened Porch
Project Amenities	On-site Management, Laundry Facility, Club House, Playground, Computer Lab, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	16	0	714 to 726	\$0.93 - \$0.95	\$675	60%
1	1	G	6	0	714 to 726	\$0.76 - \$0.78	\$555	50%
2	2	G	21	0	983 to 1069	\$0.75 - \$0.81	\$799	60%
2	2	G	7	0	983 to 1069	\$0.61 - \$0.67	\$655	50%
3	2	G	14	0	1207 to 1284	\$0.70 - \$0.74	\$895	60%
3	2	G	4	0	1207 to 1284	\$0.58 - \$0.62	\$744	50%

2

Bluffton House I

2.9 miles to site



Address 20 Simmonsville Rd.
Bluffton, SC 29910

Phone (843) 815-5900 **Contact** Gwen

Total Units 120 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit

Year Open 1997 **Floors** 2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List NONE

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

Remarks 60% AMHI; HCV (approx. 6 units); Higher rents on 1st floor units



FEATURES AND UTILITIES

Utilities Landlord pays Water, Sewer, Trash

Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds

Project Amenities Swimming Pool, On-site Management, Laundry Facility, Club House, Playground, Tennis Court(s), Sports Court, Lake

Parking Surface Parking

UNIT CONFIGURATION

BRs	BA	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	24	0	943	\$0.89	\$839	60%
2	2	G	24	0	943	\$0.87	\$819	60%
3	2	G	36	0	1081	\$0.80	\$865	60%
3	2	G	36	0	1081	\$0.82	\$885	60%

3

Bluffton House II

2.9 miles to site



Address 20 Simmonsville Rd.
Bluffton, SC 29910

Phone (843) 815-5900 **Contact** Gwen

Total Units 90 **Vacancies** 0 **Percent Occupied** 100.0%

Project Type Tax Credit

Year Open 1998 **Floors** 2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List NONE

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

Remarks 60% AMHI; HCV (approx. 6 units); Higher rents on 1st floor units

**FEATURES AND UTILITIES**

Utilities Landlord pays Water, Sewer, Trash

Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds

Project Amenities Swimming Pool, On-site Management, Laundry Facility, Playground, Tennis Court(s), Sports Court

Parking Surface Parking

UNIT CONFIGURATION

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	16	0	943	\$0.87	\$819	60%
2	2	G	16	0	943	\$0.89	\$839	60%
3	2	G	29	0	1081	\$0.82	\$885	60%
3	2	G	29	0	1081	\$0.80	\$865	60%

8 Vista View Apts.

2.0 miles to site



Address 39 Haigler Blvd.
Bluffton, SC 29910

Phone (843) 706-3560 **Contact** Michelle

Total Units 72 **Vacancies** 2 **Percent Occupied** 97.2%

Project Type Tax Credit

Year Open 1998 **Floors** 2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List NONE

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

Remarks 45% & 60% AMHI; HCV (8 units)

FEATURES AND UTILITIES

Utilities Landlord pays Trash
Unit Amenities Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Carpet, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Storage
Project Amenities On-site Management, Laundry Facility, Playground, Computer Lab, Picnic Area, Media Center
Parking Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
3	2	G	57	2	1205	\$0.72	\$865	60%
3	2	G	15	0	1205	\$0.49	\$586	45%

11 Hallmark White Oak

2.0 miles to site



Address 102 Haigler Blvd.
Bluffton, SC 29910

Phone (843) 757-6350 **Contact** Ann Marie

Total Units 72 **Vacancies** 2 **Percent Occupied** 97.2%

Project Type Tax Credit

Year Open 2007 **Floors** 2

Concessions No Rent Specials

Age Restrictions NONE

Waiting List NONE

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

Remarks 50% & 60% AMHI; HCV (10 units); E-call pull cords in handicap units; Square footage estimated

FEATURES AND UTILITIES

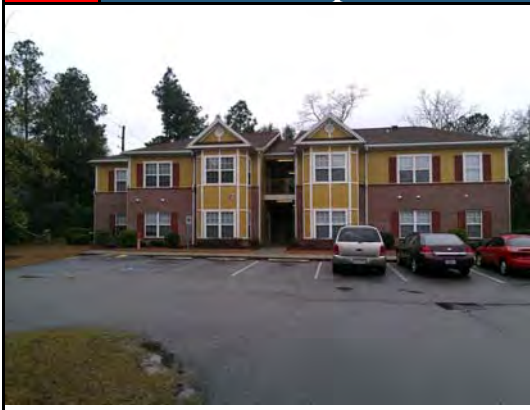
Utilities Landlord pays Water, Sewer, Trash
Unit Amenities Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds, E-Call Button
Project Amenities Swimming Pool, On-site Management, Laundry Facility, Club House, Meeting Room, Playground, Computer Lab, Picnic Area
Parking Surface Parking

UNIT CONFIGURATION

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	32	1	900	\$0.92	\$827	60%
2	2	G	20	0	900	\$0.74	\$666	50%
3	2	G	20	1	1200	\$0.63	\$758	50%

12 Hallmark Malphrus

1.7 miles to site



Address	120 Malphrus Rd. Bluffton, SC 29910		
Phone	(843) 836-2505	Contact	Ann Marie
Total Units	32	Vacancies	0
		Percent Occupied	100.0%
Project Type	Tax Credit		
Year Open	2008	Floors	2
Concessions	No Rent Specials		
Age Restrictions	NONE		
Waiting List	NONE		
Ratings:	Quality B	Neighborhood B	Access/Visibility
Remarks	50% & 60% AMHI; HCV (1 unit); E-call pull cords in handicap units; Square footage estimated		

FEATURES AND UTILITIES

Utilities	Landlord pays Water, Sewer, Trash
Unit Amenities	Refrigerator, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds, E-Call Button, Sunroom
Project Amenities	On-site Management, Laundry Facility, Meeting Room, Playground, Lake, Computer Lab, Picnic Area
Parking	Surface Parking

UNIT CONFIGURATION

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
2	2	G	7	0	1150	\$0.72	\$823	60%
2	2	G	9	0	1150	\$0.58	\$666	50%
3	2	G	8	0	1250	\$0.68	\$848	60%
3	2	G	8	0	1250	\$0.61	\$758	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	May River Village Phase II	850	1,078 - 1,100	1,230 - 1,250
1	May River Village I	714 - 726	983 - 1,069	1,207 - 1,284
2	Bluffton House I	-	943	1,081
3	Bluffton House II	-	943	1,081
4	Bluffton House III	-	943	1,104
6	Simmons Cay Apts. & Townhomes	-	-	1,223
8	Vista View Apts.	-	-	1,205
11	Hallmark White Oak	-	900	1,200
12	Hallmark Malphrus	-	1,150	1,250

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
Site	May River Village Phase II	1.0	2.0	2.0
1	May River Village I	1.0	2.0	2.0
2	Bluffton House I	-	2.0	2.0
3	Bluffton House II	-	2.0	2.0
4	Bluffton House III	-	2.0	2.0
6	Simmons Cay Apts. & Townhomes	-	-	2.0
8	Vista View Apts.	-	-	2.0
11	Hallmark White Oak	-	2.0	2.0
12	Hallmark Malphrus	-	2.0	2.0

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

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

COMPARABLE PROPERTIES AMENITIES - BLUFFTON, SOUTH CAROLINA

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

◆ 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

COMPARABLE PROPERTIES AMENITIES - BLUFFTON, SOUTH CAROLINA

MAP ID	PROJECT AMENITIES													OTHER					
	POOL	ON-SITE MGMT	LAUNDRY	CLUB HOUSE	COMMUNITY SPACE	FITNESS CENTER	JACUZZI / SAUNA	PLAYGROUND	TENNIS COURT	SPORTS COURT	STORAGE	ELEVATOR	SECURITY GATE		COMPUTER LAB	LIBRARY	PICNIC AREA	SOCIAL SERVICES	BUSINESS CENTER
SITE		X	X	X		X		X						X		X			Splash Pad; Sun Deck
4	X	X	X	X				X	X										
6	X	X	X	X				X								X			
1		X	X	X				X					X		X				
2	X	X	X	X				X	X	X									
3	X	X	X					X	X	X									
8		X	X					X					X		X				Media Center
11	X	X	X	X	X			X					X		X				
12		X	X		A			X					X		X				

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

X - All Units
S - Some Units
O - Optional

Window Treatments
B - Blinds
C - Curtains
D - Drapes

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

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

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

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

As the preceding table illustrates, the proposed unit amenities at the site are comprehensive and will be generally similar to those of the comparable Tax Credit rental alternatives within the area. It should be noted that the proposed development will be one of few properties to offer microwave ovens, which will provide the project with a slight competitive edge. The subject project will also offer a comprehensive property amenities package that is generally similar to those of the comparable LIHTC projects. The proposed project will be the only community to offer a fitness center, which will also provide the project with a competitive advantage. The subject project will not lack any key amenities when compared to the comparable Tax Credit properties.

