



**A MARKET FEASIBILITY STUDY OF
MAGNOLIA SENIOR VILLAGE
Approximately 840 South 5th Street
Hartsville, Darlington County, South Carolina 29550**

Effective Date: March 9, 2015

Report Date: March 26, 2015

Prepared For

**Prepared For
Mr. Max Elbe
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Prepared By

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March 26, 2015

Mr. Max Elbe
Peachtree Housing Communities, LLC
80 West Wieuca Road, NE
Suite 204
Atlanta, GA 30342

Re: Market Study for Magnolia Senior Village, Hartsville, South Carolina

Dear Mr. Elbe:

At your request, Novogradac & Company LLP performed a study of the multifamily rental housing market in the Hartsville, Darlington County, South Carolina area relative to the above-proposed Low-Income Housing Tax Credit (LIHTC) project known as Magnolia Senior Village, the Subject.

The purpose of this market study is to assess the viability of Magnolia Senior Village, a proposed senior apartment development consisting of 32 units. The property will offer affordable rental units restricted to general households earning 50 and 60 percent or less of the Area Median Gross Income (AMI). The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the requirements of the South Carolina State Housing Finance & Development Authority (SCSHFDA), including the following:

- Inspecting the site of the proposed Subject and the general location.
- Analyzing appropriateness of the proposed unit mix, rent levels, available amenities and site.
- Estimating market rent, absorption and stabilized occupancy levels for the market area.
- Investigating the health and conditions of the multifamily housing market.
- Calculating income bands, given the proposed Subject rents.
- Estimating the number of income-eligible households.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area in relation to the proposed project.
- Establishing the Subject Primary and Secondary Market Area(s) if applicable.
- Surveying competing projects, both affordable and market rate.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The report also includes a thorough analysis of the scope of the study, regional and local demographic and economic studies, and market analyses including conclusions. The depth of discussion contained in the report is specific to the needs of the client.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac & Company LLP



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EXECUTIVE SUMMARY/CONCLUSIONS

PROPERTY SUMMARY OF SUBJECT

Subject Property Overview: Magnolia Senior Village, the Subject, is a proposed 32-unit apartment community for seniors age 55 and older that will be restricted to households earning 50 and 60 percent of the AMI, or less under the LIHTC and HOME funding programs.

Targeted Tenancy: Seniors (age 55 and older)

Proposed Rents, Unit Mix, and Utility Allowance: The following table details the Subject’s proposed rents, utility allowances, unit mix, and unit sizes.

PROPOSED RENTS

Unit Type	Square Feet	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2015 LIHTC Maximum Allowable Gross Rent
			<i>50% AMI (HOME)</i>			
2BR/2BA	950	7	\$383	\$179	\$562	\$562
			<i>60% AMI (HOME)</i>			
2BR/2BA	950	2	\$429	\$179	\$608	\$608
			<i>60% AMI</i>			
2BR/2BA	950	<u>23</u>	\$510	\$179	\$689	\$730
Total		32				

Notes (1) Source of Utility Allowance provided by the Developer.

Market Vacancy: The following table illustrates the market vacancy at the comparable properties.

OVERALL VACANCY

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Hartsville Garden Apartments	@50%, @50% (HOME), @60%	72	2	2.8%
Middletown Apartments	@50%, @60%	40	0	0.0%
Pecan Grove Apartments	@50%, @50% (HOME), @60%	32	1	3.1%
Bentree Apartments	Market	132*	1	0.8%
Charles Pointe	Market	168*	1	0.6%
Oakview Townhomes	Market	48	3	6.2%
Palmetto Villas	Market	72	12	16.7%
The Reserve At Mill Creek	Market	<u>268*</u>	<u>3</u>	<u>1.1%</u>
Total in PMA		264	18	6.8%
Total		832	23	2.8%

*Units outside the PMA

OVERALL - COMPARABLE LIHTC VACANCY

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Hartsville Garden Apartments	@50%, @50% (HOME), @60%	72	2	2.8%
Middletown Apartments	@50%, @60%	40	0	0.0%
Pecan Grove Apartments	@50%, @50% (HOME), @60%	<u>32</u>	<u>1</u>	<u>3.1%</u>
Total in PMA		144	3	2.1%

OVERALL - MARKET RATE VACANCY

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Bentree Apartments	Market	132*	1	0.8%
Charles Pointe	Market	168*	1	0.6%
Oakview Townhomes	Market	48	3	6.2%
Palmetto Villas	Market	72	12	16.7%
The Reserve At Mill Creek	Market	<u>268*</u>	<u>3</u>	<u>1.1%</u>
Total in PMA		120	15	12.5%
Total		688	20	2.9%

*Units outside the PMA

Overall vacancy in the PMA among five comparables is moderate with a vacancy rate of 6.8 percent, while among the eight comparables the vacancy rate is just 2.8 percent.

The three surveyed comparable LIHTC properties from inside the PMA have just three vacancies, and an overall low vacancy rate of 2.1 percent. Some of the properties maintain waiting lists. The low vacancies at all three comparables indicate excellent demand for affordable rental housing in the PMA.

Among the market rate properties in Hartsville, the vacancy rate is high at 12.5 percent, due to the underperformance of Palmetto Villas. This property is in below average condition and has management that is not on-site full-time. In addition, the manager commented that the application process is very strict and many applicants do not qualify, resulting in challenges for this older, functionally obsolete property to achieve a high stabilized occupancy. When this property that is underperforming is excluded, the other market rate property in the PMA, Oakview Townhomes, has a 6.2 percent vacancy rate. The overall vacancy rate for market rate projects with Palmetto Villas excluded is 1.9 percent.

While one market rate project in Hartsville is experiencing some project-specific vacancy issues, the other surveyed market rate projects and all three comparable LIHTC properties have relatively low vacancy rates. It is our opinion that the growing base of senior households in the PMA is significantly underserved by area LIHTC options, and some seniors who might support the Subject are currently living at family properties due to the lack of a senior option. As such, it is our opinion that the Subject will be able to maintain a stabilized vacancy rate of seven percent or less following stabilization per state guideline standards. In fact, as what would be the only senior property with LIHTC units in the PMA, we would expect that after completion of absorption, the Subject will likely be able to generate a waiting list.

Capture Rates:

The following table illustrates the capture rates for the Subject.

CAPTURE RATE ANALYSIS CHART

Bedrooms/AMI Level	Total Demand*	Supply	Net Demand	Units Proposed	Capture Rate
Overall at 50% AMI (HOME)	61	0	61	7	11.5%
Overall at 60% AMI (HOME)	93	0	93	25	26.9%
Overall	107	0	107	32	29.9%

*Note the demand totals have been refined to only include size-appropriate households

As the analysis illustrates, the Subject’s capture rates vary from 11.5 percent for units at 50 percent AMI to 26.9 percent for units at 60 percent AMI, with an overall capture rate of 29.9 percent. The Subject’s capture rates are within acceptable demand thresholds and we believe that there is sufficient demand for the Subject’s units in the PMA. The Subject will be the first senior LIHTC community in the PMA and as such should be able to fill a void in the market.

Projected Absorption Period:

The newest LIHTC property in the PMA is Hartsville Garden Apartments, which opened in 2011 and is a 72-unit family project with a just two vacancies. Management at this property could not provide lease-up history. In addition, no other LIHTC or recently developed market rate properties were able to provide absorption data.

With a growing demographic base of seniors in the PMA and the insufficient supply of low-income senior rental units in the PMA, we believe the Subject should be able to experience an average to good absorption rate at the proposed rent levels, which are excellent values compared to achievable market rents. The LIHTC comparables reported a 2.1 percent vacancy rate, indicating good support for existing affordable housing we utilized as comparables. None of the comparables in the PMA offer age-restricted units. Therefore, based upon the demand calculation presented within this report, which indicate excellent to moderate capture rates and a sufficient number of age and income-qualified households, we believe that the Subject could absorb approximately eight units per month upon opening. This equals an absorption period of approximately four months.

Market Conclusions:

Overall vacancy in the PMA among five comparables is moderate with a vacancy rate of 6.8 percent, mainly as a result of one underperforming market rate comparable, which has project-specific issues that are impacting its vacancy rate. When the underperforming market rate property is excluded, the remaining four properties in the PMA have a 3.1 percent vacancy rate, indicating a healthy rental market at most rental options in the PMA. The most similar LIHTC property, Hartsville Garden Apartments has an inferior location to the Subject and is 97.2 percent occupied, with rents above the proposed rent levels. When compared to the current 50 and 60 percent rents at the LIHTC properties, the Subject's proposed 50 and 60 percent AMI rents appear reasonable and they are more than 30 percent on average below what we have determined to be the achievable market rents. Overall, we believe that the Subject will be successful in the local market as proposed. Note that with all two-bedroom units proposed, the Subject may be able to attract a higher share of current homeowners to the site than if the property had a significant share of one-bedroom units in addition to the units proposed.

Recommendations:

We believe there is ample demand for the Subject in the PMA and the market supports the Subject development as proposed. The Subject's overall capture rate is 29.9 percent, which is within acceptable demand thresholds for a senior property in a somewhat rural county. Individual capture rates by AMI level range from 11.5 to 26.9 percent, which are considered achievable in the PMA, where senior renter households are growing and there is no existing senior LIHTC housing. The Subject site is located within 0.5 miles of many community services and facilities that seniors would utilize on a frequent basis. The Subject will be the first senior LIHTC community in the PMA and as such should be able to fill a void in the market.

The LIHTC projects in the PMA all have low vacancy rates and some maintain waiting lists, indicating a strong market for affordable LIHTC units. Most market rate properties surveyed also exhibit low vacancy rates. The developer's rents represent greater than a 30 percent overall advantage over achievable market rents. The proposed rents will also compete well with the LIHTC rents at the family LIHTC comparables we surveyed since there are no area senior LIHTC comparables. Given these factors, we would anticipate the Subject can achieve a stabilized occupancy rate of 93 percent or higher within approximately four months of opening.

Long Term Impact on Existing LIHTC Properties in PMA:

The comparable LIHTC units have an overall 2.1 percent vacancy rate and some properties maintain waiting lists, indicating high demand for affordable rental housing in the PMA. There are no existing senior LIHTC properties in the PMA with which to compare the Subject. However, the PMA is an area with a growing base of senior households, some of which are currently renters and some of which are currently homeowners who would consider moving to a rental community for seniors if one were available. As such, the proposed project should be able to fill a current void in this market and serve a population segment that is currently underserved. With just 32 senior LIHTC units proposed at the Subject, we believe the Subject's opening and lease-up will have no long-term impact on the existing area LIHTC apartments, particularly given the fact these properties generally target family renter households. Since the Subject will not operate with a subsidy, we do not expect any impact on the existing low-income rental assisted housing in the market.

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

Development Name:	<u>Magnolia Senior Village</u>	Total # Units:	<u>32</u>
Location:	<u>South 5th Street, Hartsville, SC 29550</u>	# LIHTC Units:	<u>32</u>
PMA Boundary:	<u>Most of Darlington County and part of Chesterfiled County</u>		
Development Type: <input type="checkbox"/> Family	<input checked="" type="checkbox"/> Older Persons	Farthest Boundary Distance to Subject:	23.0_ miles

RENTAL HOUSING STOCK (found on pages 1, 2, 55)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	8	832	23	97.2 %
Market-Rate Housing	5	688	20	97.1 %
Assisted/Subsidized Housing not to include LIHTC	3	144	3	97.9 %
LIHTC (All that are stabilized)*	3	144	3	97.9 %
Stabilized Comps**	3	144	3	97.9 %
Non-stabilized Comps	0	0	0	N/A

* 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
7	2	2	950	\$ 383	\$ 700	\$ 0.80	45.29%	\$ 1,063	\$ 0.94
2	2	2	950	\$ 429	\$ 700	\$ 0.80	38.71%	\$ 1,063	\$ 0.94
23	2	2	950	\$ 510	\$ 700	\$ 0.80	27.14%	\$ 1,063	\$ 0.94
				\$	\$	\$		\$	\$
Gross Potential Rent Monthly*				\$ 15,269	\$ 22,400		31.83%		

*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 pages 36, 37)

	2010		2014		2017	
Renter Households	2252	19.6%	2716	21.0%	2779	20.7%
Income-Qualified Renter HHs (LIHTC)	358	15.9%	464	17.1%	465	16.7%
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 52)

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	6	10				11
Existing Households (Overburd + Substand)	77	121				127
Homeowner conversion (Seniors)	19	27				33
Other:						
Less Comparable/Competitive Supply	0	0				0
Net Income-qualified Renter HHs	104	158				170

CAPTURE RATES (found on page 52)

Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	11.5%	26.9%				29.9%

ABSORPTION RATE (found on page 53)

Absorption Period __	<u>4</u>
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# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent by Bedroom Type	Adjusted Market Rent	Gross Adjusted Market Rent by Bedroom Type	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
7	2 BR	\$383	\$2,681	\$700	\$4,900	
2	2 BR	\$429	\$858	\$700	\$1,400	
23	2 BR	\$510	\$11,730	\$700	\$16,100	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	32		\$15,269		\$22,400	31.83%

Source: SCSHFDA

A. PROJECT DESCRIPTION

A. PROPERTY DESCRIPTION

Development Location: The Subject site is located to the west of South 5th Street, north of Pleasant Lane, in Hartsville, Darlington County, South Carolina.

Construction Type The Subject will involve the new construction of one-story apartments with brick veneer and cement fiberboard siding.

Occupancy Type: Older Persons (age 55+)

Target Income Group: The Subject will target households with incomes of 50 and 60 percent AMI, or less under the tax credit and HOME programs.

Special Population Target: None

Number of Units by Unit Type: The Subject will include 32 two-bedroom units.

Number of Buildings And Stories: The Subject will be constructed in four one-story buildings and a separate community building.

Unit Size: The two-bedroom units will be 950 square feet.

Structure Type/Design: The Subject will offer garden-style units in one-story buildings.

Proposed Rents and Utility Allowance: The following table details the Subject’s proposed rents and utility allowances. The utility description is located in the property profile.

PROPOSED RENTS

Unit Type	Square Feet	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2015 LIHTC Maximum Allowable Gross Rent
			<i>50% AMI (HOME)</i>			
2BR/2BA	950	7	\$383	\$179	\$562	\$562
			<i>60% AMI (HOME)</i>			
2BR/2BA	950	2	\$429	\$179	\$608	\$608
			<i>60% AMI</i>			
2BR/2BA	950	<u>23</u>	\$510	\$179	\$689	\$730
Total		32				

Notes (1) Source of Utility Allowance provided by the Developer.

Utility Structure/Allowance: The landlord will pay for trash expenses, while the tenant will be responsible for all electric expenses including heating, cooling, water heating, cooking, and general electric usage, as well as water and sewer expenses. The developer-provided estimated tenant-paid utility allowance for the Subject is \$179 for two-bedroom units.