Based on our analysis of the rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing low-income properties within the market, it is our opinion that the subject development will be very competitive. The subject project will have lower rents, similar amenities and generally larger unit sizes than May River Village (Phase I), which is 100.0% occupied. Given that many of the 40 proposed subject units will likely be filled from the 30 households on the wait list for Phase I, it is our opinion that a large share of the 40 subject units will likely be pre-leased prior to the completion of construction.

2. COMPARABLE TAX CREDIT PROPERTIES MAP

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



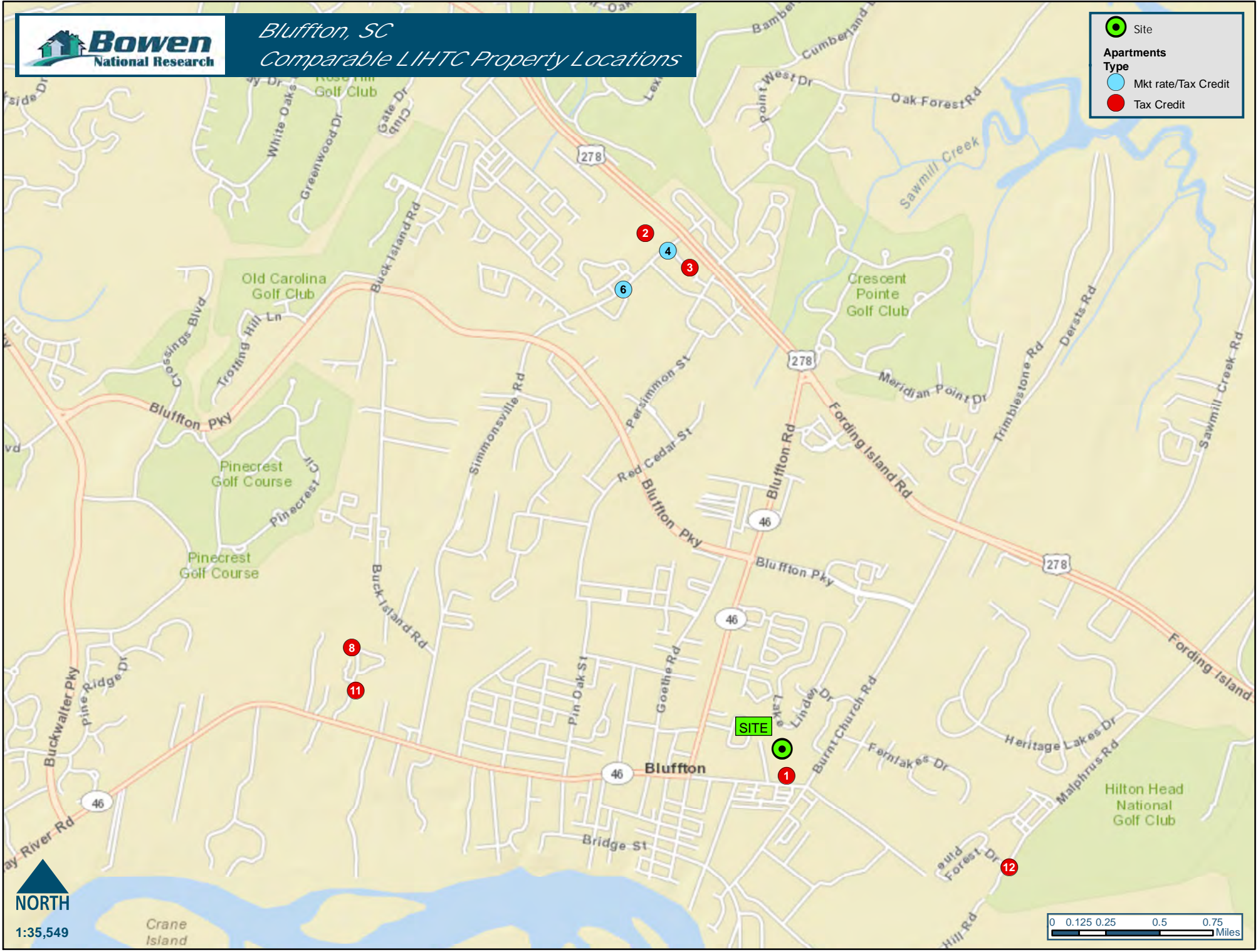
Bluffton, SC

Comparable LIHTC Property Locations

● Site

Apartment Type

- Mkt rate/Tax Credit
- Tax Credit



NORTH

1:35,549

0 0.125 0.25 0.5 0.75 Miles

3. RENTAL HOUSING OVERVIEW

The distributions of the area housing stock within the Bluffton 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	21,628	82.7%	23,056	84.1%
Owner-Occupied	16,807	77.7%	17,622	76.4%
Renter-Occupied	4,821	22.3%	5,434	23.6%
Vacant	4,522	17.3%	4,346	15.9%
Total	26,150	100.0%	27,402	100.0%

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

Based on a 2013 update of the 2010 Census, of the 27,402 total housing units in the market, 15.9% were vacant. In 2013, it was estimated that homeowners occupied 76.4% of all occupied housing units, while the remaining 23.6% were occupied by renters. The 5,434 renter households in 2013 represent a significant base of support in the market for the subject development.

We identified and personally surveyed 12 conventional housing projects containing a total of 1,648 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 97.8%, a strong rate for rental housing. Among these projects, 12 are non-subsidized (market-rate and Tax Credit) projects containing 1,648 units. These non-subsidized units are 97.8% occupied.

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

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	4	1,043	32	96.9%
Market-rate/Tax Credit	2	152	0	100.0%
Tax Credit	6	454	4	99.1%
Total	12	1,649	36	97.8%

The rental housing market is performing extremely well, with a 97.8% overall occupancy rate. As such, there appears to be no deficiencies within the market. It should be noted that all rental housing segments are maintaining occupancies at or above 96.9%.

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

Market-rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	192	18.0%	5	2.6%	\$980
Two-Bedroom	2.0	547	51.4%	13	2.4%	\$1,179
Two-Bedroom	2.5	122	11.5%	5	4.1%	\$1,095
Three-Bedroom	2.0	65	6.1%	5	7.7%	\$1,277
Three-Bedroom	2.5	78	7.3%	0	0.0%	\$1,377
Three-Bedroom	3.0	60	5.6%	4	6.7%	\$1,461
Total Market-rate		1,064	100.0%	32	3.0%	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	22	3.8%	0	0.0%	\$777
Two-Bedroom	2.0	200	34.2%	1	0.5%	\$941
Three-Bedroom	2.0	363	62.1%	3	0.8%	\$1,013
Total Tax Credit		585	100.0%	4	0.7%	-

The market-rate units are 97.0% occupied and the Tax Credit units are 99.3% occupied, both strong rates for rental housing. As the preceding table illustrates, the median gross Tax Credit rents are significantly lower than their corresponding median gross market-rate rents. As such, Tax Credit product represents a value to low-income residents within the market, as evidenced by the high occupancy among all Tax Credit units in the Bluffton Site PMA.

All of the units have been built after 1980. The following is a distribution of units surveyed by year built for the Site PMA:

Year Built	Projects	Units	Vacancy Rate
Before 1970	0	0	0.0%
1970 to 1979	0	0	0.0%
1980 to 1989	0	0	0.0%
1990 to 1999	6	733	0.8%
2000 to 2005	1	360	3.9%
2006	0	0	0.0%
2007	1	72	2.8%
2008	1	32	0.0%
2009	1	184	7.1%
2010	1	199	0.5%
2011	0	0	0.0%
2012	1	68	0.0%
2013	0	0	0.0%
Total	12	1,648	2.2%

*As of January

As the preceding table illustrates, all non-subsidized projects surveyed in the market were built after 1990. This demonstrates that the Bluffton housing stock is well-balanced in regards to age. Note that all projects built since 2010 are 99.6% occupied, providing evidence that newer product has been well-received within the Bluffton area.

As noted previously in this section, May River Village (Map I.D. 1), became 100.0% occupied within eight months of opening. This further provides evidence that newer product has been well received within the market.