Existing or Proposed Project Based Rental Assistance: The Subject is planned new construction and will not receive project-based rental assistance.

Community Amenities: See Subject Profile

Unit Amenities: See Subject Profile

Current Occupancy/Rent Levels: The Subject will be proposed new construction.

Scope of Renovation: The Subject will be proposed new construction.

Property Profile Report

Magnolia Senior Village

Comp # Subject
Effective Rent Date 3/9/2015

Location 842 South 5th Street
 Hartsville, SC 29550
 Darlington County
 (verified)

Units 32
Type One-story (age-restricted)
Year Built / Renovated 2017 / n/a
Tenant Characteristics Seniors age 55+
Contact Name Max Elbe



Market

Program @50% (HOME), @60% (HOME), @60%

Utilities

A/C	not included -- central	Other Electric	not included
Cooking	not included -- electric	Water	not included
Water Heat	not included -- electric	Sewer	not included
Heat	not included -- electric	Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
2	2	One-story	7	950	\$383	\$0	@50% (HOME)	N/A	N/A	N/A	Yes
2	2	One-story	2	950	\$429	\$0	@60% (HOME)	N/A	N/A	N/A	Yes
2	2	One-story	23	950	\$510	\$0	@60%	N/A	N/A	N/A	No

Amenities

In-Unit	Blinds Carpeting Central A/C Dishwasher Ceiling Fan Garbage Disposal Microwave Oven Refrigerator Washer/Dryer hookup	Security	none
Property	Parking spaces: 47 Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Exercise Facility Central Laundry Off-Street Parking On-Site Management Picnic Area Recreation Areas	Premium	none
Services	none	Other	Library, Crafts Room

Comments

Anticipated opening in 2/2017. Four cottage style buildings and a clubhouse.

B. SITE DESCRIPTION

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues, and traffic flow.

Date of Site Visit: March 9, 2015

Surrounding Land Uses: The following map and pictures illustrate the surrounding land uses.



Physical Features of Site: The Subject site is located within Hartsville, South Carolina and is undeveloped, grass covered land.

Location/Surrounding Uses: The Subject site is located in a mixed use neighborhood consisting of some wooded land alongside railroad tracks, as well as numerous retail and commercial buildings and single family homes. Railroad tracks, which receive infrequent use according to the manager of a restaurant near the railroad crossing of South 5th Street just northeast of the Subject site, border the site to the north. Beyond are wooded land, retail and restaurants. South 5th Street and a vacant restaurant building are east of the Subject, and beyond is the Hartsville Mall

Shopping Center, which includes a Belk, Goody's, fitness center, a discount store, a Bank of America branch, and a Hardee's restaurant. To the south of the Subject site is a Piggly Wiggly grocery store, as well as single family homes in average to poor condition south of Pleasant Lane, which forms the site's southern boundary. These single family homes extend south to West Washington Street. There is also a Rite Aid pharmacy south of the Piggly Wiggly. Single family homes in average condition are west of the Subject and extend beyond South 6th Street. Retail in the area is in generally average to excellent condition and appeared to be 90 to 95 percent occupied. Overall, the Subject site is considered a desirable building site for senior rental housing.

Pictures of Site and Surrounding Uses



Subject site



Subject site



Subject site



Subject site



View north along South 5th Street



View south along South 5th Street



Railroad tracks and crossing northwest of the Subject



Railroad crossing along South 5th Street, east of Subject



Vacant restaurant building east of the Subject



Single family home near the Subject



Single family home near the Subject



Goody's store east of the Subject



Bank of America east of the Subject



Belk store east of the Subject



Piggly Wiggly adjacent to the Subject



Rite Aid south of the Subject



Walgreen's southeast of the Subject



Restaurant south of the Subject



Family Dollar north of the Subject



Gas station north of the Subject

Visibility/Views:

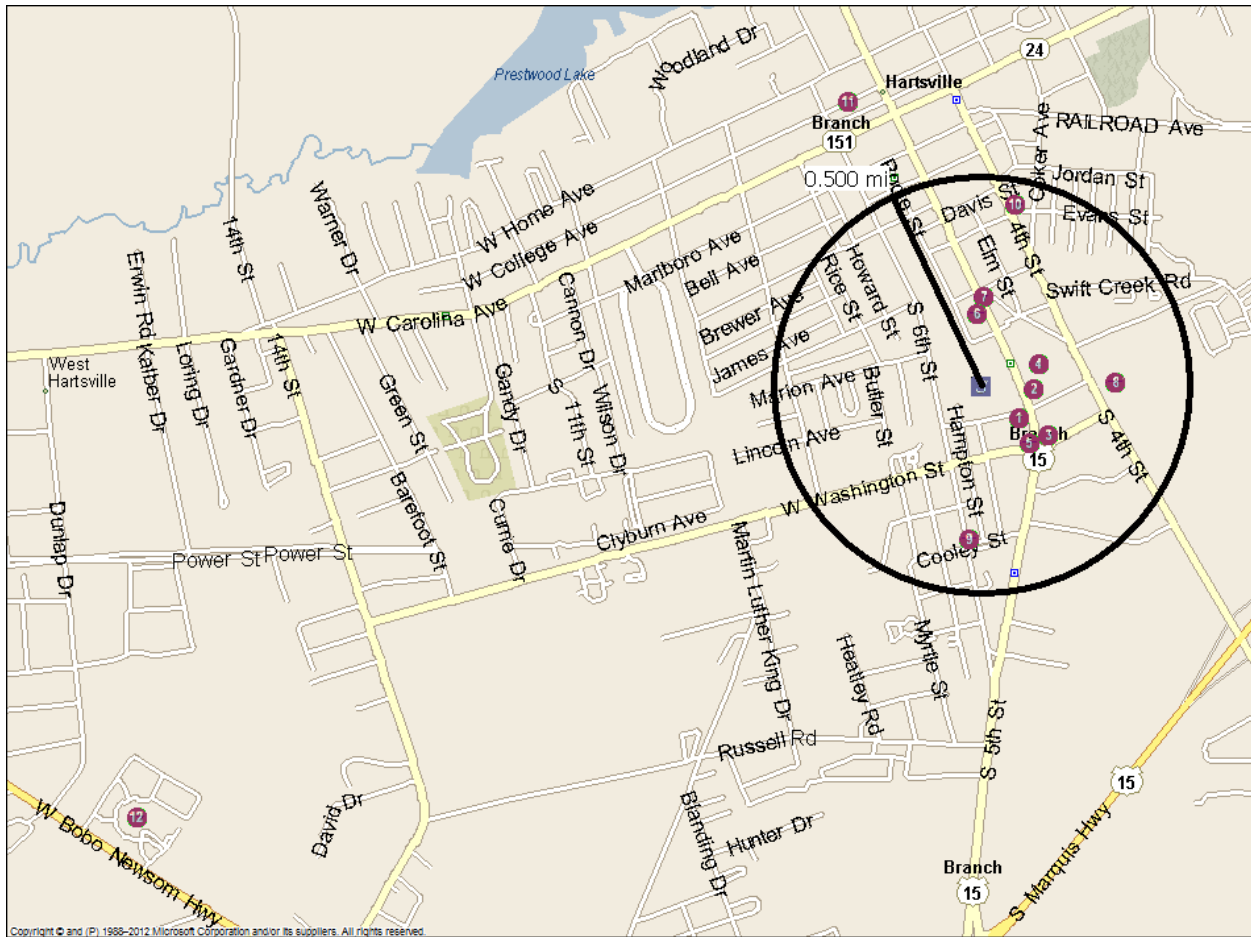
Views from the Subject site include forested land and a railroad track to the north, South 5th Street and various retail stores and restaurants to the east, a grocery store and single family homes in average to poor condition to the south, and single family homes in average condition to the west. The Subject will have excellent visibility from South 5th Street and from Pleasant Lane to the south. South 5th Street has moderate to heavy traffic, depending on time of day, while the other adjacent streets (Hampton Street and Pleasant Lane) experience limited traffic. Overall, visibility from the site is considered excellent, as South 5th Street is a main arterial serving the area, while views from the Subject site will be considered average.

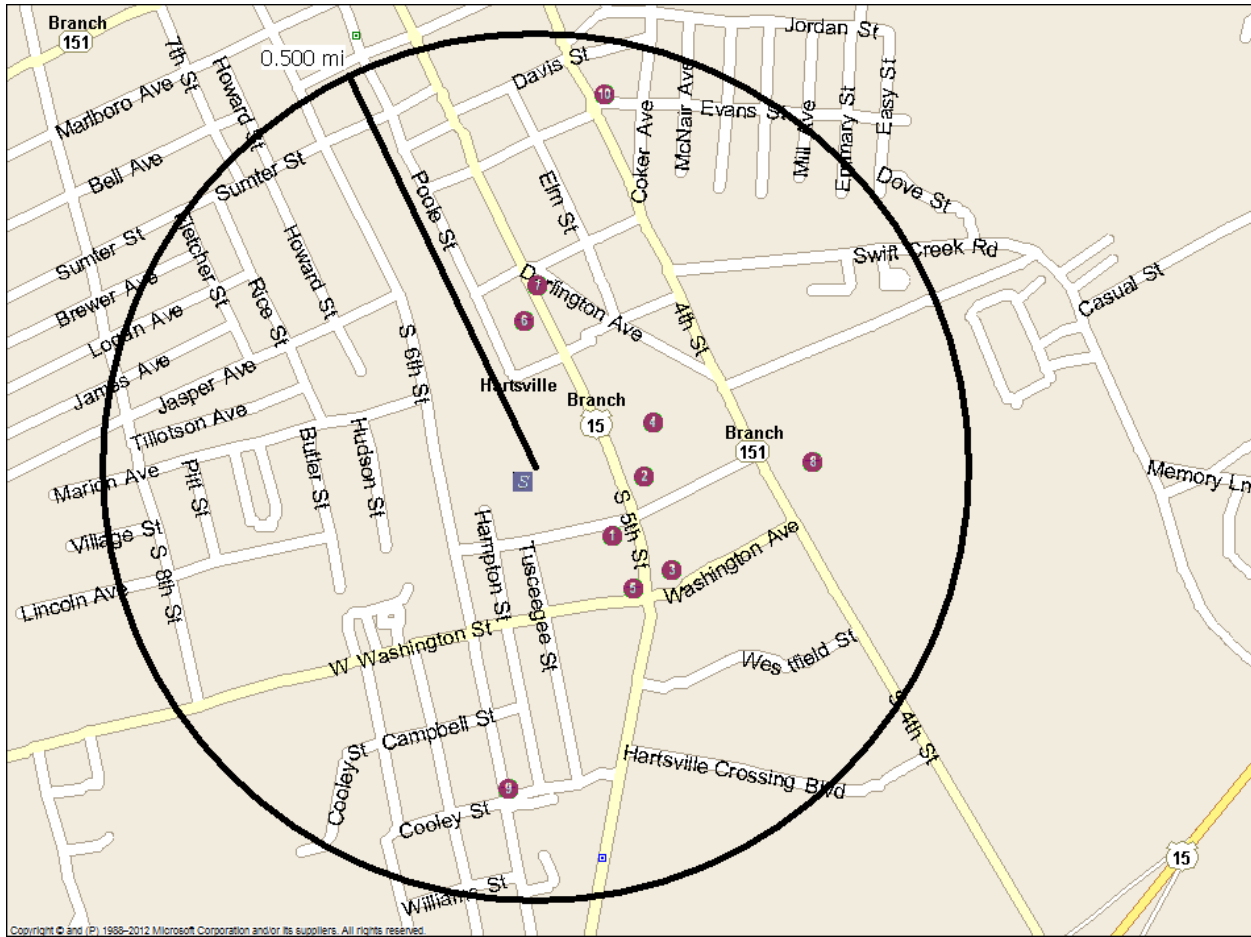
Detrimental Influences:

There is an active railroad track north of the Subject site, with train crossings with flashing signals to the northwest and northeast of the site along South 5th and South 6th Streets. We interviewed the manager of a local restaurant located within 0.2 miles of the train crossing along South 5th Street. The manager commented that train traffic is minimal and occurs during daytime hours. The trains generally move at slow to moderate speeds and create a moderate amount of noise based on our interview. Given the site’s location adjacent to this active railroad track, we assume the developer will include sound reducing materials in the construction of the units at the Subject, most notably buildings in the northern portion of the site nearest the railroad track and the signals.

Proximity to Local Services:

The Subject is located in reasonable proximity to local services including retail, a bank, gas station, and restaurants. The following table details the Subject’s distance from key locational amenities. Two *Locational Amenities Maps*, corresponding to the following table, are below.





LOCATIONAL AMENITIES

Map Number	Service or Amenity	Miles From Subject
1	Piggly Wiggly	<0.1 miles
2	Bank of America	0.1 miles
3	Hardee's	0.1 miles
4	Belk and Goody's	0.1 miles
5	Rite Aid	0.1 miles
6	Family Dollar	0.2 miles
7	Shell Gas Station	0.3 miles
8	Lowe's	0.3 miles
9	Hartsville Senior Center	0.4 miles
10	US Post Office	0.5 miles
11	Hartsville Memorial Library	0.9 miles
12	Carolina Pines Regional Medical Center	2.2 miles

Availability of Public Transportation:

There is no public transportation service in Hartsville, SC.

Road/Infrastructure

Proposed Improvements:

We witnessed no current road improvements within the Subject’s immediate neighborhood.

Crime Rates:

Based upon site inspection, there appeared to be no crime issues in the Subject’s neighborhood and property managers did not report having issues with crime. The following table illustrates crime statistics in the Subject’s PMA compared to the MSA.

2014 CRIME RISK INDICES

	PMA	Florence, SC MSA
Total Crime*	128	140
Personal Crime*	160	182
Murder	128	171
Rape	122	143
Robbery	92	99
Assault	213	220
Property Crime*	124	130
Burglary	153	156
Larceny	108	131
Motor Vehicle Theft	92	83

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

*Unweighted aggregations

The total crime risk index in the PMA is slightly lower than the Florence MSA, the nearest MSA with available crime data, but is above national levels. Additionally, total personal crime risks and total property crime risks in the PMA are lower than in the MSA, but above the national average. Given the Subject’s location in a well-trafficked mixed-use area, we do not anticipate crime will be a concern at the proposed Subject. The developer does not have any security features proposed for the Subject, which is similar to the comparables in the PMA.

Access and Traffic Flow:

The Subject site will have access off South 5th Street, located east of the site. This is a major arterial serving Hartsville and has moderate to heavy traffic. While no traffic signal will serve the Subject, we do not anticipate any significant delays for north or southbound traffic on South 5th Street. Overall, access and traffic flow are considered good.

Positive/Negative Attributes:

The Subject will have overall excellent visibility, average views, and good access from the main arterial providing access to the site. The Subject will be very convenient to area retail and restaurants, and is adjacent to a grocery store that will be a short walk from the site for residents. Most everyday community services are within 0.5 miles of the Subject and are conveniently accessible for potential residents of the Subject.

While there is a railroad track north of the site and two train crossing signals near the Subject to the northwest and northeast, train traffic is limited and occurs during daytime hours, and is not expected to be a significant nuisance based on our research. We have suggested that the developer utilize noise reducing materials in the construction of the Subject buildings, particularly those in the northern portion of the site, so as to minimize the potential noise and vibrations from passing trains.

C. MARKET AREA

PRIMARY MARKET AREA

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

The proposed Subject will be a 32-unit senior new construction development in Hartsville, South Carolina. The PMA is defined as the communities of Hartsville, Darlington, and other small communities and rural areas in Darlington and Chesterfield Counties. Our interviews with area managers suggested that Darlington County affordable communities receive support from throughout the county. In addition, they stated that Chesterfield County has extremely limited senior housing options, and seniors from underserved portions of this neighboring county would also be attracted to the Subject development’s new senior units in proximity of retail and other community services valued by seniors. Based on interviews with local property managers, including management at Hartsville Garden Apartments and Palmetto Villas, most of the tenants would originate from Hartsville or Darlington. Therefore, we anticipate that the majority of the Subject’s tenants will come from within the boundaries of the PMA. The Subject will be the first senior LIHTC property in Darlington County, and as such will be able to draw from approximately a 25-minute drive time of the site.

The PMA includes all or part of the following census tracts:

Census Tracts in PMA	
450310101.00	450310105.00
450310109.00	450310106.00
450310110.00	450310107.00
450310111.00	450310108.00
450310112.00	450310115.00
450310113.00	450310116.00
450310114.00	450259507.00
450310102.00	450259508.00
450310103.00	450259506.00
450310104.00	

The primary market area has been identified based upon conversations with management at market rate and LIHTC properties in the area as well as other market participants in addition to demographic characteristics of census tracts within the area. Although we believe that neighborhood characteristics and geographic/infrastructure barriers are typically the best indicators of PMA boundaries, we have also examined demographic characteristics of census tracts in and around the Hartsville community in an effort to better identify the Subject’s PMA. It is important to note however that we do not base our PMA determinations on census tract information alone as these boundaries are rarely known to the average person.

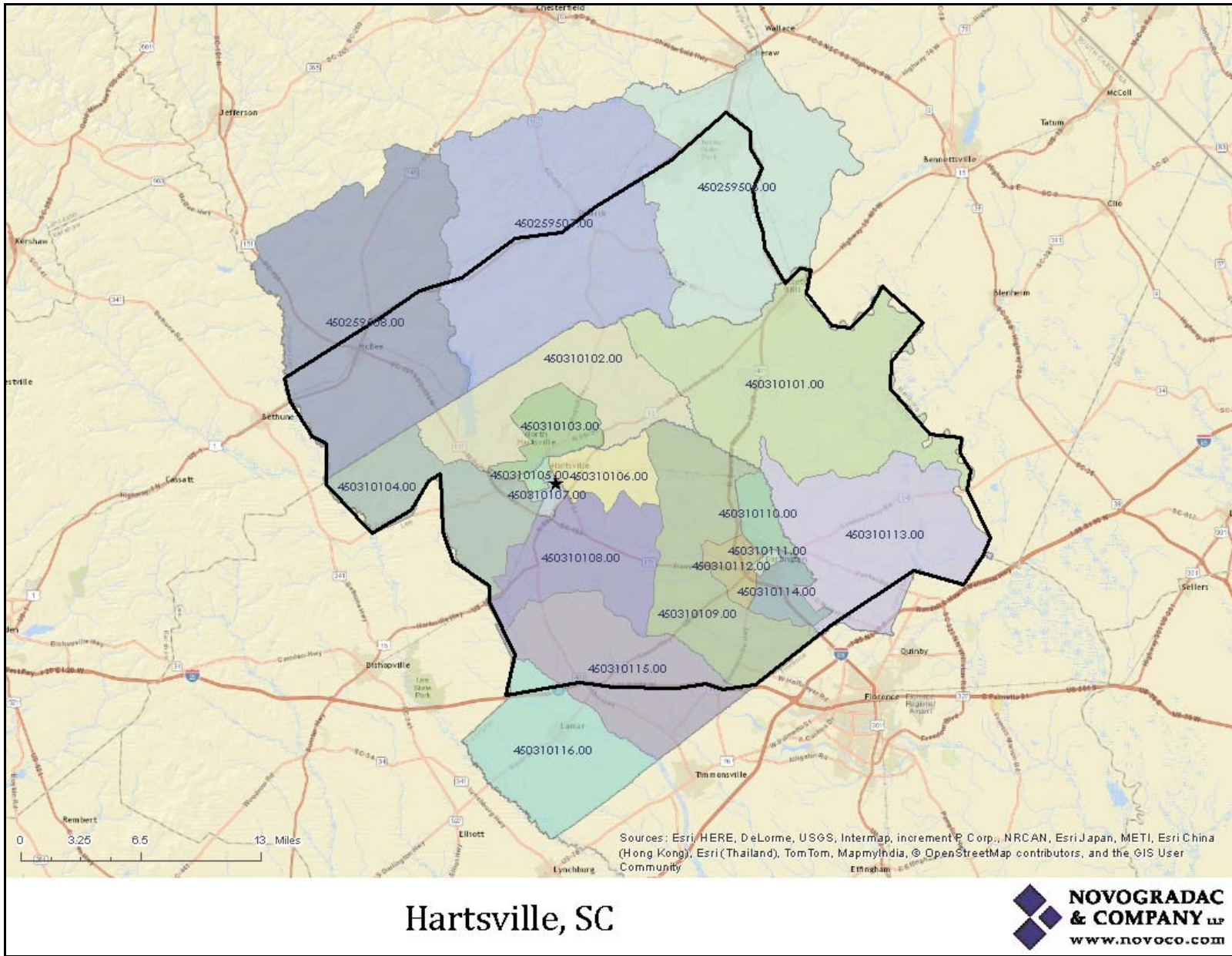
As per SCSHFDA guidelines, we have provided a table that illustrates the racial characteristics of the PMA, as well as data for the MSA.

2010 POPULATION BY RACE						
	PMA		SMA		USA	
Total	68,300	-	205,566	-	308,745,538	-
White	39,541	57.9%	113,482	55.2%	223,553,265	72.4%
Black	26,913	39.4%	85,079	41.4%	38,929,319	12.6%
American Indian	207	0.3%	658	0.3%	2,932,248	0.9%
Asian	199	0.3%	1,874	0.9%	14,674,252	4.8%
Pacific	9	0.0%	31	0.0%	540,013	0.2%
Other	674	1.0%	2,151	1.0%	19,107,368	6.2%
Two or More Races	757	1.1%	2,291	1.1%	9,009,073	2.9%
Total Hispanic	1,371	-	4,170	-	50,477,594	-
Hispanic: White	517	37.7%	1,384	33.2%	26,735,713	53.0%
Hispanic: Black	112	8.2%	412	9.9%	1,243,471	2.5%
Hispanic: American Indian	10	0.7%	50	1.2%	685,150	1.4%
Hispanic: Asian	2	0.1%	13	0.3%	209,128	0.4%
Hispanic: Pacific	3	0.2%	2	0.0%	58,437	0.1%
Hispanic: Other	640	46.7%	1,992	47.8%	18,503,103	36.7%
Hispanic: Two or More Races	87	6.3%	317	7.6%	3,042,592	6.0%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

Per SCSHFDA Guidelines, we have not accounted for leakage and have assumed 100 percent of demand will come from within the PMA boundaries.

The following map outlines the PMA and identifies the census tracts included within these boundaries.



D. MARKET AREA ECONOMY

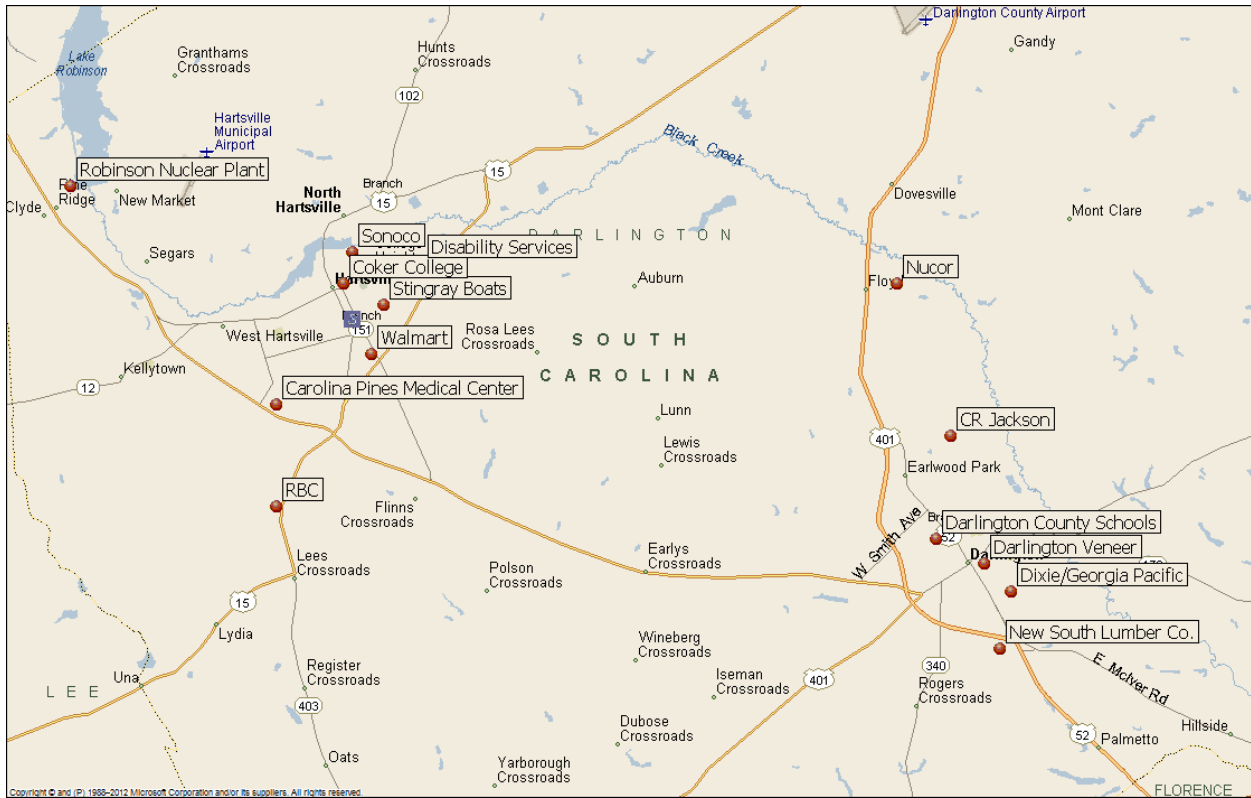
MARKET AREA ECONOMY

REGIONAL AND LOCAL ECONOMIC OVERVIEW

The Subject is located in Hartsville, Darlington County, SC and is located within the Florence, SC Metropolitan Statistical Area (MSA). As of the 2010 US Census, the city of Hartsville’s population was 7,764 persons. Hartsville is located in the Midlands Region of South Carolina.

Map of Employment Centers

The following map illustrates the Subject’s location compared to major employment centers in the surrounding areas.



Employment by Industry

The following table exhibits unemployment by industry for the PMA.

2014 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Manufacturing	5,467	20.6%	15,162,651	10.6%
Health Care/Social Assistance	3,389	12.8%	20,080,547	14.0%
Retail Trade	3,004	11.3%	16,592,605	11.6%
Educational Services	2,281	8.6%	12,979,314	9.1%
Construction	1,663	6.3%	8,291,595	5.8%
Finance/Insurance	1,595	6.0%	6,884,133	4.8%
Accommodation/Food Services	1,361	5.1%	10,849,114	7.6%
Other Services (excl Publ Adm)	1,310	4.9%	7,850,739	5.5%
Public Administration	1,101	4.1%	6,713,073	4.7%
Admin/Support/Waste Mgmt Srves	966	3.6%	6,316,579	4.4%
Transportation/Warehousing	938	3.5%	5,898,791	4.1%
Wholesale Trade	852	3.2%	3,628,118	2.5%
Prof/Scientific/Tech Services	680	2.6%	9,808,289	6.8%
Agric/Forestry/Fishing/Hunting	579	2.2%	1,800,354	1.3%
Utilities	534	2.0%	1,107,105	0.8%
Arts/Entertainment/Recreation	280	1.1%	3,151,821	2.2%
Information	259	1.0%	2,577,845	1.8%
Real Estate/Rental/Leasing	252	0.9%	2,627,562	1.8%
Mgmt of Companies/Enterprises	20	0.1%	97,762	0.1%
Mining	19	0.1%	868,282	0.6%
Total Employment	26,550	100.0%	143,286,279	100.0%

Source: ESRI Demographics 2010, Novogradac & Company LLP, March 2015

The largest employment sector in the PMA is the manufacturing sector, followed by the healthcare/social assistance, retail trade and educational services sectors. The manufacturing, construction, finance/insurance, wholesale trade, agriculture/forestry/fishing/hunting and utilities sectors are overrepresented in the PMA when compared with the nation. Conversely, the accommodation/food services, other services, professional services, and arts/entertainment/recreation, are underrepresented in the PMA when compared with the nation. Notably, the manufacturing and retail trade sectors, two of the top three employment sectors in the PMA, are volatile industries and are susceptible to employment loss and closures during times of economic downturn.

The following table illustrates the changes in employment by industry from 2000 to 2014, in the Subject's PMA.

2000-2014 CHANGE IN EMPLOYMENT - PMA

Industry	2000		2014		2000-2014	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Annualized Change in Employment	Annual Change in Percentage
Manufacturing	7,527	26.8%	5,467	20.6%	-147	-2.0%
Retail Trade	3,063	10.9%	3,004	11.3%	-4	-0.1%
Health Care/Social Assistance	2,814	10.0%	3,389	12.8%	41	1.5%
Educational Services	2,219	7.9%	2,281	8.6%	4	0.2%
Construction	1,607	5.7%	1,663	6.3%	4	0.2%
Accommodation/Food Services	1,511	5.4%	1,361	5.1%	-11	-0.7%
Other Services (excl Publ Adm)	1,498	5.3%	1,310	4.9%	-13	-0.9%
Finance/Insurance	1,478	5.3%	1,595	6.0%	8	0.6%
Wholesale Trade	1,054	3.8%	852	3.2%	-14	-1.4%
Public Administration	1,010	3.6%	1,101	4.1%	7	0.6%
Transportation/Warehousing	1,002	3.6%	938	3.5%	-5	-0.5%
Admin/Support/Waste Mgmt Svcs	784	2.8%	966	3.6%	13	1.7%
Utilities	625	2.2%	534	2.0%	-7	-1.0%
Agric/Forestry/Fishing/Hunting	586	2.1%	579	2.2%	-1	-0.1%
Prof/Scientific/Tech Services	549	2.0%	680	2.6%	9	1.7%
Arts/Entertainment/Recreation	263	0.9%	280	1.1%	1	0.5%
Information	252	0.9%	259	1.0%	1	0.2%
Real Estate/Rental/Leasing	240	0.9%	252	0.9%	1	0.4%
Mining	17	0.1%	19	0.1%	0	0.8%
Mgmt of Companies/Enterprises	5	0.0%	20	0.1%	1	21.4%
Total Employment	28,104	100.0%	26,550	100.0%	-111	-0.4%

Source: ESRI Demographics 2010, Novogradac & Company LLP, March 2015

*Industry data current as of 2010. Other projections current as of 2014.