The Bluffton apartment market offers a wide range of rental product, in terms of price point and quality. The following table compares the gross rent (the collected rent at the site plus the estimated costs of tenant-paid utilities) of the subject project with the rent range of the existing conventional apartments surveyed in the market.

Bedroom Type	Gross Rent			Units (Share) with Rents Above Proposed Rents
	Proposed Subject	Existing Rentals		
		Median	Range	
One-Bedroom	\$597-50%	\$957	\$657 - \$1,051	214 (100.0%)
	\$717-60%			208 (97.2%)
Two-Bedroom	\$717-50%	\$1,170	\$777 - \$1,395	869 (100.0%)
	\$861-60%			833 (95.9%)
Three-Bedroom	\$828-50%	\$1,033	\$813 - \$1,527	550 (97.3%)
	\$993-60%			430 (76.1%)

Most of the rents of existing rentals in the market are above the proposed rents at the subject site. As such, the proposed development should be perceived as a significant value to low-income renters in the market. Nonetheless, the appropriateness of the proposed rents is evaluated in detail in the Achievable Market Rent Analysis section of this report.

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

Market-rate			
Quality Rating	Projects	Total Units	Vacancy Rate
A	3	859	2.2%
B+	2	192	6.8%
B	1	13	0.0%
Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	2	140	1.4%
B+	1	80	0.0%
B	5	364	0.5%



Regardless of quality, all non-subsidized projects surveyed are maintaining low vacancy rates. As such, it can be concluded that quality has not had a significant impact on the marketability of the Bluffton rental housing market.

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

4. RENTAL HOUSING INVENTORY MAP

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

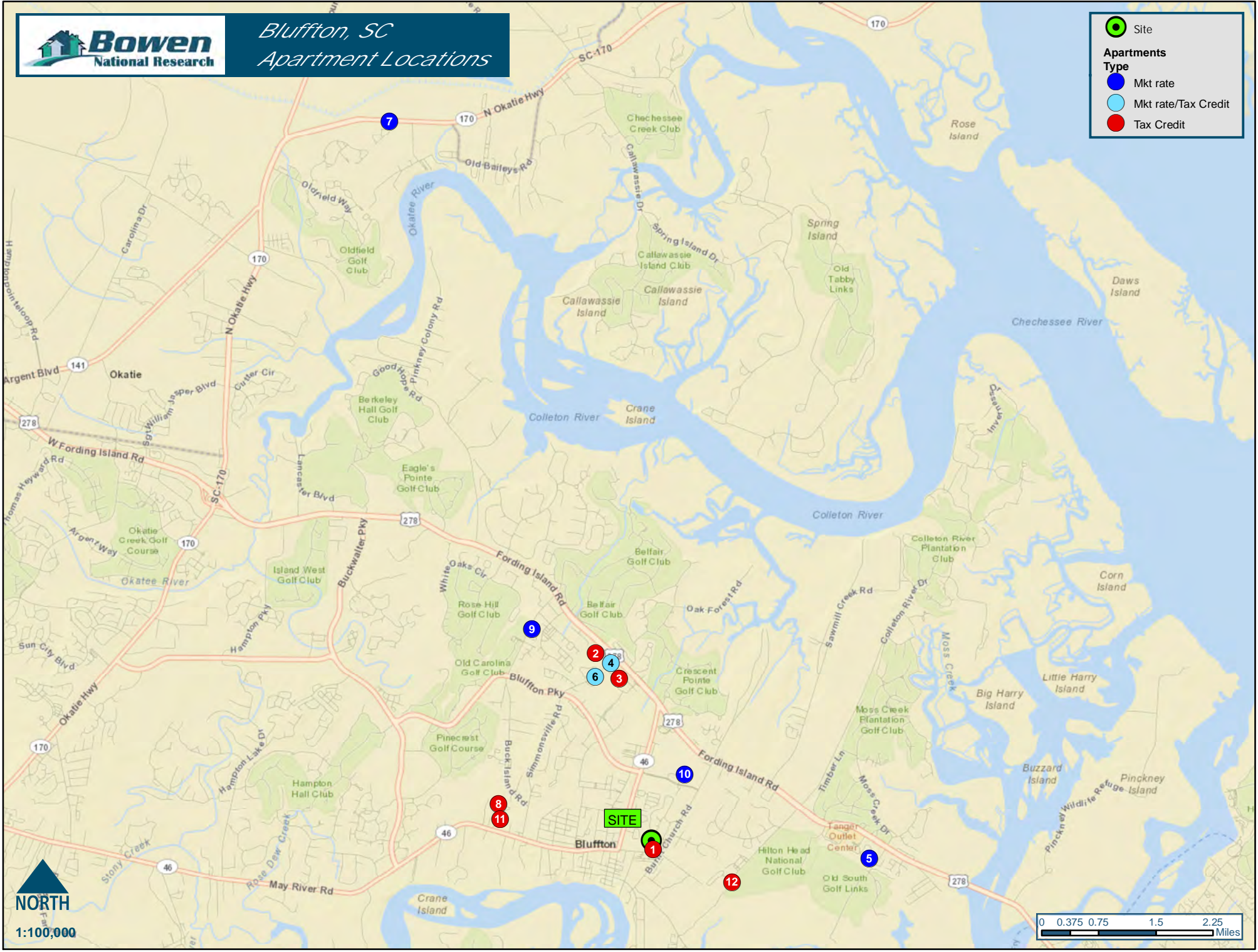


Bluffton, SC Apartment Locations

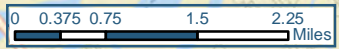
Site

Apartments Type

- Mkt rate
- Mkt rate/Tax Credit
- Tax Credit



NORTH
1:100,000



5. & 6. PLANNED AND PROPOSED DEVELOPMENTS

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

7. ADDITIONAL SCSHFDA VACANY DATA

Stabilized Comparables

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

As discussed earlier in this analysis, we identified a total of eight comparable projects within the Site PMA that have received Tax Credit funding, two of which offer market-rate units. In addition, we identified a total of four projects within the Site PMA that also offer market-rate units, of which none are considered both economically and conceptually comparable. The eight stabilized comparable Tax Credit and market-rate projects identified in the Site PMA are detailed on the following page.

Stabilized Comparable Tax Credit and Market-Rate Projects					
Map I.D.	Project Name	Year Built	Project Type	Total Units	Occupancy Rate
Site	May River Village Phase II	2015	TC	40	-
1	May River Village I	2012	TC	68	100.0%
2	Bluffton House I	1997	TC	120	100.0%
3	Bluffton House II	1998	TC	90	100.0%
4	Bluffton House III	1999	MRT	64	100.0%
6	Simmons Cay Apts. & Townhomes	1998	MRT	88	100.0%
8	Vista View Apts.	1998	TC	72	97.2%
11	Hallmark White Oak	2008	TC	72	97.2%
12	Hallmark Malphrus	2007	TC	32	100.0%
Total				606	99.3%

TC – Tax Credit

MRT – Market-Rate/Tax Credit

The overall occupancy rate of the eight stabilized comparable Tax Credit and market-rate projects identified in the Site PMA is 99.3%.

8. MARKET RENT ADVANTAGE

We identified four market-rate properties within the Bluffton Site PMA that we consider most comparable to the subject development. 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 determine rents that can be achieved in the open market for the subject units without maximum income and rent restrictions.

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

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

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

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

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
Site	May River Village Phase II	2015	40	-	12 (-)	16 (-)	12 (-)
5	Villas at Old South	1996	300	98.7%	84 (100.0%)	160 (97.5%)	56 (100.0%)
7	Oldfield Mews	2009	184	92.9%	16 (87.5%)	134 (94.8%)	34 (88.2%)
9	Crowne at Old Carolina	2010	199	99.5%	56 (100.0%)	111 (100.0%)	32 (96.9%)
10	Lakes at Myrtle Park I & II	2003	360	96.1%	36 (91.7%)	264 (97.3%)	60 (93.3%)

The four selected market-rate projects have a combined total of 1,043 units with an overall occupancy rate of 96.9%. The high occupancy rates maintained at these projects indicate that they have been well received within the market and will serve as accurate benchmarks with which to compare the proposed subject development.

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

Rent Comparability Grid

Unit Type → **ONE BEDROOM**

<i>Subject</i>		<i>Comp #1</i>		<i>Comp #2</i>		<i>Comp #3</i>		<i>Comp #4</i>		<i>Comp #5</i>	
May River Village Phase II		Villas at Old South		Oldfield Mews		Crowne at Old Carolina		Lakes at Myrtle Park I & II			
5736 Patriot Lane		29 Edgewater Cir.		116 Old Towne Rd.		66 Buck Island		4921 Bluffton Pkwy.			
Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC			
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$825		\$839		\$890		\$860			
2	Date Surveyed	Feb-14		Feb-14		Feb-14		Feb-14			
3	Rent Concessions	None		None		None		None			
4	Occupancy for Unit Type	100%		88%		100%		92%			
5	Effective Rent & Rent/ sq. ft	\$825	1.10	\$839	1.05	\$890	1.06	\$860	1.10		
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/2		WU/2		WU/2		WU/3			
7	Yr. Built/Yr. Renovated	2015	\$19	2009	\$6	2010	\$5	2003	\$12		
8	Condition /Street Appeal	E		G	\$15	E		E			
9	Neighborhood	G	(\$10)	E	(\$10)	E	(\$10)	E	(\$10)		
10	Same Market?	Yes		Yes		Yes		Yes			
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		1		1			
12	# Baths	1		1		1		1			
13	Unit Interior Sq. Ft.	850	\$27	799	\$14	838	\$3	779	\$19		
14	Balcony/ Sunroom	Y		Y		Y		Y			
15	AC: Central/ Wall	C		C		C		C			
16	Range/ refrigerator	R/F		R/F		R/F		R/F			
17	Microwave/ Dishwasher	Y/Y	\$5	Y/Y		Y/Y		N/Y	\$5		
18	Washer/Dryer	HU/L	(\$25)	N	\$15	W/D	(\$25)	W/D	(\$25)		
19	Floor Coverings	C		C		C		C			
20	Window Coverings	B		B		B		B			
21	Intercom/Security System	N/N		N/N		N/N		N/N			
22	Garbage Disposal	Y		Y		Y		Y			
23	Ceiling Fans	Y		Y		Y		Y			
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0			
25	On-Site Management	Y		Y		N	\$5	Y			
26	Security Gate	N		N		N		N			
27	Clubhouse/ Meeting Rooms	Y/N		Y/N		N/N	\$5	Y/Y	(\$5)		
28	Pool/ Recreation Areas	S	(\$12)	P/F/L	(\$15)	P/F	(\$12)	P/F/L	(\$15)		
29	Computer Center	Y	\$3	Y		Y		Y			
30	Picnic Area	Y	\$3	N	\$3	Y		Y			
31	Playground	Y		Y		N	\$3	N	\$3		
32	Social Services	N		Y	(\$10)	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			
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E			
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E			
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E			
37	Other Electric	N		N		N		N			
38	Cold Water/ Sewer	Y/Y		N/N	\$39	N/N	\$39	N/N	\$39		
39	Trash/Recycling	Y/N		Y/N		Y/N		N/N	\$14		
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	5	3	5	3	5	3	4	4		
41	Sum Adjustments B to D	\$57	(\$47)	\$53	(\$35)	\$21	(\$47)	\$39	(\$55)		
42	Sum Utility Adjustments			\$39		\$39		\$53			
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$10	\$104	\$57	\$127	\$13	\$107	\$37	\$147		
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$835		\$896		\$903		\$897			
45	Adj Rent/Last rent		101%		107%		101%		104%		
46	Estimated Market Rent	\$885	\$1.04 ←	Estimated Market Rent/ Sq. Ft							

Rent Comparability Grid

Unit Type → **TWO BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
May River Village Phase II		Villas at Old South		Oldfield Mews		Crowne at Old Carolina		Lakes at Myrtle Park I & II			
5736 Patriot Lane		29 Edgewater Cir.		116 Old Towne Rd.		66 Buck Island		4921 Bluffton Pkwy.			
Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC			
A. Rents Charged	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1 \$ Last Rent / Restricted?		\$965		\$920		\$1,105		\$990			
2 Date Surveyed		Feb-14		Feb-14		Feb-14		Feb-14			
3 Rent Concessions		None		None		None		None			
4 Occupancy for Unit Type		98%		83%		100%		97%			
5 Effective Rent & Rent/ sq. ft	▼	\$965	0.97	\$920	0.85	\$1,105	0.97	\$990	0.81		
B. Design, Location, Condition	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6 Structure / Stories	WU/2	WU/2, 3		WU/2		WU/2		WU/3			
7 Yr. Built/Yr. Renovated	2015	1996	\$19	2009	\$6	2010	\$5	2003	\$12		
8 Condition /Street Appeal	E	E		G	\$15	E		E			
9 Neighborhood	G	E	(\$10)	E	(\$10)	E	(\$10)	E	(\$10)		
10 Same Market?		Yes		Yes		Yes		Yes			
C. Unit Equipment/ Amenities	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11 # Bedrooms	2	2		2		2		2			
12 # Baths	2	2		2		2		2			
13 Unit Interior Sq. Ft.	1095	1000	\$21	1084	\$2	1134	(\$9)	1225	(\$29)		
14 Balcony/ Sunroom	Y	Y		Y		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/Y	N/Y	\$5	Y/Y		Y/Y		N/Y	\$5		
18 Washer/Dryer	HU/L	W/D	(\$25)	N	\$15	W/D	(\$25)	W/D	(\$25)		
19 Floor Coverings	C	C		C		C		C			
20 Window Coverings	B	B		B		B		B			
21 Intercom/Security System	N/N	N/N		N/N		N/N		N/N			
22 Garbage Disposal	Y	Y		Y		Y		Y			
23 Ceiling Fans	Y	Y		Y		Y		Y			
D Site Equipment/ Amenities	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24 Parking (\$ Fee)	LOT/\$0	LOT/\$0		LOT/\$0		A-GAR	(\$50)	LOT/\$0			
25 On-Site Management	Y	Y		Y		N	\$5	Y			
26 Security Gate	N	N		N		N		N			
27 Clubhouse/ Meeting Rooms	Y/N	Y/N		Y/N		N/N	\$5	Y/Y	(\$5)		
28 Pool/ Recreation Areas	S	P/F	(\$12)	P/F/L	(\$15)	P/F	(\$12)	P/F/L	(\$15)		
29 Computer Center	Y	N	\$3	Y		Y		Y			
30 Picnic Area	Y	N	\$3	N	\$3	Y		Y			
31 Playground	Y	Y		Y		N	\$3	N	\$3		
32 Social Services	N	N		Y	(\$10)	N		N			
E. Utilities	Data	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	Y/Y	Y/Y		N/N	\$53	N/N	\$53	N/N	\$53		
39 Trash/Recycling	Y/N	Y/N		Y/N		Y/N		N/N	\$14		
F. Adjustments Recap	Pos	Neg		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40 # Adjustments B to D		5	3	5	3	4	5	3	5		
41 Sum Adjustments B to D		\$51	(\$47)	\$41	(\$35)	\$18	(\$106)	\$20	(\$84)		
42 Sum Utility Adjustments				\$53		\$53		\$67			
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43 Net/ Gross Adjmts B to E		\$4	\$98	\$59	\$129	(\$35)	\$177	\$3	\$171		
G. Adjusted & Market Rents	Adj. Rent	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44 Adjusted Rent (5+ 43)		\$969		\$979		\$1,070		\$993			
45 Adj Rent/Last rent			100%		106%		97%		100%		
46 Estimated Market Rent	\$1,005	\$0.92	← Estimated Market Rent/ Sq. Ft								