* Change in percentage is calculated as a rate of change by industry.

As illustrated, the manufacturing sector has historically had a dominant presence in the local economy, but has declined two percent annually since 2000. The sectors that experienced significant increases in employment include the professional/scientific/tech services, administrative/support/waste management services, and healthcare/social assistance sectors. Eight industries experienced employment decline since 2000, including agriculture/forestry/fishing/hunting, retail trade, transportation/warehousing, accommodation/food services, other services, utilities, wholesale trade, and manufacturing.

Major Employers

The table below shows the largest employers in the area.

MAJOR EMPLOYERS

Darlington County, SC

#	Employer	Industry	Number of Employees
1	Darlington County School District	Education	3,400
2	Sonoco Products	Manufacturing	1,781
3	Carolina Pines Regional Medical Center	Health Care	700
4	Dixie/Georgia Pacific	Manufacturing	535
5	Coker College	Education	523
6	Nucor	Manufacturing	510
7	Galey and Lord	Manufacturing	499
8	Robinson Nuclear Plant	Utilities	430
9	Walmart	Retail Trade	380
10	Disabilites and Special Needs	Social Services	250
11	RBC	Manufacturing	209
12	New South Lumber Company	Manufacturing	180
13	Darlington Veneer	Manufacturing	160
14	Stingray Boats	Manufacturing	148
15	CR Jackson	Construction	70

Source: Darlington County Economic Development Partnership, 3/2015.

The largest employer in Darlington County is the Darlington County School District, followed by Sonoco Products. The area is heavily dependent upon the manufacturing sector. Employment in manufacturing comprises approximately 36 percent of employment among the top employers. The education sector also has a heavy presence in the market, primarily due to the number of persons employed by the Darlington County School District. The education sector tends to provide a stable employment base in times of economic downturn while the manufacturing sector tends to be more volatile.

Expansions/Contractions

We have researched employment expansions and contractions in Darlington County in the past several years. There have been no significant contractions and no WARN notices filed within the County since 2012, indicating a stable economy. A number of business expansions and investments have been announced in recent years indicating a growing economy. Several of these are expansions by existing major manufacturing employers in the area.

- According to an article by the South Carolina Department of Commerce, dated December 18, 2013 and titled *Canfor Southern Pine to Expand Darlington Lumber Facility*, “due to increased global demand for southern yellow pine lumber, Canfor Southern Pine is expanding its existing operations in Darlington County. The \$8 million investment is expected to generate 50 new jobs through the addition of a second shift at the manufacturing facility. The expansion is expected to be completed by the third quarter of 2014. The company presently employs nearly 600 people in South Carolina, with 84 workers in the Darlington facility prior to the expansion.”
- Rogers Brothers Farm, a peanut producer, will open a new facility in Hartsville, as announced in July 2014. This facility represents a \$6 million investment and is expected to create 30 new jobs over the coming years.

- Sonoco, the largest private employer in Darlington County, recently completed a biomass boiler at their Hartsville location. This boiler represents a \$100 million investment at this facility. It is expected to create 10 new, high-paying positions.
- Nucor, another major manufacturing employer in the county, is in the process of a \$45 million upgrade to its Darlington steel plant. This investment is expected to create 25 new jobs by 2018.

Employment and Unemployment Trends

According to the BLS, the Subject is located in the Florence, SC MSA. As such, the following table details employment and unemployment trends for the Florence, SC MSA from 2000 to 2014 (through December).

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Florence, SC MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2004	83,940	-1.0%	8.3%	0.5%	139,252,000	1.1%	5.5%	-0.5%
2005	83,937	0.0%	8.9%	0.5%	141,730,000	1.8%	5.1%	-0.4%
2006	86,184	2.7%	7.3%	-1.6%	144,427,000	1.9%	4.6%	-0.5%
2007	87,745	1.8%	6.2%	-1.2%	146,047,000	1.1%	4.6%	0.0%
2008	87,041	-0.8%	7.4%	1.3%	145,362,000	-0.5%	5.8%	1.2%
2009	83,626	-3.9%	11.9%	4.5%	139,877,000	-3.8%	9.3%	3.5%
2010	83,011	-0.7%	11.8%	-0.1%	139,064,000	-0.6%	9.6%	0.3%
2011	83,306	0.4%	11.4%	-0.4%	139,869,000	0.6%	8.9%	-0.7%
2012	84,044	0.9%	9.9%	-1.5%	142,469,000	1.9%	8.1%	-0.8%
2013	85,150	1.3%	8.6%	-1.3%	143,929,000	1.0%	7.4%	-0.7%
2014 YTD Average*	86,292	1.3%	7.0%	-1.7%	146,305,333	1.7%	6.2%	-1.2%
Dec-2013	85,461	-	7.2%	-	144,423,000	-	6.5%	-
Dec-2014	86,670	1.4%	7.1%	-0.1%	147,190,000	1.9%	5.4%	-1.1%

Source: U.S. Bureau of Labor Statistics March 2015

*2014 data is through Nov

Between 2004 and 2007, total employment in the Florence, SC MSA exhibited positive growth, reaching a peak in 2007. However, the MSA began experiencing the effects of the most recent national recession with declines in employment in 2008 through 2010, and most significantly in 2009. Total employment in the MSA began to increase again in 2011, one year prior to the nation as a whole. Employment growth in the MSA from 2011 to 2013 was moderate, slightly lagging the nation as a whole. Total employment in the 12 month period prior to December 2014 has indicated growth in employment of 1.4 percent. This is lower than the national growth rate of 1.9 percent over the same time period and indicates a slower recovery in this area than nationally. Total MSA employment in December 2014 has almost reached the pre-recession peak, and continues to show signs of recovering from the most recent recession. However, with the area's reliance on manufacturing, the slower recovery from the recession may continue in the MSA.

In terms of unemployment rates, the rate in the MSA has historically been above that of the nation. While the national unemployment rate increased sharply in 2009 from 5.8 percent to 9.3 percent, the MSA saw unemployment rise in 2008 and reached a peak unemployment rate of 11.9 percent in 2009 and remain near that level through 2011. The unemployment rate has trended downward over the past three years, but remains above the national average. The unemployment rate in the MSA in the 12 month period prior to December 2014 is less than two percentage points above that of the nation.

Housing and Economy

We selected three LIHTC properties in the Subject's PMA to utilize as comparables in this report. There are no senior LIHTC properties in the PMA. Therefore, the availability of housing for low to very low income households is considered somewhat limited, and seniors are considered to be underserved. The current state of the economy has affected both the multifamily rental and the single-family home market in the PMA. However, the area is showing signs of improvement. According to a monthly report regarding the fifth district economy published by the Federal Reserve Bank of Richmond, dated March 2015, "South Carolina issued 2,300 new residential permits in December, up 40.8 percent from the prior month and 36.4 percent from December 2013. Metro area permitting activity also expanded in both the month and over the year with all but the Sumter MSA issuing more permits over both periods. Home values in South Carolina, according to CoreLogic Information Solutions, depreciated 0.4 percent in December but appreciated 4.2 percent on a year-over-year basis.

According to www.realtytrac.com, Darlington County had foreclosure rates of one in every 2,145 housing units receiving a foreclosure filing as of February 2015. The city of Hartsville reflected a significantly lower rate of foreclosures, at one in every 3,641 housing units receiving a foreclosure filing over the same time period. The state of South Carolina reflected foreclosure rates of one in every 1,129, demonstrating the city and the county have a slower foreclosure rate than the state. Nationally, the foreclosure rate is one in every 1,295 housing units. The city and the county have lower foreclosure rates than the nation while the state has a higher foreclosure rate. Note that since the Subject will target senior seeking a maintenance-free lifestyle, foreclosure rates and single family home sales and rentals in the area will have minimal impact on the Subject project and its potential residents.

Commuting Patterns

The following table details travel time to work for residents within the PMA as of 2000. As illustrated, the average travel time is 23 minutes. Approximately 67.6 percent of households have commute times of less than 25 minutes. This indicates that the majority of households work within the PMA. Since the Subject will target seniors, local commute times to work are largely irrelevant for the target market.

COMMUTING PATTERNS

2000 Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	1,232	4.55%
Travel Time 5-9 min	3,527	13.01%
Travel Time 10-14 min	4,743	17.50%
Travel Time 15-19 min	4,758	17.56%
Travel Time 20-24 min	3,968	14.64%
Travel Time 25-29 min	1,473	5.44%
Travel Time 30-34 min	3,370	12.44%
Travel Time 35-39 min	602	2.22%
Travel Time 40-44 min	642	2.37%
Travel Time 45-59 min	1,485	5.48%
Travel Time 60-89 min	624	2.30%
Travel Time 90+ min	676	2.49%
Average Travel Time	22.6 minutes	-

Source: US Census 2000, Novogradac & Company, LLP, March 2015

Conclusions

The major employers in the PMA are primarily concentrated within the education, healthcare, and manufacturing sectors while overall employment in the PMA is concentrated in the manufacturing, healthcare/social assistance, retail trade and educational services sectors. The MSA was affected by the national recession as it experienced significant employment losses, particularly in 2009, and unemployment peaked at a rate above that of the national average. However, the MSA has seen total employment reach close to pre-recession levels, although the unemployment rate remains above the national average. We believe the MSA has almost fully recovered from the most recent recession and will continue to experience moderate economic growth in the coming years, while continuing to be somewhat constrained by the area's reliance on manufacturing.

E. COMMUNITY DEMOGRAPHIC DATA

COMMUNITY DEMOGRAPHIC DATA

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and Florence, SC MSA, which serves as the Secondary Market Area, are areas of growth or contraction. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. The following demographic tables are specific to the populations of the PMA and SMA.

Population Trends

The following tables illustrate (a) Total Population, (b) Population by Age Group, and (c) Population Growth Rate

TOTAL POPULATION

Year	PMA		Florence, SC MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	66,194	-	193,152	-	281,421,906	-
2010	68,300	0.3%	205,566	0.6%	308,745,538	1.0%
2014	68,598	0.1%	208,488	0.3%	314,467,933	0.4%
Projected Mkt Entry February 2017	68,606	0.0%	209,996	0.3%	320,345,451	0.7%
2019	68,613	0.0%	211,406	0.3%	325,843,774	0.7%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

TOTAL SENIOR POPULATION (55+)

Year	PMA		Florence, SC MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	14,423	-	41,119	-	59,266,437	-
2010	19,257	3.4%	55,072	3.4%	76,750,713	3.0%
2014	21,010	2.1%	60,297	2.2%	83,352,075	2.0%
Projected Mkt Entry February 2017	21,932	1.7%	63,143	1.8%	88,748,837	2.5%
2019	22,794	1.7%	65,806	1.8%	93,797,421	2.5%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

POPULATION BY AGE GROUP

Age Cohort	PMA				Projected Mkt Entry February 2017	2019
	2000	2010	2014			
0-4	4,491	4,282	4,162		4,173	4,183
5-9	5,246	4,478	4,325		4,255	4,190
10-14	4,845	4,687	4,421		4,349	4,282
15-19	4,513	5,133	4,391		4,295	4,206
20-24	4,161	4,007	4,417		4,090	3,785
25-29	4,455	3,580	3,953		4,080	4,199
30-34	4,341	3,990	3,941		4,019	4,092
35-39	4,857	4,446	4,006		3,996	3,987
40-44	5,039	4,410	4,546		4,275	4,021
45-49	5,135	4,981	4,446		4,462	4,477
50-54	4,685	5,049	4,981		4,680	4,398
55-59	3,592	5,084	5,062		4,986	4,915
60-64	2,848	4,488	4,828		4,818	4,809
65-69	2,337	3,347	4,110		4,336	4,547
70-74	2,046	2,362	2,821		3,262	3,674
75-79	1,718	1,699	1,829		2,079	2,313
80-84	1,063	1,177	1,204		1,259	1,311
85+	819	1,100	1,156		1,192	1,225
Total	66,191	68,300	68,599		68,607	68,614

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

The total population in the PMA increased at an annual rate of 0.1 percent from 2010 to 2014, a slower rate than the MSA and the nation. The population in the PMA is expected to continue to increase through the projected market entry date and 2019 at less than 0.1 percent per annum, a rate that will remain lower than the MSA and nation. The total senior population in the PMA increased at an annual rate of 2.1 percent from 2010 to 2014, a slightly slower rate than the MSA and a rate faster than the nation. The total senior population in the PMA is expected to continue to increase through projected market entry date and 2019 at 1.7 percent per annum, a rate that will lag just behind the growth rate for the MSA.

The population in the PMA in 2014 was concentrated most heavily in the age groups of 50 to 64, with these ages representing 21.7 percent of the total population in the PMA. Through market entry these age groups will still have the highest representation in the PMA.