Rent Comparability Grid

Unit Type → **THREE BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
May River Village Phase II		Villas at Old South		Oldfield Mews		Crowne at Old Carolina		Lakes at Myrtle Park I & II			
5736 Patriot Lane		29 Edgewater Cir.		116 Old Towne Rd.		66 Buck Island		4921 Bluffton Pkwy.			
Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC		Bluffton, SC			
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,200		\$1,050		\$1,290		\$1,220			
2	Date Surveyed	Feb-14		Feb-14		Feb-14		Feb-14			
3	Rent Concessions	None		None		None		None			
4	Occupancy for Unit Type	100%		67%		97%		93%			
5	Effective Rent & Rent/ sq. ft	\$1,200	0.84	\$1,050	0.79	\$1,290	0.91	\$1,220	0.78		
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/2		WU/2		WU/2		WU/3			
7	Yr. Built/Yr. Renovated	2015	\$19	2009	\$6	2010	\$5	2003	\$12		
8	Condition /Street Appeal	E		G	\$15	E		E			
9	Neighborhood	G	(\$10)	E	(\$10)	E	(\$10)	E	(\$10)		
10	Same Market?	Yes		Yes		Yes		Yes			
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		3		3		3			
12	# Baths	2	(\$15)	2		2		3	(\$30)		
13	Unit Interior Sq. Ft.	1240	(\$39)	1334	(\$19)	1417	(\$37)	1562	(\$67)		
14	Balcony/ Sunroom	Y		Y		Y		Y			
15	AC: Central/ Wall	C		C		C		C			
16	Range/ refrigerator	R/F		R/F		R/F		R/F			
17	Microwave/ Dishwasher	Y/Y	\$5	Y/Y		Y/Y		N/Y	\$5		
18	Washer/Dryer	HU/L	(\$25)	N	\$15	W/D	(\$25)	W/D	(\$25)		
19	Floor Coverings	C		C		C		C			
20	Window Coverings	B		B		B		B			
21	Intercom/Security System	N/N		N/N		N/N		N/N			
22	Garbage Disposal	Y		Y		Y		Y			
23	Ceiling Fans	Y		Y		Y		Y			
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0			
25	On-Site Management	Y		Y		N	\$5	Y			
26	Security Gate	N		N		N		N			
27	Clubhouse/ Meeting Rooms	Y/N		Y/N		N/N	\$5	Y/Y	(\$5)		
28	Pool/ Recreation Areas	S	(\$12)	P/F/L	(\$15)	P/F	(\$12)	P/F/L	(\$15)		
29	Computer Center	Y	\$3	Y		Y		Y			
30	Picnic Area	Y	\$3	N	\$3	Y		Y			
31	Playground	Y		Y		N	\$3	N	\$3		
32	Social Services	N		Y	(\$10)	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			
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E			
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E			
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E			
37	Other Electric	N		N		N		N			
38	Cold Water/ Sewer	Y/Y		N/N	\$79	N/N	\$79	N/N	\$79		
39	Trash/Recycling	Y/N		Y/N		Y/N		N/N	\$14		
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	4	5	4	4	4	4	3	6		
41	Sum Adjustments B to D	\$30	(\$101)	\$39	(\$54)	\$18	(\$84)	\$20	(\$152)		
42	Sum Utility Adjustments			\$79		\$79		\$93			
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$71)	\$131	\$64	\$172	\$13	\$181	(\$39)	\$265		
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,129		\$1,114		\$1,303		\$1,181			
45	Adj Rent/Last rent		94%		106%		101%		97%		
46	Estimated Market Rent	\$1,120	\$0.90 ←	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. Note that the weighted average of the square footage for both the proposed two- and three-bedroom units were used to derive their respective achievable market rents.

Based on the preceding Rent Comparability Grids, it was determined that the current achievable market rent for units similar to the subject development are \$885 for a one-bedroom unit, \$1,005 for a two-bedroom unit and \$1,120 for a three-bedroom unit.

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

Bedroom Type	Proposed Collected Rent (% AMHI)	Achievable Market Rent	Market Rent Advantage
One-Bedroom	\$508 (50%)	\$885	42.60%
	\$628 (60%)		29.04%
Two-Bedroom	\$596 (50%)	\$1,005	40.70%
	\$740 (60%)		26.37%
Three-Bedroom	\$675 (50%)	\$1,120	39.73%
	\$840 (60%)		25.00%
Weighted Average			30.18%

The proposed collected Tax Credit rents represent a market rent advantages between 25.00% and 42.60%. Typically, Tax Credit rents should represent market rent advantages of at least 10.0% in order to be considered a value in most markets. Therefore, it is likely that all of the proposed units at the subject project will be viewed as a significant value within the Site PMA, as all have market-rent advantages at or above 25.00%.

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

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



7. Upon completion of construction, the subject project will be the newest property in the market. The selected properties were built between 1996 and 2010. As such, we have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.
8. It is anticipated that the subject project will have an excellent appearance, once construction is complete. We have made adjustments for the one selected property, Oldfield Mews (Comp #2) that we consider to be of inferior quality compared to the subject development.
9. All of the selected properties are located in neighborhoods with higher quality ratings compared to the subject site. As such, we have negatively adjusted the rents at these properties to account for the neighborhood difference.
12. The number of bathrooms offered at each of the selected properties varies. We have made adjustments to reflect the difference in the number of bathrooms offered at the site and the number offered by the competitive properties.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar bases, we have used 25% of the average for this adjustment.
- 14.- 23. The subject project will offer a unit amenity package generally similar to the selected properties. We have, 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 offers a comprehensive project amenities package. 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

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

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2015
1	May River Village I	100.0%	95.0%+
2	Bluffton House I	100.0%	95.0%+
3	Bluffton House II	100.0%	95.0%+
4	Bluffton House III	100.0%	95.0%+
6	Simmons Cay Apts. & Townhomes	100.0%	95.0%+
8	Vista View Apts.	97.2%	95.0%+
11	Hallmark White Oak	97.2%	95.0%+
12	Hallmark Malphrus	100.0%	95.0%+

The subject project is not expected to have a negative impact on the existing Tax Credit projects within the Site PMA, which have a combined occupancy of 99.3%. May River Village (Phase I) maintains a waiting list of 30 households. Given the high occupancies and waiting list, we expect all Tax Credit projects to operate at or above 95.0% once the proposed subject units are built. Given the low overall capture rate for the proposed project, we believe there is sufficient demographic support for all existing and proposed Tax Credit units in the market and no long-term negative impact is expected on existing Tax Credit projects within the market if the proposed subject project is developed.

10. OTHER HOUSING OPTIONS (BUY VERSUS RENT)

According to ESRI, the median home value within the Site PMA was \$232,926. At an estimated interest rate of 4.7% and a 30-year term (and 95% LTV), the monthly mortgage for a \$232,926 home is \$1,435, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$232,926
Mortgaged Value = 95% of Median Home Price	\$221,280
Interest Rate - Bankrate.com	4.7%
Term	30
Monthly Principal & Interest	\$1,148
Estimated Taxes and Insurance*	\$287
Estimated Monthly Mortgage Payment	\$1,435

*Estimated at 25% of principal and interest

In comparison, the proposed collected LIHTC rents at the subject property range from \$508 to \$840 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is approximately \$595 to \$927 greater

than the cost of renting at the subject site, depending on unit size and targeted income level. As such, it is not likely that any of the subject site's potential residents would be able to afford the monthly payments required to own a home, let alone the down payment on such a home. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

11. HOUSING VOIDS

As previously noted, there are eight competitive Tax Credit projects located within the Bluffton Site PMA. These projects have an overall occupancy rate of 99.3%, indicating that strong demand exists for affordable rental housing in the market. The proposed subject project will include a total of 40 general-occupancy units targeting households up to 50% and 60% of AMHI. Therefore, it is expected that the subject project will help fill part of the housing void that exists in the market.

Given that there is a lack of available affordable housing units in the market, it is our opinion that the development of the subject project will be able to accommodate a portion of the unmet demand in the market. In fact, the proposed development will be one of two LIHTC projects to offer one-bedroom units, in which all existing one-bedroom unit are occupied. This indicates there is pent-up demand for such units. Further, as shown in the demographic section of this report, the Bluffton Site PMA is expected to have growth among its population and household bases. With this positive demographic growth in the market, the demand for housing will increase. Given that there are currently no definite plans for additional rental units to be added in the market, the proposed project will help fill a need in the market that is currently being unmet and that is expected to increase over the foreseeable future.

I. INTERVIEWS

The following are summaries of interviews conducted with various stakeholders knowledgeable about the Bluffton area:

- Damaris Valentin, Property Manager at May River Village (Phase I of subject site; 843-837-9400), stated that there is a definite demand for additional affordable housing within Bluffton, especially for one-bedroom units. She stated that there is a lack of affordable one-bedroom units in the market (her property is the only property that offers such units) and all of her one-bedroom apartments are currently occupied. In fact, all of her units are occupied and she maintains a 30-household wait list, further providing evidence of the demand for additional affordable housing.
- Chrystie Turner, Director of Community Impact Investment; 843-982-3040, states that there is an absolute need for affordable housing in the area. Ms. Turner, states that housing needs are at the top of the list. Either people are getting evicted because their affordable housing is not affordable or they need help with high energy bills due to housing being substandard. She added that there is an 18 month waiting list for public housing, therefore a development that offers units set aside at 30% of AMHI would be what is most needed in the area.
- Angela Childers, Executive Director with the Beaufort Housing Authority; 843-525-7059, stated that there is a need for more affordable housing in the area. Ms. Childers commented that there are numerous Tax Credit units available; however, they only cater to households making up to 60% of AMHI. The real need is for units set aside at 30% of AMHI or below. There needs to be properties that can sustain being low-income without the help of Section 8.

J. RECOMMENDATIONS

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

The eight Tax Credit properties located within the Bluffton Site PMA have a combined occupancy of 99.3%. May River Village Phase I (Map I.D. 1) maintains a waiting list of 30 households for the next available units. The high occupancies among Tax Credit product, along with the lengthy waiting list at May River Village Phase I, are indications that pent-up demand exists for additional rental housing targeting low- and moderate-income households within the Bluffton Site PMA. Further, the proposed project will be one of two projects to offer one-bedroom LIHTC units, which will provide the project with a competitive edge.

Management for May River Village Phase I began preleasing in November 2011. The property opened in January 2012 and reached 100.0% occupancy in August 2012, resulting in an average monthly absorption of six to seven units per month. This demonstrates that new affordable rental housing has been well received within the market, which will bode well for the proposed development.

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

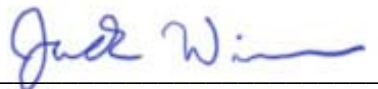
K. SIGNED STATEMENT REQUIREMENT

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

Certified:



Patrick Bowen
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Date: February 28, 2014



Jack Wiseman
Market Analyst
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Date: February 28, 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 15 years. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

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

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

BLUFFTON, SOUTH CAROLINA

The following section is a telephone update of a previously conducted 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.

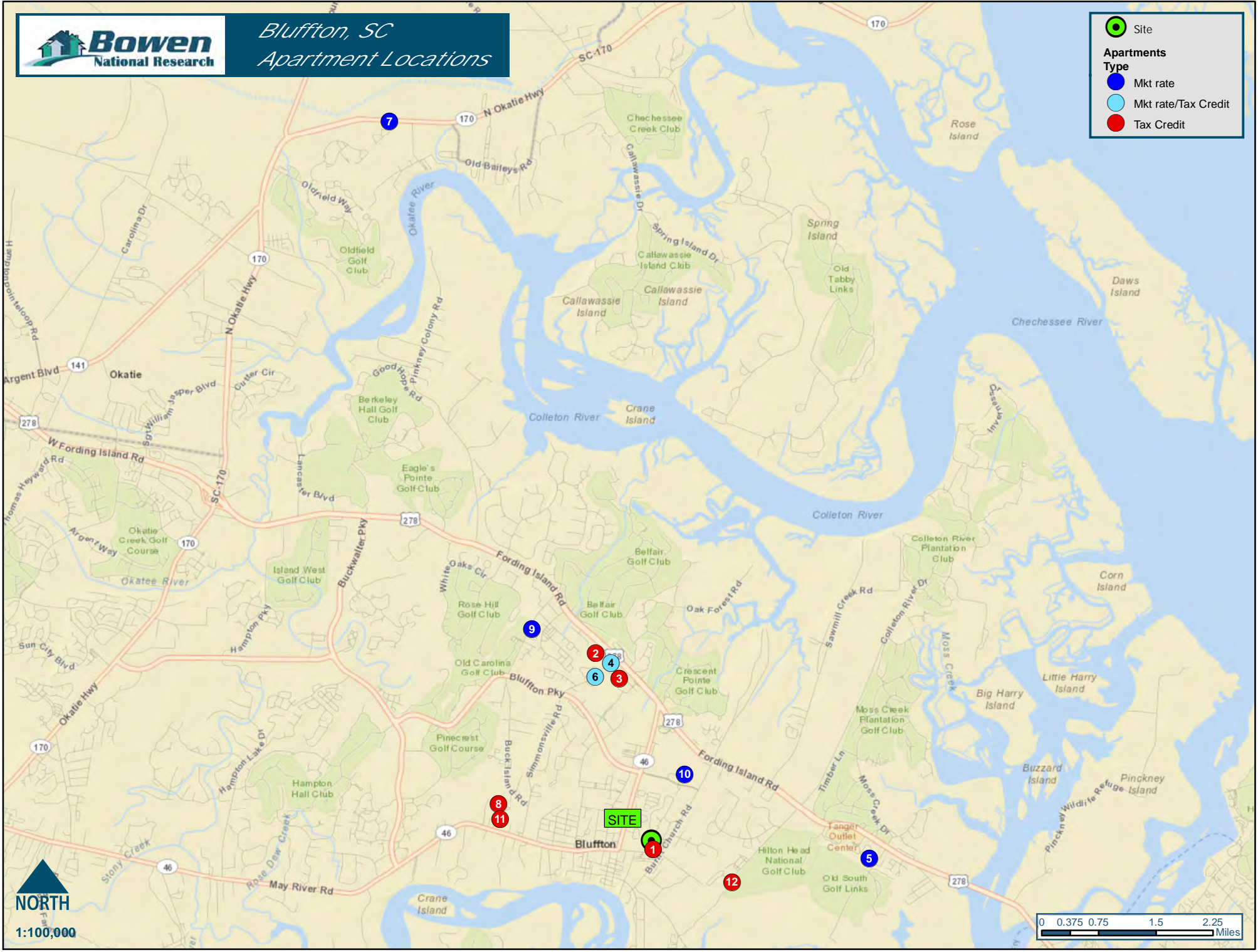


Bluffton, SC Apartment Locations

Site

Apartments Type

- Mkt rate
- Mkt rate/Tax Credit
- Tax Credit



NORTH
1:100,000

0 0.375 0.75 1.5 2.25 Miles

MAP IDENTIFICATION LIST - BLUFFTON, SOUTH CAROLINA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	May River Village I	TAX	A	2012	68	0	100.0%	Cf lcegpv
2	Bluffton House I	TAX	B	1997	120	0	100.0%	2.9
3	Bluffton House II	TAX	B	1998	90	0	100.0%	2.9
4	Bluffton House III	MRT	B	1999	64	0	100.0%	2.9
5	Villas at Old South	MRR	A	1996	300	4	98.7%	3.9
6	Simmons Cay Apts. & Townhomes	MRT	B+	1998	88	0	100.0%	3.0
7	Oldfield Mews	MRR	B+	2009	184	13	92.9%	13.2
8	Vista View Apts.	TAX	B	1998	72	2	97.2%	2.0
9	Crowne at Old Carolina	MRR	A	2010	199	1	99.5%	3.9
10	Lakes at Myrtle Park I & II	MRR	A	2003	360	14	96.1%	1.2
11	Hallmark White Oak	TAX	A	2007	72	2	97.2%	2.0
12	Hallmark Malphrus	TAX	B	2008	32	0	100.0%	1.7

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	4	1,043	32	96.9%	0
MRT	2	152	0	100.0%	0
TAX	6	454	4	99.1%	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)

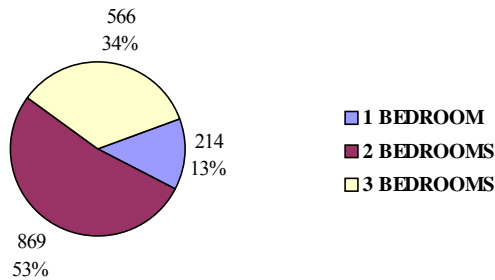
Survey Date: January 2014

DISTRIBUTION OF UNITS - BLUFFTON, SOUTH CAROLINA

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	192	18.0%	5	2.6%	\$980
2	2	547	51.4%	13	2.4%	\$1,179
2	2.5	122	11.5%	5	4.1%	\$1,095
3	2	65	6.1%	5	7.7%	\$1,277
3	2.5	78	7.3%	0	0.0%	\$1,377
3	3	60	5.6%	4	6.7%	\$1,461
TOTAL		1,064	100.0%	32	3.0%	
TAX CREDIT, NON-SUBSIDIZED						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	%VACANT	MEDIAN GROSS RENT
1	1	22	3.8%	0	0.0%	\$777
2	2	200	34.2%	1	0.5%	\$941
3	2	363	62.1%	3	0.8%	\$1,013
TOTAL		585	100.0%	4	0.7%	
GRAND TOTAL		1,649	-	36	2.2%	