Household Trends

Total Number of Households, Average Household Size, and Group Quarters

TOTAL NUMBER OF HOUSEHOLDS

Year	PMA		Florence, SC MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	25,624	-	73,469	-	105,991,193	-
2010	26,332	0.3%	79,184	0.8%	116,716,292	1.0%
2014	26,655	0.3%	80,949	0.5%	118,979,182	0.5%
Projected Mkt Entry February 2017	26,662	0.0%	81,620	0.3%	121,296,800	0.8%
2019	26,669	0.0%	82,248	0.3%	123,464,895	0.8%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

TOTAL NUMBER OF HOUSEHOLDS 55+

Year	PMA		Florence, SC MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	9,474	-	25,962	-	36,970,817	-
2010	11,481	2.1%	23,562	-0.9%	45,892,687	2.4%
2014	12,948	3.0%	36,925	13.3%	50,249,306	2.2%
Projected Mkt Entry February 2017	13,407	1.4%	38,572	1.7%	53,519,362	2.5%
2019	13,837	1.4%	40,113	1.7%	56,578,447	2.5%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

AVERAGE HOUSEHOLD SIZE

Year	PMA		Florence, SC MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.53	-	2.56	-	2.58	-
2010	2.54	0.0%	2.54	-0.1%	2.58	0.0%
2014	2.52	-0.2%	2.52	-0.2%	2.58	0.0%
Projected Mkt Entry February 2017	2.52	0.0%	2.52	0.0%	2.57	0.0%
2019	2.52	0.0%	2.51	0.0%	2.57	0.0%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

POPULATION IN GROUP QUARTERS

Year	PMA	Annual Change	Florence, SC MSA	Annual Change
2000	1,311		5,097	
2014	1,489	1.0%	4,573	-0.7%
2019	1,489	0.0%	4,573	0.0%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

The total number of households in the PMA increased at 0.3 percent per annum between 2010 and 2014, a slower rate than the MSA and the nation over the same time period. Through market entry date and 2019, the total number of households in the PMA is expected to increase by less than 0.1 percent annually, which is below the growth rate of the MSA and the nation. The senior households age 55 and older increased by 3.0 percent annually in the PMA between 2010 and 2014, and this growth in the PMA is expected to be 1.4 percent annually over the next five years. The senior household growth occurring in the PMA is happening at a slower annual rate than the growth in the MSA or nationwide. The average household sizes are expected to remain relatively stable for all areas of analysis. The number of persons in group quarters increased in the PMA between 2000 and 2014 and decreased in the MSA over the same time period; however, no growth is expected in these categories from 2014 through 2019.

Households by Tenure

The table below depicts household growth by tenure from 2000 through 2019.

TENURE PATTERNS PMA

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2000	19,652	76.7%	5,972	23.3%
2010	18,972	72.0%	7,360	28.0%
2014	18,732	70.3%	7,923	29.7%
Projected Mkt Entry February 2017	18,746	70.31%	7,916	29.69%
2019	18,759	70.3%	7,910	29.7%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

PMA TENURE PATTERNS OF SENIORS 55+

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2000	7,782	82.1%	1,692	17.9%
2010	9,229	80.4%	2,252	19.6%
2014	10,232	79.0%	2,716	21.0%
Projected Mkt Entry February 2017	10,628	79.27%	2,779	20.73%
2019	10,999	79.5%	2,838	20.5%

Source: ESRI Demographics 2014, Novogradac & Company LLP, March 2015

The PMA is dominated by owner-occupied housing units. In 2014, approximately 70.3 percent of households were owners. This figure is higher for senior households at 79.0 percent of households. Through market entry and 2019, the number of owner and renter households in the general population is expected to remain stable but senior owner household percentage will increase. The number of senior renter households in the PMA is expected to increase moderately through 2019.

Household Income

The following table depicts senior household income in the PMA from 2010 to 2019.

HOUSEHOLD INCOME DISTRIBUTION 55+ - PMA

Income Cohort	2010		2014		Projected Mkt Entry February 2017		2019	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,405	12.2%	2,127	16.4%	2,385	17.8%	2,625	19.0%
\$10,000-19,999	2,126	18.5%	3,030	23.4%	3,182	23.7%	3,324	24.0%
\$20,000-29,999	1,731	15.1%	2,136	16.5%	2,205	16.5%	2,270	16.4%
\$30,000-39,999	1,412	12.3%	1,396	10.8%	1,461	10.9%	1,521	11.0%
\$40,000-49,999	1,213	10.6%	894	6.9%	935	7.0%	973	7.0%
\$50,000-59,999	679	5.9%	837	6.5%	839	6.3%	841	6.1%
\$60,000-74,999	909	7.9%	945	7.3%	914	6.8%	884	6.4%
\$75,000-99,999	1,015	8.8%	880	6.8%	826	6.2%	775	5.6%
\$100,000-124,999	451	3.9%	287	2.2%	282	2.1%	278	2.0%
\$125,000-149,999	141	1.2%	154	1.2%	137	1.0%	120	0.9%
\$150,000-199,999	223	1.9%	156	1.2%	142	1.1%	129	0.9%
\$200,000+	175	1.5%	106	0.8%	100	0.7%	95	0.7%
Total	11,481	100.0%	12,948	100.0%	13,407	100.0%	13,837	100.0%

Source: Ribbon Demographics 2014, Novogradac & Company LLP, March 2015

The Subject will target households earning between \$14,040 and \$25,980. As the table above depicts, approximately 39.9 percent of senior households in the PMA earned between \$10,000 and \$29,999 in 2014. Some households within these income cohorts will provide support for the Subject.

Household Income by Tenure

The following tables depict senior renter household incomes in the PMA in 2010, 2014, market entry, and 2019.

RENTER HOUSEHOLD INCOME DISTRIBUTION 55+ - PMA

Income Cohort	2010		2014		Projected Mkt Entry February 2017		2019	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	536	23.8%	850	31.3%	940	33.8%	1,023	36.1%
\$10,000-19,999	505	22.4%	700	25.8%	695	25.0%	691	24.3%
\$20,000-29,999	332	14.7%	408	15.0%	413	14.9%	417	14.7%
\$30,000-39,999	183	8.1%	170	6.3%	169	6.1%	169	6.0%
\$40,000-49,999	206	9.1%	139	5.1%	140	5.0%	140	4.9%
\$50,000-59,999	100	4.4%	125	4.6%	122	4.4%	119	4.2%
\$60,000-74,999	125	5.6%	110	4.1%	106	3.8%	102	3.6%
\$75,000-99,999	125	5.6%	98	3.6%	93	3.4%	89	3.1%
\$100,000-124,999	63	2.8%	37	1.4%	31	1.1%	26	0.9%
\$125,000-149,999	29	1.3%	32	1.2%	29	1.0%	26	0.9%
\$150,000-199,999	21	0.9%	21	0.8%	19	0.7%	17	0.6%
\$200,000+	27	1.2%	24	0.9%	22	0.8%	20	0.7%
Total	2,252	100.0%	2,716	100.0%	2,779	100.0%	2,838	100.0%

Source: Ribbon Demographics 2014, Novogradac & Company LLP, March 2015

Senior renter households with incomes between \$10,000 and \$29,999 represent almost 41 percent of the senior renter households in the PMA in 2014, and this share is expected to remain near this level through market entry.

Renter Households by Number of Persons in the Household

The following table illustrates household size for senior renter households in the PMA.

RENTER HOUSEHOLDS BY NUMBER OF PERSONS 55+ - PMA

	2010		2014		Projected Mkt Entry February 2017		2019	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	1,211	53.8%	1,480	54.5%	1,536	55.3%	1,589	56.0%
With 2 Persons	578	25.6%	694	25.6%	702	25.3%	710	25.0%
With 3 Persons	222	9.8%	232	8.5%	233	8.4%	233	8.2%
With 4 Persons	114	5.1%	160	5.9%	163	5.9%	166	5.8%
With 5+ Persons	128	5.7%	150	5.5%	145	5.2%	140	4.9%
Total Renter Households	2,252	100.0%	2,716	100.0%	2,779	100.0%	2,838	100.0%

Source: Ribbon Demographics 2014, Novogradac & Company LLP, March 2015

Approximately 80 percent of senior renter households resided in a one to two-person household in the PMA in 2014. Over the next five years, this percentage is projected to remain relatively stable.

Conclusion

The senior population in the PMA increased at an annual rate of 2.1 percent from 2010 to 2014, and is expected to increase at a 1.7 percent annually, a rate that will lag just behind the growth rate nationally and in the MSA. The senior population growth occurring in the PMA is significantly outpacing total population growth. The same trend is the case for the senior population in the MSA. Between 2014 and market entry, senior households are expected to increase by 1.4 percent annually in the PMA. Senior renter households with incomes between \$10,000 and \$29,999 represent almost 41 percent of the senior renter households in the PMA in 2014, and this share is expected to remain near this level through market entry. Many of these households would income-qualify at the Subject.

F. PROJECT-SPECIFIC DEMAND ANALYSIS

PROJECT SPECIFIC DEMAND ANALYSIS

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by SCSHFDA.

1. Income Restrictions

LIHTC rents are based upon a percentage of the Area Median Gross Income (AMI), adjusted for household size and utilities. South Carolina State Housing Finance and Development Authority (SCSHFDA) will estimate the relevant income levels, with annual updates.

According to SCSHFDA, household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. For example, the maximum rent for a four-person household in a two-bedroom unit is based on an assumed household size of three persons (1.5 per bedroom). For senior properties we have assumed a maximum of one person per bedroom with a maximum household size of two persons.

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Business Information Solutions to estimate the number of potential tenants who would qualify to occupy the Subject as a LIHTC project.

The maximum income levels are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from the Novogradac website.

2. Affordability

As discussed above, the maximum income is set by SCSHFDA while the minimum is based upon the minimum income needed to support affordability. This is based upon a standard of 35 percent. Lower and moderate-income families typically spend greater than 30 percent of their income on housing. These expenditure amounts can range higher than 50 percent depending upon market area. However, the 30 to 40 percent range is generally considered a reasonable range of affordability. SCSHFDA guidelines utilize 35 for families and 40 percent for senior households, which we will use to set the minimum income levels for the demand analysis.

3. Minimum and Maximum Income Levels

The following table illustrates the minimum and maximum income levels for the Subject's units.

Income Cohorts		
Unit Type	Minimum Income	Maximum Income
2BR 50%	\$16,860	\$21,650
2BR 60%	\$18,240	\$25,980
Overall	\$16,860	\$25,980

4. Demand

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated on the attached table.

4a. Demand from New Renter Households

The number of new households entering the market is the first level of demand calculated. SCSHFDA has requested that we utilize 2014 as the base year for the analysis and project forward to the anticipated placed-in-service year of 2017. This number is adjusted for income eligibility and renter tenure. In the following tables this calculation is identified as Step 1.

4b. Demand from Existing Households

Demand for existing households is estimated by summing three sources of potential tenants. (2a) The first source is tenants who are rent overburdened. These are households who are paying over 35 percent of their income in housing costs. This number is estimated using census 2010 data. (2b) The second source is households living in substandard housing. This number is estimated using census 2010 data. (2c) The third source is those seniors likely to move from their own homes into rental housing. Data from the American Housing Survey and interviews with area senior apartment property managers regarding the number or share of current renters who originated from homeownership may be used to refine the analysis. The Subject is considered to be rural and generally could typically attract as much as five percent or more of its support from homeowners seeking to downsize into a rental unit. We have considered the typical shares of support from homeowners in our calculations, while also being conservative in our projection so as not to overstate demand. We have used 1.8 percent as the support figure from senior homeowners in our demand calculation, which limits this component to less than 20 percent of the overall demand for the Subject in all calculations. A higher percentage of support from homeowners may be possible for the Subject, given the limited supply of LIHTC Senior options in the PMA. (2d) The fourth potential “Other” source of demand is demand which may exist that is not captured by the above methods, which may be allowed if the factors used can be fully justified.

Additions to Supply

SCSHFDA guidelines indicate that units in all competing properties that were allocated, under construction, placed in service, or funded in 2014 as well as those units at properties that have not reached a stabilized occupancy of 93 percent should be removed from the demand analysis. According to SCSHFDA, there are no recently opened senior LIHTC properties in the PMA and no senior properties are currently proposed or under construction in the PMA. Therefore, we have not removed any supply units from our demand analysis. In addition, no new family LIHTC projects have been added to the PMA since 2011.

4 and 5. Method - Capture Rates

The above calculations and derived capture rates are illustrated in the following table.

Renter Household Income Distribution 2014-2019								
Magnolia Senior Village								
PMA								
	2014		Projected Mkt Entry February 2017		2019		Percent Growth	
	#	%	#	%	#	%		
\$0-9,999	850	31.3%	940	33.8%	1,023	36.1%	16.9%	
\$10,000-19,999	700	25.8%	695	25.0%	691	24.3%	-1.4%	
\$20,000-29,999	408	15.0%	413	14.9%	417	14.7%	2.0%	
\$30,000-39,999	170	6.3%	169	6.1%	169	6.0%	-0.6%	
\$40,000-49,999	139	5.1%	140	5.0%	140	4.9%	0.8%	
\$50,000-59,999	125	4.6%	122	4.4%	119	4.2%	-5.4%	
\$60,000-74,999	110	4.1%	106	3.8%	102	3.6%	-8.4%	
\$75,000-99,999	98	3.6%	93	3.4%	89	3.1%	-10.8%	
\$100,000-124,999	37	1.4%	31	1.1%	26	0.9%	-45.8%	
\$125,000-149,999	32	1.2%	29	1.0%	26	0.9%	-25.0%	
\$150,000-199,999	21	0.8%	19	0.7%	17	0.6%	-25.0%	
\$200,000+	24	0.9%	22	0.8%	20	0.7%	-15.8%	
Total	2,716	100.0%	2,779	100.0%	2,838	100.0%	4.3%	

Households by Tenure Projected Mkt Entry February 2017		
	Number	Percentage
Renter	2,779	20.7%
Owner	10,628	79.3%
Total	13,407	100.0%

Renter Household Size for Projected Mkt Entry February 2017		
Size	Number	Percentage
1	1,536	55.28%
2	702	25.27%
3	233	8.37%
4	163	5.87%
5+	145	5.21%
Total	2,779	100%

50% AMI Demand

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level		50%			
Minimum Income Limit		\$16,860			
Maximum Income Limit		\$21,650		2	
Income Category	New Renter Households - Total Change in Households PMA 2014 to Prj Mrkt Entry February 2017		Income Brackets	Percent within Cohort	Renter Households within Bracket
\$10,000-19,999	15.75	25.0%	3,140	31.4%	5
\$20,000-29,999	9.35	14.9%	1,650	16.5%	2
\$30,000-39,999	3.84	6.1%		0.0%	0
\$40,000-49,999	3.16	5.0%		0.0%	0
\$50,000-59,999	2.76	4.4%		0.0%	0
\$60,000-74,999	2.39	3.8%		0.0%	0
\$75,000-99,999	2.12	3.4%		0.0%	0
\$100,000-124,999	0.71	1.1%		0.0%	0
\$125,000-149,999	0.65	1.0%		0.0%	0
\$150,000-199,999	0.43	0.7%		0.0%	0
\$200,000+	0.50	0.8%		0.0%	0
		63	100.0%		6
Percent of renter households within limits versus total number of renter households					10.31%

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level		50%			
Minimum Income Limit		\$16,860			
Maximum Income Limit		\$21,650		2	
Income Category	Total Renter Households PMA Prj Mrkt Entry February 2017		Income Brackets	Percent within Cohort	Households within Bracket
\$10,000-19,999	695	25.0%	\$3,140	31.4%	218
\$20,000-29,999	413	14.9%	\$1,650	16.5%	68
\$30,000-39,999	169	6.1%		0.0%	0
\$40,000-49,999	140	5.0%		0.0%	0
\$50,000-59,999	122	4.4%		0.0%	0
\$60,000-74,999	106	3.8%		0.0%	0
\$75,000-99,999	93	3.4%		0.0%	0
\$100,000-124,999	31	1.1%		0.0%	0
\$125,000-149,999	29	1.0%		0.0%	0
\$150,000-199,999	19	0.7%		0.0%	0
\$200,000+	22	0.8%		0.0%	0
		2,779	100.0%		286
Percent of renter households within limits versus total number of renter households					10.31%