DISTRIBUTION OF UNITS BY BEDROOM

NON-SUBSIDIZED



SURVEY OF PROPERTIES - BLUFFTON, SOUTH CAROLINA

1 May River Village I			
	Address 5736 Patriot Ln. Bluffton, SC 29910	Phone (843) 837-9400 (Contact by phone)	Total Units 68
	Year Built 2012 Comments 50% & 60% AMHI; HCV (5 units); Opened 1/2012, 100% occupied 8/2012, began preleasing 11/2011	Contact Damris	Vacancies 0 Occupied 100.0% Floors 2,3 Quality Rating A
			Waiting List 30 households
2 Bluffton House I			
	Address 20 Simmonsville Rd. Bluffton, SC 29910	Phone (843) 815-5900 (Contact by phone)	Total Units 120
	Year Built 1997 Comments 60% AMHI; HCV (approx. 6 units); Higher rents on 1st floor units	Contact Gwen	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B
			Waiting List None
3 Bluffton House II			
	Address 20 Simmonsville Rd. Bluffton, SC 29910	Phone (843) 815-5900 (Contact by phone)	Total Units 90
	Year Built 1998 Comments 60% AMHI; HCV (approx. 6 units); Higher rents on 1st floor units	Contact Gwen	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B
			Waiting List None
4 Bluffton House III			
	Address 20 Simmonsville Rd. Bluffton, SC 29910	Phone (843) 815-5900 (Contact in person)	Total Units 64
	Year Built 1999 Comments Market-rate (13 units); 60% AMHI (51 units); HCV (approx. 5 units); Higher rents on 1st floor units	Contact Gwen	Vacancies 0 Occupied 100.0% Floors 2 Quality Rating B
			Waiting List None
5 Villas at Old South			
	Address 29 Edgewater Cir. Bluffton, SC 29910	Phone (843) 837-7700 (Contact by phone)	Total Units 300
	Year Built 1996 Comments Does not accept HCV; 2-br rent range due to floor level; 3rd floor units have ceiling fans & vaulted ceilings	Contact Shalana	Vacancies 4 Occupied 98.7% Floors 2, 3 Quality Rating A
			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: January 2014

SURVEY OF PROPERTIES - BLUFFTON, SOUTH CAROLINA



6 Simmons Cay Apts. & Townhomes			
	Address 57 Simmonsville Rd. Bluffton, SC 29910	Phone (843) 815-3437 (Contact by phone)	Total Units 88
	Year Built 1998	Contact Ericka	Vacancies 0
	Comments Market-rate (8 units); 50% & 60% AMHI (80 units); HCV (5 units); HOME Funds (41 units)		Occupied 100.0%
			Floors 2
			Quality Rating B+
			Waiting List 8 households
7 Oldfield Mews			
	Address 116 Old Towne Rd. Bluffton, SC 29910	Phone (843) 645-3700 (Contact by phone)	Total Units 184
	Year Built 2009	Contact Catherine	Vacancies 13
	Comments Does not accept HCV; Select 2 & 3-br have attached garages		Occupied 92.9%
			Floors 2
			Quality Rating B+
			Waiting List None
8 Vista View Apts.			
	Address 39 Haigler Blvd. Bluffton, SC 29910	Phone (843) 706-3560 (Contact by phone)	Total Units 72
	Year Built 1998	Contact Michelle	Vacancies 2
	Comments 45% & 60% AMHI; HCV (8 units)		Occupied 97.2%
			Floors 2
			Quality Rating B
			Waiting List None
9 Crowne at Old Carolina			
	Address 66 Buck Island Bluffton, SC 29910	Phone (843) 706-2169 (Contact by phone)	Total Units 199
	Year Built 2010	Contact Rhonda	Vacancies 1
	Comments Dose not accept HCV; 2-br have attached garage; Rent range based on floor plan & unit amenities		Occupied 99.5%
			Floors 2
			Quality Rating A
			Waiting List None
10 Lakes at Myrtle Park I & II			
	Address 4921 Bluffton Pkwy. Bluffton, SC 29910	Phone (843) 757-1700 (Contact by phone)	Total Units 360
	Year Built 2003	Contact Donna	Vacancies 14
	Comments Does not accept HCV		Occupied 96.1%
			Floors 3
			Quality Rating A
			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: January 2014

SURVEY OF PROPERTIES - BLUFFTON, SOUTH CAROLINA

11 Hallmark White Oak			
	Address 102 Haigler Blvd. Bluffton, SC 29910	Phone (843) 757-6350 (Contact by phone)	Total Units 72
	Year Built 2007	Contact Ann Marie	Vacancies 2
	Comments 50% & 60% AMHI; HCV (10 units); E-call pull cords in handicap units; Square footage estimated		Occupied 97.2%
			Floors 2
			Quality Rating A
			Waiting List
			None
12 Hallmark Malphrus			
	Address 120 Malphrus Rd. Bluffton, SC 29910	Phone (843) 836-2505 (Contact by phone)	Total Units 32
	Year Built 2008	Contact Ann Marie	Vacancies 0
	Comments 50% & 60% AMHI; HCV (1 unit); E-call pull cords in handicap units; Square footage estimated		Occupied 100.0%
			Floors 2
			Quality Rating B
			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: January 2014

COLLECTED RENTS - BLUFFTON, SOUTH CAROLINA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1		\$555 to \$675	\$655 to \$799	\$744 to \$895					
2			\$819 to \$839	\$865 to \$885					
3			\$819 to \$839	\$865 to \$885					
4			\$819 to \$839	\$865 to \$885					
5		\$825 to \$855	\$965 to \$1020					\$1200 to \$1250	
6				\$759 to \$830				\$759 to \$830	
7		\$815 to \$839	\$920	\$1050			\$920 to \$995	\$1150 to \$1250	
8				\$586 to \$865					
9		\$890 to \$910	\$1105 to \$1220	\$1290 to \$1300					
10		\$860	\$990	\$1220					
11			\$666 to \$827	\$758					
12			\$666 to \$823	\$758 to \$848					

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

Survey Date: January 2014

PRICE PER SQUARE FOOT - BLUFFTON, SOUTH CAROLINA

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Villas at Old South	1	750	\$927 to \$957	\$1.24 to \$1.28
7	Oldfield Mews	1	790 to 799	\$956 to \$980	\$1.21 to \$1.23
9	Crowne at Old Carolina	1	838 to 928	\$1031 to \$1051	\$1.13 to \$1.23
10	Lakes at Myrtle Park I & II	1	779	\$1015	\$1.30
1	May River Village I	1	714 to 726	\$657 to \$777	\$0.92 to \$1.07
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Villas at Old South	2	1000 to 1145	\$1087 to \$1142	\$1.00 to \$1.09
7	Oldfield Mews	2	1084	\$1095	\$1.01
		2.5	1087 to 1424	\$1095 to \$1170	\$0.82 to \$1.01
9	Crowne at Old Carolina	2	1134 to 1271	\$1280 to \$1395	\$1.10 to \$1.13
10	Lakes at Myrtle Park I & II	2	1225	\$1179	\$0.96
4	Bluffton House III	2	943	\$941 to \$961	\$1.00 to \$1.02
1	May River Village I	2	983 to 1069	\$777 to \$921	\$0.79 to \$0.86
2	Bluffton House I	2	943	\$941 to \$961	\$1.00 to \$1.02
3	Bluffton House II	2	943	\$941 to \$961	\$1.00 to \$1.02
11	Hallmark White Oak	2	900	\$788 to \$949	\$0.88 to \$1.05
12	Hallmark Malphrus	2	1150	\$788 to \$945	\$0.69 to \$0.82
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
5	Villas at Old South	2.5	1428	\$1348 to \$1398	\$0.94 to \$0.98
7	Oldfield Mews	2	1334	\$1277	\$0.96
		2.5	1491 to 1668	\$1377 to \$1477	\$0.89 to \$0.92
9	Crowne at Old Carolina	2	1417 to 1441	\$1517 to \$1527	\$1.06 to \$1.07
10	Lakes at Myrtle Park I & II	3	1562	\$1461	\$0.94
4	Bluffton House III	2	1104	\$1013 to \$1033	\$0.92 to \$0.94
6	Simmons Cay Apts. & Townhomes	2	1223 to 1283	\$907 to \$978	\$0.74 to \$0.76
1	May River Village I	2	1207 to 1284	\$892 to \$1043	\$0.74 to \$0.81
2	Bluffton House I	2	1081	\$1013 to \$1033	\$0.94 to \$0.96
3	Bluffton House II	2	1081	\$1013 to \$1033	\$0.94 to \$0.96
8	Vista View Apts.	2	1205	\$813 to \$1092	\$0.67 to \$0.91
11	Hallmark White Oak	2	1200	\$906	\$0.76
12	Hallmark Malphrus	2	1250	\$906 to \$996	\$0.72 to \$0.80

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

Survey Date: January 2014

AVERAGE GROSS RENT PER SQUARE FOOT - BLUFFTON, SOUTH CAROLINA

MARKET-RATE			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.24	\$1.02	\$0.96
TOWNHOUSE	\$0.00	\$0.91	\$0.95

TAX CREDIT (NON-SUBSIDIZED)			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.03	\$0.96	\$0.87
TOWNHOUSE	\$0.00	\$0.00	\$0.77