Does the Project Benefit from Rent Subsidy? (Y/N)
 Type of Housing (Family vs Senior)
 Location of Subject (Rural versus Urban)
 Percent of Income for Housing
 2000 Median Income
 2014 Median Income
 Change from 2014 to Prj Mrkt Entry February 2017
 Total Percent Change
 Average Annual Change
 Inflation Rate
 Maximum Allowable Income
 Maximum Allowable Income Inflation Adjusted
 Maximum Number of Occupants
 Rent Income Categories
 Initial Gross Rent for Smallest Unit
 Initial Gross Rent for Smallest Unit Inflation Adjusted

No
Senior
Rural
40%
\$31,131
\$38,934
\$7,803
25.1%
4.2%
4.2%
Two year adjustment
1.0000
\$21,650
\$21,650
2
50%
\$562
\$562.00

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	35%	65%	0%	0%	0%	100%
2	0%	10%	90%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2014 to Prj Mrkt Entry February 2017

Income Target Population		50%
New Renter Households PMA		63
Percent Income Qualified		10.3%
New Renter Income Qualified Households		6

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2014

Demand form Rent Overburdened Households

Income Target Population		50%
Total Existing Demand		2,779
Income Qualified		10.3%
Income Qualified Renter Households		286
Percent Rent Overburdened Prj Mrkt Entry February 2017		26.3%
Rent Overburdened Households		75

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		286
Percent Living in Substandard Housing		0.8%
Households Living in Substandard Housing		2

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		50%
Total Senior Homeowners		1077
Rural Versus Urban	1.8%	
Senior Demand Converting from Homeownership		19

Total Demand

Total Demand from Existing Households		97
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		97
Total New Demand		6
Total Demand (New Plus Existing Households)		104

Demand from Seniors Who Convert from Homeownership		19
Percent of Total Demand From Homeownership Conversion		18.6%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand

One Person	55.3%	57
Two Persons	25.3%	26
Three Persons	8.4%	9
Four Persons	5.9%	6
Five Persons	5.2%	5
Total	100.0%	104

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	35%	20
Of two-person households in 1BR units	10%	3
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	65%	37
Of two-person households in 2BR units	90%	24
Of three-person households in 2BR units	60%	5
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	3
Of four-person households in 3BR units	80%	5
Of five-person households in 3BR units	70%	4
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	20%	1
Of five-person households in 4BR units	30%	2
Total Demand		104

Total Demand by Bedroom	50%
2 BR	61
Total Demand	61

Additions To Supply 2014 to Prj Mrkt Entry February 2017	50%
1 BR	0
2 BR	0
3 BR	0
4 BR	0
Total	0

Net Demand	50%
2 BR	61
Total	61

Developer's Unit Mix	50%
2 BR	7
Total	7

Capture Rate Analysis	50%
2 BR	11.5%
Total	11.5%

60% AMI Demand

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$18,240			
Maximum Income Limit		\$25,980		2	
Income Category	New Renter Households - Total Change in Households PMA 2014 to Prj Mrkt Entry February 2017	Income Brackets	Percent within Cohort	Renter Households within Bracket	
\$0-9,999	21.28	33.8%		0.0%	0
\$10,000-19,999	15.75	25.0%	1,760	17.6%	3
\$20,000-29,999	9.35	14.9%	7,840	78.4%	7
\$30,000-39,999	3.84	6.1%		0.0%	0
\$40,000-49,999	3.16	5.0%		0.0%	0
\$50,000-59,999	2.76	4.4%		0.0%	0
\$60,000-74,999	2.39	3.8%		0.0%	0
\$75,000-99,999	2.12	3.4%		0.0%	0
\$100,000-124,999	0.71	1.1%		0.0%	0
\$125,000-149,999	0.65	1.0%		0.0%	0
\$150,000-199,999	0.43	0.7%		0.0%	0
\$200,000+	0.50	0.8%		0.0%	0
	63	100.0%			10
Percent of renter households within limits versus total number of renter households					16.05%

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level		60%			
Minimum Income Limit		\$18,240			
Maximum Income Limit		\$25,980		2	
Income Category	Total Renter Households PMA Prj Mrkt Entry February 2017	Income Brackets	Percent within Cohort	Households within Bracket	
\$0-9,999	940	33.8%		0.0%	0
\$10,000-19,999	695	25.0%	\$1,760	17.6%	122
\$20,000-29,999	413	14.9%	\$7,840	78.4%	324
\$30,000-39,999	169	6.1%		0.0%	0
\$40,000-49,999	140	5.0%		0.0%	0
\$50,000-59,999	122	4.4%		0.0%	0
\$60,000-74,999	106	3.8%		0.0%	0
\$75,000-99,999	93	3.4%		0.0%	0
\$100,000-124,999	31	1.1%		0.0%	0
\$125,000-149,999	29	1.0%		0.0%	0
\$150,000-199,999	19	0.7%		0.0%	0
\$200,000+	22	0.8%		0.0%	0
	2,779	100.0%			446
Percent of renter households within limits versus total number of renter households					16.05%

Does the Project Benefit from Rent Subsidy? (Y/N)
 Type of Housing (Family vs Senior)
 Location of Subject (Rural versus Urban)
 Percent of Income for Housing
 2000 Median Income
 2014 Median Income
 Change from 2014 to Prj Mrkt Entry July 2017
 Total Percent Change
 Average Annual Change
 Inflation Rate
 Maximum Allowable Income
 Maximum Allowable Income Inflation Adjusted
 Maximum Number of Occupants
 Rent Income Categories
 Initial Gross Rent for Smallest Unit
 Initial Gross Rent for Smallest Unit Inflation Adjusted

No
Senior
Rural
40%
\$31,131
\$38,934
\$7,803
25.1%
4.2%
4.2%
Two year adjustment
1.0000
\$25,980
\$25,980
\$2
60%
\$608
\$608.00

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	35%	65%	0%	0%	0%	100%
2	0%	10%	90%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2014 to Prj Mrkt Entry February 2017

Income Target Population		60%
New Renter Households PMA		63
Percent Income Qualified		16.1%
New Renter Income Qualified Households		10

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2014

Demand form Rent Overburdened Households

Income Target Population		60%
Total Existing Demand		2,779
Income Qualified		16.1%
Income Qualified Renter Households		446
Percent Rent Overburdened Prj Mrkt Entry February 2017		26.3%
Rent Overburdened Households		118

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		446
Percent Living in Substandard Housing		0.8%
Households Living in Substandard Housing		3

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		60%
Total Senior Homeowners		1510
Rural Versus Urban	1.8%	
Senior Demand Converting from Homeownership		27

Total Demand

Total Demand from Existing Households		148
Adjustment Factor - Leakage from SMA	100%	0
Adjusted Demand from Existing Households		148
Total New Demand		10
Total Demand (New Plus Existing Households)		158

Demand from Seniors Who Convert from Homeownership		27
Percent of Total Demand From Homeownership Conversion		17.2%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand

One Person	55.3%	87
Two Persons	25.3%	40
Three Persons	8.4%	13
Four Persons	5.9%	9
Five Persons	5.2%	8
Total	100.0%	158

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	35%	31
Of two-person households in 1BR units	10%	4
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	65%	57
Of two-person households in 2BR units	90%	36
Of three-person households in 2BR units	60%	8
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	5
Of four-person households in 3BR units	80%	7
Of five-person households in 3BR units	70%	6
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	20%	2
Of five-person households in 4BR units	30%	2
Total Demand		158

Total Demand by Bedroom	60%
2 BR	93
Total Demand	93

Additions To Supply 2014 to Prj Mrkt Entry February 2017	60%
0 BR	0
1 BR	0
2 BR	0
3 BR	0
4 BR	0
5 BR	0
Total	0

Net Demand	60%
2 BR	93
Total	93

Developer's Unit Mix	60%
2 BR	25
Total	25

Capture Rate Analysis	60%
2 BR	26.9%
Total	26.9%

Overall Demand

Calculation of New Renter Household Demand by Income Cohort by % of AMI

Percent of AMI Level		Overall				
Minimum Income Limit		\$16,860		2		
Maximum Income Limit		\$25,980		2		
Income Category	New Renter Households - Total Change in Households PMA 2014 to Prj Mrkt Entry February 2017			Renter Households within Bracket		
				Income Brackets	Percent within Cohort	
\$0-9,999	21.28	33.8%		0.0%	0	
\$10,000-19,999	15.75	25.0%	3,140	31.4%	5	
\$20,000-29,999	9.35	14.9%	5,980	59.8%	6	
\$30,000-39,999	3.84	6.1%		0.0%	0	
\$40,000-49,999	3.16	5.0%		0.0%	0	
\$50,000-59,999	2.76	4.4%		0.0%	0	
\$60,000-74,999	2.39	3.8%		0.0%	0	
\$75,000-99,999	2.12	3.4%		0.0%	0	
\$100,000-124,999	0.71	1.1%		0.0%	0	
\$125,000-149,999	0.65	1.0%		0.0%	0	
\$150,000-199,999	0.43	0.7%		0.0%	0	
\$200,000+	0.50	0.8%		0.0%	0	
63		100.0%			11	
Percent of renter households within limits versus total number of renter households					16.74%	

Calculation of Potential Household Demand by Income Cohort by % of AMI

Percent of AMI Level		Overall				
Minimum Income Limit		\$16,860		2		
Maximum Income Limit		\$25,980		2		
Income Category	Total Renter Households PMA Prj Mrkt Entry February 2017			Households within Bracket		
				Income Brackets	Percent within Cohort	
\$0-9,999	940	33.8%		0.0%	0	
\$10,000-19,999	695	25.0%	\$3,140	31.4%	218	
\$20,000-29,999	413	14.9%	\$5,980	59.8%	247	
\$30,000-39,999	169	6.1%		0.0%	0	
\$40,000-49,999	140	5.0%		0.0%	0	
\$50,000-59,999	122	4.4%		0.0%	0	
\$60,000-74,999	106	3.8%		0.0%	0	
\$75,000-99,999	93	3.4%		0.0%	0	
\$100,000-124,999	31	1.1%		0.0%	0	
\$125,000-149,999	29	1.0%		0.0%	0	
\$150,000-199,999	19	0.7%		0.0%	0	
\$200,000+	22	0.8%		0.0%	0	
2,779		100.0%			465	
Percent of renter households within limits versus total number of renter households					16.74%	

Does the Project Benefit from Rent Subsidy? (Y/N)

Type of Housing (Family vs Senior)

Location of Subject (Rural versus Urban)

Percent of Income for Housing

2000 Median Income

2014 Median Income

Change from 2014 to Prj Mrkt Entry February 2017

Total Percent Change

Average Annual Change

Inflation Rate

Maximum Allowable Income

Maximum Allowable Income Inflation Adjusted

Maximum Number of Occupants

Rent Income Categories

Initial Gross Rent for Smallest Unit

Initial Gross Rent for Smallest Unit Inflation Adjusted

No		
Senior		
Rural		
	40%	
	\$31,131	
	\$38,934	
	\$7,803	
	25.1%	
	4.2%	
4.2%	Two year adjustment	1.0000
	\$25,980	
	\$25,980	
	2	
	Overall	
	\$562	
	\$562.00	

Persons in Household	0BR	1BR	2BR	3BR	4BR	5BR	Total
1	0%	35%	65%	0%	0%	0%	100%
2	0%	10%	90%	0%	0%	0%	100%
3	0%	0%	60%	40%	0%	0%	100%
4	0%	0%	0%	80%	20%	0%	100%
5+	0%	0%	0%	70%	30%	0%	100%

STEP 1 Please refer to text for complete explanation.

Demand from New Renter Households 2014 to Prj Mrkt Entry February 2017

Income Target Population		Overall
New Renter Households PMA		63
Percent Income Qualified		16.7%
New Renter Income Qualified Households		11

STEP 2a. Please refer to text for complete explanation.

Demand from Existing Households 2014

Demand form Rent Overburdened Households

Income Target Population		Overall
Total Existing Demand		2,779
Income Qualified		16.7%
Income Qualified Renter Households		465
Percent Rent Overburdened Prj Mrkt Entry February 2017		26.3%
Rent Overburdened Households		123

STEP 2b. Please refer to text for complete explanation.

Demand from Living in Substandard Housing

Income Qualified Renter Households		465
Percent Living in Substandard Housing		0.8%
Households Living in Substandard Housing		4

STEP 2c. Please refer to text for complete explanation.

Senior Households Converting from Homeownership

Income Target Population		Overall
Total Senior Homeowners		1852
Rural Versus Urban	1.8%	
Senior Demand Converting from Homeownership		33

Total Demand

Total Demand from Existing Households		159
Adjustment Factor - Leakage from SMA (use 115% for DCA)	100%	0
Adjusted Demand from Existing Households		159
Total New Demand		11
Total Demand (New Plus Existing Households)		170

Demand from Seniors Who Convert from Homeownership		33
Percent of Total Demand From Homeownership Conversion		19.4%
Is this Demand Over 20 percent of Total Demand?		No

By Bedroom Demand

One Person	55.3%	94
Two Persons	25.3%	43
Three Persons	8.4%	14
Four Persons	5.9%	10
Five Persons	5.2%	9
Total	100.0%	170

To place Person Demand into Bedroom Type Units

Of one-person households in 1BR units	35%	33
Of two-person households in 1BR units	10%	4
Of three-person households in 1BR units	0%	0
Of four-person households in 1BR units	0%	0
Of five-person households in 1BR units	0%	0
Of one-person households in 2BR units	65%	61
Of two-person households in 2BR units	90%	39
Of three-person households in 2BR units	60%	9
Of four-person households in 2BR units	0%	0
Of five-person households in 2BR units	0%	0
Of one-person households in 3BR units	0%	0
Of two-person households in 3BR units	0%	0
Of three-person households in 3BR units	40%	6
Of four-person households in 3BR units	80%	8
Of five-person households in 3BR units	70%	6
Of one-person households in 4BR units	0%	0
Of two-person households in 4BR units	0%	0
Of three-person households in 4BR units	0%	0
Of four-person households in 4BR units	20%	2
Of five-person households in 4BR units	30%	3
Total Demand		170

Total Demand by Bedroom	Overall
2 BR	107
Total Demand	107

Additions To Supply 2014 to Prj Mrkt Entry February 2017	Overall
0 BR	0
1 BR	0
2 BR	0
3 BR	0
4 BR	0
5 BR	0
Total	0

Net Demand	Overall
2 BR	107
Total	107

Developer's Unit Mix	Overall
2 BR	32
Total	32

Capture Rate Analysis	Overall
2 BR	29.9%
Total	29.9%

Conclusions

One factor that affects the indicated capture rates is detailed as follows:

- This demand analysis does not measure the PMA’s or Subject’s ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. Property managers at area apartments in the PMA indicated that approximately 10 to 20 percent of residents are from the areas outside the PMA, including areas such as Florence. Therefore, we conservatively estimate that approximately 10 percent of the Subject’s residents will originate from areas outside of the PMA. Since the demand analysis does not account for support from tenants moving from outside the PMA, it is somewhat conservative.