COMBINED			
UNIT TYPE	ONE-BR	TWO-BR	THREE-BR
GARDEN	\$1.22	\$1.00	\$0.90
TOWNHOUSE	\$0.00	\$0.91	\$0.88

TAX CREDIT UNITS - BLUFFTON, SOUTH CAROLINA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
1	May River Village I	6	714 - 726	1	50%	\$555
1	May River Village I	16	714 - 726	1	60%	\$675
TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
1	May River Village I	7	983 - 1069	2	50%	\$655
11	Hallmark White Oak	20	900	2	50%	\$666
12	Hallmark Malphrus	9	1150	2	50%	\$666
1	May River Village I	21	983 - 1069	2	60%	\$799
2	Bluffton House I	24	943	2	60%	\$819
3	Bluffton House II	16	943	2	60%	\$819
4	Bluffton House III	12	943	2	60%	\$819
12	Hallmark Malphrus	7	1150	2	60%	\$823
11	Hallmark White Oak	32	900	2	60%	\$827
4	Bluffton House III	12	943	2	60%	\$839
3	Bluffton House II	16	943	2	60%	\$839
2	Bluffton House I	24	943	2	60%	\$839
THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
8	Vista View Apts.	15	1205	2	45%	\$586
1	May River Village I	4	1207 - 1284	2	50%	\$744
12	Hallmark Malphrus	8	1250	2	50%	\$758
11	Hallmark White Oak	20	1200	2	50%	\$758
6	Simmons Cay Apts. & Townhomes	23	1223	2	50%	\$759
6	Simmons Cay Apts. & Townhomes	26	1223	2	50%	\$759
6	Simmons Cay Apts. & Townhomes	25	1223	2	60%	\$830
6	Simmons Cay Apts. & Townhomes	6	1223	2	60%	\$830
12	Hallmark Malphrus	8	1250	2	60%	\$848
3	Bluffton House II	29	1081	2	60%	\$865
2	Bluffton House I	36	1081	2	60%	\$865
8	Vista View Apts.	57	1205	2	60%	\$865
4	Bluffton House III	27	1104	2	60%	\$865
3	Bluffton House II	29	1081	2	60%	\$885
2	Bluffton House I	36	1081	2	60%	\$885
1	May River Village I	14	1207 - 1284	2	60%	\$895

QUALITY RATING - BLUFFTON, SOUTH CAROLINA

MARKET-RATE PROJECTS AND UNITS

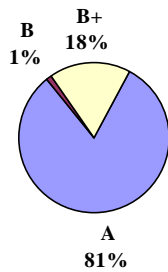
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	3	859	2.2%		\$1,015	\$1,179	\$1,461	
B+	2	192	6.8%		\$956	\$1,095	\$1,377	
B	1	13	0.0%				\$1,033	

TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

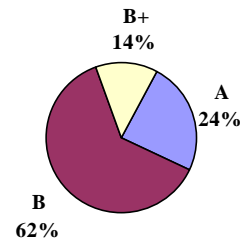
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	2	140	1.4%		\$777	\$921	\$906	
B+	1	80	0.0%				\$907	
B	5	365	0.5%			\$941	\$1,013	

DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



YEAR BUILT - BLUFFTON, SOUTH CAROLINA *

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	6	734	6	0.8%	734	44.5%
2000 to 2005	1	360	14	3.9%	1094	21.8%
2006	0	0	0	0.0%	1094	0.0%
2007	1	72	2	2.8%	1166	4.4%
2008	1	32	0	0.0%	1198	1.9%
2009	1	184	13	7.1%	1382	11.2%
2010	1	199	1	0.5%	1581	12.1%
2011	0	0	0	0.0%	1581	0.0%
2012	1	68	0	0.0%	1649	4.1%
2013	0	0	0	0.0%	1649	0.0%
2014**	0	0	0	0.0%	1649	0.0%
TOTAL	12	1649	36	2.2%	1649	100.0 %

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

** As of January 2014

Survey Date: January 2014

A-14



APPLIANCES AND UNIT AMENITIES - BLUFFTON, SOUTH CAROLINA

APPLIANCES			
APPLIANCE	PROJECTS	PERCENT	UNITS*
RANGE	12	100.0%	1,649
REFRIGERATOR	12	100.0%	1,649
ICEMAKER	4	33.3%	916
DISHWASHER	12	100.0%	1,649
DISPOSAL	12	100.0%	1,649
MICROWAVE	5	41.7%	555
UNIT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS*
AC - CENTRAL	12	100.0%	1,649
AC - WINDOW	0	0.0%	
FLOOR COVERING	12	100.0%	1,649
WASHER/DRYER	3	25.0%	859
WASHER/DRYER HOOK-UP	11	91.7%	1,465
PATIO/DECK/BALCONY	9	75.0%	1,477
CEILING FAN	11	91.7%	1,561
FIREPLACE	1	8.3%	199
BASEMENT	0	0.0%	
INTERCOM SYSTEM	0	0.0%	
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	12	100.0%	1,649
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	2	16.7%	104

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

PROJECT AMENITIES - BLUFFTON, SOUTH CAROLINA

PROJECT AMENITIES			
AMENITY	PROJECTS	PERCENT	UNITS
POOL	9	75.0%	1,477
ON-SITE MANAGEMENT	11	91.7%	1,450
LAUNDRY	8	66.7%	606
CLUB HOUSE	8	66.7%	1,256
MEETING ROOM	3	25.0%	464
FITNESS CENTER	4	33.3%	1,043
JACUZZI/SAUNA	0	0.0%	
PLAYGROUND	10	83.3%	1,090
COMPUTER LAB	7	58.3%	987
SPORTS COURT	3	25.0%	274
STORAGE	1	8.3%	199
LAKE	5	41.7%	784
ELEVATOR	0	0.0%	
SECURITY GATE	0	0.0%	
BUSINESS CENTER	0	0.0%	
CAR WASH AREA	1	8.3%	300
PICNIC AREA	7	58.3%	891
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	1	8.3%	184

DISTRIBUTION OF UTILITIES - BLUFFTON, SOUTH CAROLINA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
HEAT			
TENANT			
ELECTRIC	12	1,649	100.0%
			100.0%
COOKING FUEL			
TENANT			
ELECTRIC	12	1,649	100.0%
			100.0%
HOT WATER			
TENANT			
ELECTRIC	12	1,649	100.0%
			100.0%
ELECTRIC			
TENANT	12	1,649	100.0%
			100.0%
WATER			
LANDLORD	8	834	50.6%
TENANT	4	815	49.4%
			100.0%
SEWER			
LANDLORD	8	834	50.6%
TENANT	4	815	49.4%
TRASH PICK-UP			
LANDLORD	11	1,289	78.2%
TENANT	1	360	21.8%
			100.0%

UTILITY ALLOWANCE - BLUFFTON, SOUTH CAROLINA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$22	\$13		\$48	\$12	\$17	\$3	\$5	\$52	\$11	\$15	\$14	\$20
1	GARDEN	\$25	\$17		\$57	\$16	\$23	\$4	\$6	\$56	\$16	\$23	\$14	\$20
1	TOWNHOUSE	\$25	\$17		\$57	\$16	\$23	\$4	\$6	\$56	\$16	\$23	\$14	\$20
2	GARDEN	\$27	\$21		\$68	\$19	\$30	\$5	\$8	\$63	\$21	\$32	\$14	\$20
2	TOWNHOUSE	\$27	\$21		\$68	\$19	\$30	\$5	\$8	\$63	\$21	\$32	\$14	\$20
3	GARDEN	\$30	\$25		\$79	\$25	\$44	\$6	\$9	\$70	\$31	\$48	\$14	\$20
3	TOWNHOUSE	\$30	\$25		\$79	\$25	\$44	\$6	\$9	\$70	\$31	\$48	\$14	\$20
4	GARDEN	\$33	\$31		\$93	\$33	\$60	\$6	\$10	\$77	\$40	\$48	\$14	\$20
4	TOWNHOUSE	\$33	\$31		\$93	\$33	\$60	\$6	\$10	\$77	\$40	\$48	\$14	\$20

SC-Bluffton (5/2013)

Survey Date: January 2014

A-18

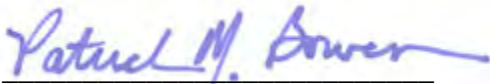


ADDENDUM B – MEMBER CERTIFICATION & CHECKLIST

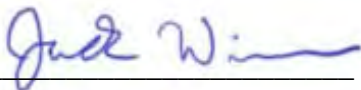
This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard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

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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)

		Section (s)
OTHER REQUIREMENTS		
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