The following tables summarize the demand and net demand and capture rates for the Subject.

Demand and Net Demand

	HH at 50% AMI (min to max income)	HH at 60% AMI (min to max income)	All Tax Credit Households
Demand from New Households (age and income appropriate)	6	10	11
PLUS	+	+	+
Demand from Existing Renter Households - Substandard Housing	2	3	4
PLUS	+	+	+
Demand from Existing Renter Housholds - Rent Overburdened Households	75	118	123
=			
Sub Total	84	131	137
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicatble)	19	27	33
Equals Total Demand	104	158	170
Less	-	-	-
New Supply	0	0	0
Equals Net Demand	104	158	170

Note that the above *Demand and Net Demand* estimates include all income-eligible renter households. These estimates are then adjusted to reflect only the size-appropriate households by bedroom type in the following *Capture Rate Analysis*.

CAPTURE RATE ANALYSIS CHART

Bedrooms/AMI Level	Total Demand*	Supply	Net Demand	Units Proposed	Capture Rate
Overall at 50% AMI (HOME)	61	0	61	7	11.5%
Overall at 60% AMI (HOME)	93	0	93	25	26.9%
Overall	107	0	107	32	29.9%

*Note the demand totals have been refined to only include size-appropriate households

As the analysis illustrates, the Subject's capture rates vary from 11.5 percent for units at 50 percent AMI to 26.9 percent for units at 60 percent AMI, with an overall capture rate of 29.9 percent. The Subject's capture rates are within acceptable demand thresholds and we believe that there is sufficient demand for the Subject's units in the PMA. The Subject will be the first senior LIHTC community in the PMA and as such should be able to fill a void in the market.

Absorption Rate

The newest LIHTC property in the PMA is Hartsville Garden Apartments, which opened in 2011 and is a 72-unit family project with a just two vacancies. Management at this property could not provide lease-up history. In addition, no other LIHTC or recently developed market rate properties were able to provide absorption data.

With a growing demographic base of seniors in the PMA and the insufficient supply of low-income senior rental units in the PMA, we believe the Subject should be able to experience an average to good absorption rate at the proposed rent levels, which are excellent values compared to achievable market rents. The LIHTC comparables reported a 2.1 percent vacancy rate, indicating good support for existing affordable housing we utilized as comparables. None of the comparables in the PMA offer age-restricted units. Therefore, based upon the demand calculation presented within this report, which indicate excellent to moderate capture rates and a sufficient number of age and income-qualified households, we believe that the Subject could absorb approximately eight units per month upon opening. This equals an absorption period of approximately four months.

G. SUPPLY ANALYSIS

SUPPLY ANALYSIS

SURVEY OF COMPARABLE PROJECTS

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. We surveyed many properties that we chose not to use in the survey because they were not as comparable to the Subject as others that were selected.

Description of Property Types Surveyed/Determination of Number of Tax Credit Units

We interviewed numerous properties to determine which ones were considered “true” competition for the Subject. Several properties in the market area were interviewed and not included because of their dissimilarity or other factors. Subsidized properties were excluded due to differing rent structures from the Subject that will operate without a subsidy.

The following table illustrates the excluded properties and the vacancy rates, where they were available, for the excluded properties.

EXCLUDED PROPERTIES LIST

Property Name	City	Type	Tenancy	Reason for Exclusion	Units	3/15 Vacancy Rate
Autumn Run Apartments	Darlington	LIHTC	Family	Differing tenancy	40	N/A
Forest Ridge Apartments	Hartsville	LIHTC/Section 8	Family	Subsidy, Differing tenancy	89	6%
Springfield Apartments	Darlington	LIHTC/Rural Development	Family	Subsidy, Differing tenancy	71	0%
Palmetto Apartments	Darlington	Rural Development	Family	Subsidy, Differing tenancy	50	0%
Hartwood Village Apartments	Hartsville	Rural Development	Family	Subsidy, Differing tenancy	68	3%
Palmetto Apartments	Hartsville	Rural Development	Family	Subsidy, Differing tenancy	44	1%
Pinebridge Apartments	Hartsville	Rural Development	Family	Subsidy, Differing tenancy	44	0%
Brockington Heights	Darlington	Section 8	Family	Subsidy, Differing tenancy	50	N/A
Indian Creek	Darlington	Section 8	Family	Subsidy, Differing tenancy	50	0%
Swift Creek Apartments	Hartsville	Section 8	Family	Subsidy, Differing tenancy	72	N/A
Swift Creek Villas	Darlington	Section 8	Family	Subsidy, Differing tenancy	48	N/A
Washington Square	Darlington	Section 8	Senior	Subsidy	40	1%
Total LIHTC Only					40	N/A
Total Assisted					626	2.0%*
Total All Affordable					666	1.3%*

*Calculated excluding units at properties that did not report vacancy rates.

N/A - Not Available

LIHTC Competition

Within the PMA, we identified a limited number of LIHTC properties that operate without subsidy assistance. There have been no recent LIHTC allocations in the PMA that would compete with the Subject. The most recent nearby senior LIHTC allocation was for Indigo Point in Florence, which is outside the PMA in the central portion of Florence. This project with 48 units was allocated in 2014 and had not yet begun construction as of our market inspection. This new senior project located outside the PMA will offer a mix of 12 one-bedroom and 36 two-bedroom units targeting up to 50 and 60 percent of AMI, or less. Since this project is well outside the PMA, we expect no competitive overlap with this project, and as a result it is not included as supply in our demand calculations.

The area's most recently completed LIHTC property is Hartsville Garden Apartments, which opened in 2011 and could not provide absorption data. This is a family property with a mix of 72 one through three-bedroom units that target households with incomes of up to 50 and 60 percent of AMI, or less. This project is performing well with just two vacancies. There are no additional recently opened or renovated LIHTC projects in the PMA.

Pipeline Construction

There are no other new rental developments in the construction pipeline within the PMA based on our interviews with planning or community development departments in Hartsville, Darlington and Darlington County.

Comparable Properties

Property managers and realtors were interviewed for information on unit mix, size, absorption, unit features and project amenities, tenant profiles, and market trends in general. Our competitive survey includes eight comparable properties containing 832 units.

Note that we excluded two senior LIHTC properties outside the PMA in Bishopville from our comparable analysis since these properties also operate with rental assistance on their units, allowing tenants to pay 30 percent of their income toward rent.

Cloverleaf I is a 24-unit LIHTC/Rural Development property with 20 one-bedroom units and four, two-bedroom units in single-story buildings. The basic rents at the property are \$576 and \$624 for one and two-bedroom units, respectively. The units at this property are smaller than the Subject's proposed units, and the property has an inferior amenities package compared to the Subject. The property has no vacancies and a five-household waiting list. Following is a photograph of the Cloverleaf I property.



Ivy Terrace Apartments, also in Bishopville, has 40 one-bedroom units in single-story buildings. The property was built in 1991 and is in good condition. The basic one-bedroom rent for this project is \$514. The Subject will have superior amenities compared to Ivy Terrace Apartments. This property has no vacancies and three households on the waiting list. Following is a photograph of the Ivy Terrace Apartments property.

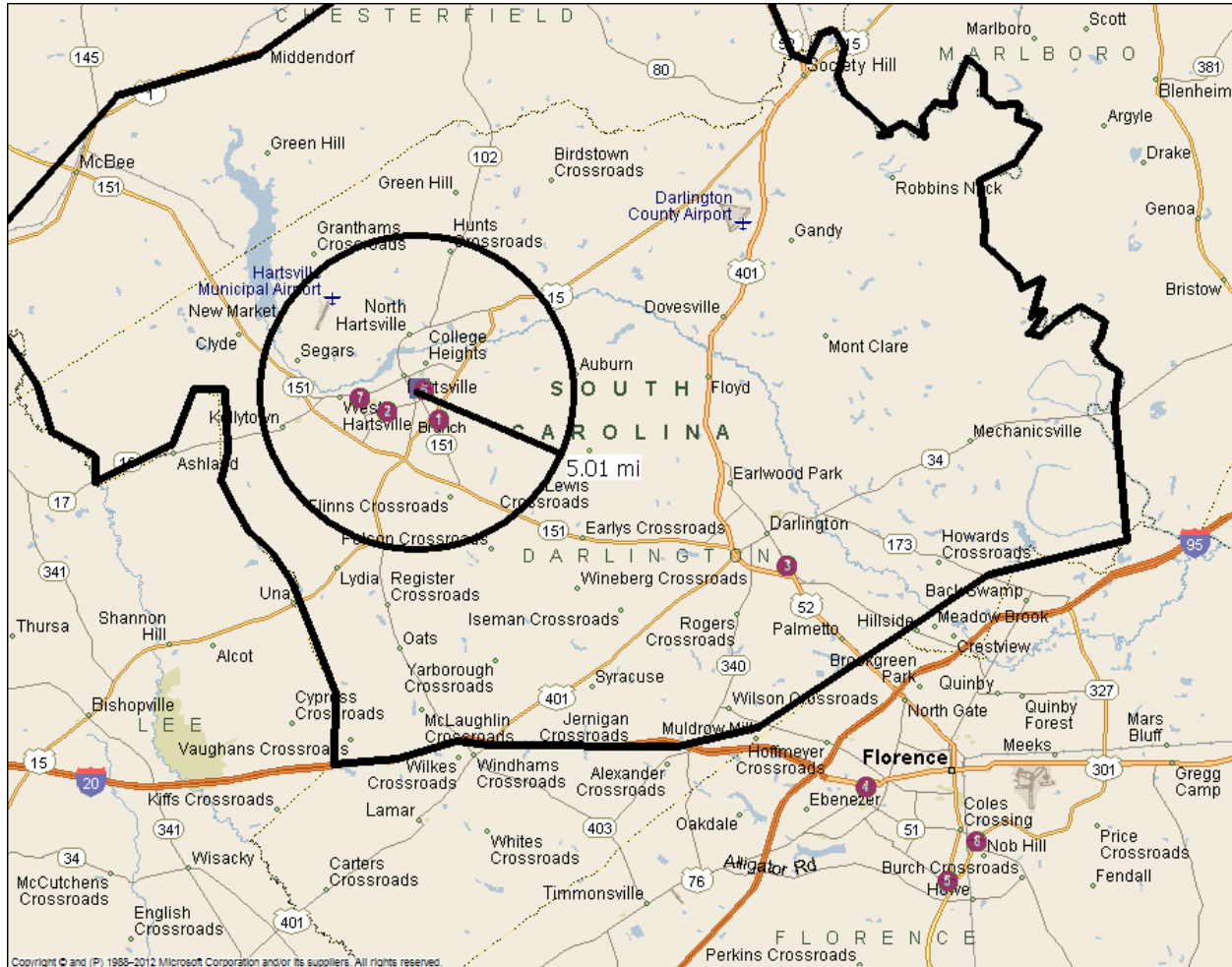


The availability of LIHTC data in the PMA is somewhat limited, and there are no senior LIHTC properties that operate without rental assistance. As such, we have included three family LIHTC properties in the PMA as affordable rental comparables. With no senior LIHTC properties in the PMA, the Subject would be pioneering in this area and could fill a distinct housing void in the PMA.

Note that since the Subject will offer no rental assistance, we have generally excluded subsidized or Rural Development properties from the analysis of comparables. Vacancy rate data was presented earlier in this section for the low-income properties in the PMA with assisted rents. Market data available for market rate apartments in the PMA is limited, as most housing in the PMA consists of LIHTC, Rural Development, and Section 8 properties. We were able to identify two market rate projects within the PMA in Hartsville. With a very limited selection of market rate apartments in the PMA, we also selected three market rate properties from the Florence market to utilize as comparables.

A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided on the following pages. *Comparable Properties Maps*, illustrating the location of the Subject in relation to comparable properties, are also provided on the following page. The properties are further profiled in the write-ups following. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available.

Comparable Rental Property Map



COMPARABLE PROPERTIES

#	Property Name	City	Type	Distance to Subject
1	Hartsville Garden Apartments	Hartsville	LIHTC	1.1 miles
2	Middletown Apartments	Hartsville	LIHTC	0.9 miles
3	Pecan Grove Apartments	Darlington	LIHTC	12.8 miles
4	Bentree Apartments	Florence	Market	18.8 miles
5	Charles Pointe	Florence	Market	22.7 miles
6	Oakview Townhomes	Hartsville	Market	0.5 miles
7	Palmetto Villas	Hartsville	Market	1.6 miles
8	The Reserve At Mill Creek	Florence	Market	22.6 miles

The following tables illustrate unit mix by bedroom type and income level, square footage by bedroom type, year built, common area and in-unit amenities, rent per square foot, monthly rents and utilities included, and vacancy information for the comparable properties and the Subject in a comparative framework.

SUMMARY MATRIX

Comp #	Project	Distance	Type / Built / Renovated	Market / Subsidy	Units	#	%	Restriction	Rent (Adj.)	Size (SF)	Max Rent?	Wait List?	Units Vacant	Vacancy Rate	
Subject	Magnolia Senior Village 842 South 5th Street Hartsville, SC 29550 Darlington County	n/a	One-story (age-restricted) 2017 / n/a	@50% (HOME), @60% (HOME), @60%	2BR / 2BA	7	21.9%	@50% (HOME)	\$383	950	yes	N/A	N/A	N/A	
					2BR / 2BA	2	6.2%	@60% (HOME)	\$429	950	yes	N/A	N/A	N/A	
					2BR / 2BA	23	71.9%	@60%	\$510	950	no	N/A	N/A	N/A	
						32	100.0%							N/A	N/A
1	Hartsville Garden Apartments 780 Tailwind Ln Hartsville, SC 29550 Darlington County	1.1 miles	Garden (3 stories) 2011 / n/a	@50%, @50% (HOME), @60%	1BR / 1BA	6	8.3%	@50%	\$382	740	yes	Yes	0	0.0%	
					1BR / 1BA	2	2.8%	@50%	\$359	740	yes	Yes	0	0.0%	
					1BR / 1BA	8	11.1%	@60%	\$479	740	yes	Yes	1	12.5%	
					2BR / 2BA	16	22.2%	@50%	\$450	888	yes	Yes	0	0.0%	
					2BR / 2BA	4	5.6%	@50%	\$422	888	yes	Yes	0	0.0%	
					2BR / 2BA	20	27.8%	@60%	\$530	888	yes	Yes	0	0.0%	
					3BR / 2BA	6	8.3%	@50%	\$503	1,069	yes	Yes	0	0.0%	
					3BR / 2BA	2	2.8%	@50%	\$471	1,069	yes	Yes	0	0.0%	
					3BR / 2BA	8	11.1%	@60%	\$576	1,069	yes	Yes	1	12.5%	
						72	100.0%								2
2	Middletown Apartments 600 West Washington Street Hartsville, SC 29550 Darlington County	0.9 miles	Garden (2 stories) 1998 / n/a	@50%, @60%	2BR / 1BA	12	30.0%	@50%	\$400	685	no	Yes	0	0.0%	
					2BR / 1BA	12	30.0%	@60%	\$400	685	no	Yes	0	0.0%	
					3BR / 1.5BA	8	20.0%	@50%	\$450	1,100	no	Yes	0	0.0%	
					3BR / 1.5BA	8	20.0%	@60%	\$450	1,100	no	Yes	0	0.0%	
						40	100.0%							0	0.0%
3	Pecan Grove Apartments 105 Price Ct Darlington, SC 29532 Darlington County County	12.8 miles	Duplex 2007 / n/a	@50%, @50% (HOME), @60%	1BR / 1BA	4	12.5%	@50%	\$325	570	no	Yes	0	0.0%	
					1BR / 1BA	2	6.2%	@50%	\$325	570	no	Yes	0	0.0%	
					1BR / 1BA	6	18.8%	@60%	\$360	570	no	Yes	0	0.0%	
					2BR / 2BA	4	12.5%	@50%	\$391	700	no	Yes	0	0.0%	
					2BR / 2BA	2	6.2%	@50%	\$341	700	no	Yes	0	0.0%	
					2BR / 2BA	9	28.1%	@60%	\$401	700	no	Yes	0	0.0%	
					3BR / 2BA	2	6.2%	@50%	\$432	837	no	Yes	0	0.0%	
					3BR / 2BA	1	3.1%	@50%	\$357	837	no	Yes	0	0.0%	
					3BR / 2BA	2	6.2%	@60%	\$457	837	no	Yes	1	50.0%	
						32	100.0%								1
4	Bentree Apartments 200 Bentree Lane Florence, SC 29501 Florence County	18.8 miles	Garden (2 stories) 1981 / n/a	Market	1BR / 1BA	33	25.0%	Market	\$625	650	n/a	Yes	0	0.0%	
					2BR / 1.5BA	66	50.0%	Market	\$675	850	n/a	Yes	0	0.0%	
					3BR / 2BA	33	25.0%	Market	\$770	1,100	n/a	No	1	3.0%	
						132	100.0%							1	0.8%
5	Charles Pointe 201 West Millstone Road Florence, SC 29505 Florence County	22.7 miles	Garden (3 stories) 2001 / n/a	Market	1BR / 1BA	42	25.0%	Market	\$720	700	n/a	No	0	0.0%	
					2BR / 2BA	114	67.9%	Market	\$820	1,010	n/a	No	1	0.9%	
					3BR / 2BA	12	7.1%	Market	\$975	1,230	n/a	No	0	0.0%	
						168	100.0%							1	0.6%
6	Oakview Townhomes 236 Swift Creek Rd Hartsville, SC 29550 Darlington County	0.5 miles	Various (2 stories) 1989 / N/A	Market	1BR / 1BA (Garden)	20	41.7%	Market	\$472	500	n/a	No	0	0.0%	
					2BR / 1.5BA (Townhouse)	28	58.3%	Market	\$537	600	n/a	No	3	10.7%	
						48	100.0%							3	6.2%
7	Palmetto Villas 207 14th St Hartsville, SC 29550 Darlington County	1.6 miles	Garden (2 stories) 1974 / n/a	Market	2BR / 1BA	72	100.0%	Market	\$463	800	n/a	No	12	16.7%	
						72	100.0%							12	16.7%
8	The Reserve At Mill Creek 2350 Freedom Blvd Florence, SC 29505 Florence County	22.6 miles	Garden (3 stories) 2008 / n/a	Market	1BR / 1BA	62	23.1%	Market	\$863	783	n/a	No	0	0.0%	
					1.5BR / 1BA	60	22.4%	Market	\$973	965	n/a	No	1	1.7%	
					2BR / 2BA	122	45.5%	Market	\$1,053	1,130	n/a	No	1	0.8%	
					3BR / 2BA	24	9.0%	Market	\$1,328	1,285	n/a	Yes	1	4.2%	
	268	100.0%								3	1.1%				

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.						
Effective Rent Date:		Mar-15	Units Surveyed:	832	Weighted Occupancy:	97.2%
			Market Rate	688	Market Rate	97.1%
			Tax Credit	144	Tax Credit	97.9%
Two Bedrooms Two Bath						
	Property	Average	Property	Average	Property	Average
RENT	The Reserve At Mill Creek	\$1,053				
	Charles Pointe	\$820				
	Bentree Apartments (1.5BA)	\$675				
	Oakview Townhomes (1.5BA)	\$537				
	Hartsville Garden Apartments * (60%)	\$530				
	Magnolia Senior Village * (60%)	\$510				
	Palmetto Villas (1BA)	\$463				
	Hartsville Garden Apartments * (50%)	\$450				
	Magnolia Senior Village * (60%)	\$429				
	Hartsville Garden Apartments * (50%)	\$422				
	Pecan Grove Apartments * (60%)	\$401				
	Middletown Apartments * (1BA 50%)	\$400				
	Middletown Apartments * (1BA 60%)	\$400				
	Pecan Grove Apartments * (50%)	\$391				
	Magnolia Senior Village * (50%)	\$383				
	Pecan Grove Apartments * (50%)	\$341				
SQUARE FOOTAGE	The Reserve At Mill Creek	1,130				
	Charles Pointe	1,010				
	Magnolia Senior Village * (50%)	950				
	Magnolia Senior Village * (60%)	950				
	Magnolia Senior Village * (60%)	950				
	Hartsville Garden Apartments * (50%)	888				
	Hartsville Garden Apartments * (50%)	888				
	Hartsville Garden Apartments * (60%)	888				
	Bentree Apartments (1.5BA)	850				
	Palmetto Villas (1BA)	800				
	Pecan Grove Apartments * (50%)	700				
	Pecan Grove Apartments * (50%)	700				
	Pecan Grove Apartments * (60%)	700				
	Middletown Apartments * (1BA 50%)	685				
	Middletown Apartments * (1BA 60%)	685				
	Oakview Townhomes (1.5BA)	600				
RENT PER SQUARE FOOT	The Reserve At Mill Creek	\$0.93				
	Oakview Townhomes (1.5BA)	\$0.90				
	Charles Pointe	\$0.81				
	Bentree Apartments (1.5BA)	\$0.79				
	Hartsville Garden Apartments * (60%)	\$0.60				
	Middletown Apartments * (1BA 50%)	\$0.58				
	Middletown Apartments * (1BA 60%)	\$0.58				
	Palmetto Villas (1BA)	\$0.58				
	Pecan Grove Apartments * (60%)	\$0.57				
	Pecan Grove Apartments * (50%)	\$0.56				
	Magnolia Senior Village * (60%)	\$0.54				
	Hartsville Garden Apartments * (50%)	\$0.51				
	Pecan Grove Apartments * (50%)	\$0.49				
	Hartsville Garden Apartments * (50%)	\$0.48				
	Magnolia Senior Village * (60%)	\$0.45				
	Magnolia Senior Village * (50%)	\$0.40				

UNIT MATRIX REPORT

	Magnolia Senior Village	Hartsville Garden Apartments	Middletown Apartments	Pecan Grove Apartments	Bentree Apartments	Charles Pointe	Oakview Townhomes	Palmetto Villas	The Reserve At Mill Creek
Comp #	Subject	1	2	3	4	5	6	7	8
Property Information									
Property Type	One-story (age-restricted)	Garden (3 stories)	Garden (2 stories)	Duplex	Garden (2 stories)	Garden (3 stories)	Various (2 stories)	Garden (2 stories)	Garden (3 stories)
Year Built / Renovated	2017 / n/a	2011 / n/a	1998 / n/a	2007 / n/a	1981 / n/a	2001 / n/a	1989 / N/A	1974 / n/a	2008 / n/a
Market (Conv.)/Subsidy Type	@50% (HOME), @60% (HOME)	@50% (HOME), @60% (HOME)	@50% (HOME), @60% (HOME)	@50% (HOME), @60% (HOME)	Market	Market	Market	Market	Market
Utility Adjustments									
Cooking	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no
Water	no	yes	no	yes	no	no	no	no	no
Sewer	no	yes	no	yes	no	no	no	no	no
Trash Collection	yes	yes	yes	yes	yes	yes	yes	no	no
In-Unit Amenities									
Balcony/Patio	no	yes	yes	yes	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	yes	no	yes	yes	yes	yes	yes	yes
Dishwasher	yes	yes	yes	yes	yes	yes	no	yes	yes
Exterior Storage	no	yes	yes	no	no	yes	yes	no	no
Ceiling Fan	yes	yes	no	yes	yes	yes	no	no	yes
Garbage Disposal	yes	yes	yes	yes	yes	yes	yes	yes	yes
Microwave	yes	no	no	yes	no	yes	no	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes
Walk-In Closet	no	yes	no	yes	no	yes	no	no	yes
Washer/Dryer hookup	yes	yes	yes	yes	no	yes	yes	yes	yes
Property Amenities									
Basketball Court	no	yes	no	no	no	no	no	no	no
Business Center/Computer Lab	yes	yes	no	no	no	no	no	no	yes
Car Wash	no	no	no	no	no	yes	no	no	yes
Clubhouse/Meeting Room/Community Room	yes	yes	yes	yes	yes	no	no	no	yes
Exercise Facility	yes	yes	no	no	no	yes	no	no	yes
Garage	no	no	no	no	no	yes	no	no	yes
Central Laundry	yes	yes	yes	yes	yes	no	no	no	yes
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes
On-Site Management	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	yes	no	no	no	yes	no	no	yes
Playground	no	yes	yes	yes	yes	yes	yes	no	yes
Recreation Areas	yes	no	no	no	no	no	no	no	no
Swimming Pool	no	no	no	no	yes	yes	no	no	no
Tennis Court	no	no	no	no	yes	no	no	no	no
Wi-Fi	no	no	no	no	no	no	no	no	yes
Garage Fee	N/A	N/A	N/A	N/A	N/A	\$50.00	N/A	N/A	\$65.00
Services									
Security									
Limited Access	no	no	no	no	no	no	no	no	yes
Perimeter Fencing	no	no	no	no	no	no	no	no	yes
Video Surveillance	no	yes	no	no	no	no	no	no	no
Premium Amenities									
Other Amenities									
Other	Library, Crafts Room	Gazebo and pet area	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROPERTY PROFILE REPORT

Hartsville Garden Apartments

Effective Rent Date	3/06/2015
Location	780 Tailwind Ln Hartsville, SC 29550 Darlington County
Distance	1.1 miles
Units	72
Vacant Units	2
Vacancy Rate	2.8%
Type	Garden (3 stories)
Year Built/Renovated	2011 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Majority families. Most of the tenants are from Hartsville.
Contact Name	Ron
Phone	(843) 917-0257



Market Information

Program	@50%, @50% (HOME), @60%
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	15%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased two percent
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	6	740	\$423	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	2	740	\$400	\$0	@50% (HOME)	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	8	740	\$520	\$0	@60%	Yes	1	12.5%	yes	None
2	2	Garden (3 stories)	16	888	\$500	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	4	888	\$472	\$0	@50% (HOME)	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	20	888	\$580	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	6	1,069	\$562	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	2	1,069	\$530	\$0	@50% (HOME)	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	8	1,069	\$635	\$0	@60%	Yes	1	12.5%	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$400 - \$423	\$0	\$400 - \$423	-\$41	\$359 - \$382	1BR / 1BA	\$520	\$0	\$520	-\$41	\$479
2BR / 2BA	\$472 - \$500	\$0	\$472 - \$500	-\$50	\$422 - \$450	2BR / 2BA	\$580	\$0	\$580	-\$50	\$530
3BR / 2BA	\$530 - \$562	\$0	\$530 - \$562	-\$59	\$471 - \$503	3BR / 2BA	\$635	\$0	\$635	-\$59	\$576

Hartsville Garden Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Refrigerator
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Ceiling Fan
Oven
Walk-In Closet

Security

Video Surveillance

Services

None

Property

Basketball Court
Clubhouse/Meeting
Central Laundry
On-Site Management
Playground

Business Center/Computer Lab
Exercise Facility
Off-Street Parking
Picnic Area

Premium

None

Other

Gazebo and pet area

Comments

The property currently maintains a combined waiting list of 30 households. The contact noted that the property is currently working off of the waiting list to fill the vacant units. When asked about current market conditions, the contact replied that there is strong demand for affordable housing in the market.

Hartsville Garden Apartments, continued

Photos



PROPERTY PROFILE REPORT

Middletown Apartments

Effective Rent Date 3/25/2015

Location 600 West Washington Street
Hartsville, SC 29550
Darlington County
Intersection: Martin Luther King Drive

Distance 0.9 miles

Units 40

Vacant Units 0

Vacancy Rate 0.0%

Type Garden (2 stories)

Year Built/Renovated 1998 / N/A

Marketing Began N/A

Leasing Began N/A

Last Unit Leased N/A

Major Competitors None identified

Tenant Characteristics None identified

Contact Name Manager

Phone 843-332-6863



Market Information

Program @50%, @60%

Annual Turnover Rate 15%

Units/Month Absorbed N/A

HCV Tenants 25%

Leasing Pace Pre-leased

Annual Chg. in Rent Increase of 3.8 to 5.5%

Concession None

Utilities

A/C not included -- central

Cooking not included -- electric

Water Heat not included -- electric

Heat not included -- electric

Other Electric not included

Water not included

Sewer not included

Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden (2 stories)	12	685	\$400	\$0	@50%	Yes	0	0.0%	no	None
2	1	Garden (2 stories)	12	685	\$400	\$0	@60%	Yes	0	0.0%	no	None
3	1.5	Garden (2 stories)	8	1,100	\$450	\$0	@50%	Yes	0	0.0%	no	None
3	1.5	Garden (2 stories)	8	1,100	\$450	\$0	@60%	Yes	0	0.0%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
2BR / 1BA	\$400	\$0	\$400	\$0	\$400	2BR / 1BA	\$400	\$0	\$400	\$0	\$400
3BR / 1.5BA	\$450	\$0	\$450	\$0	\$450	3BR / 1.5BA	\$450	\$0	\$450	\$0	\$450

Middletown Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Dishwasher
Garbage Disposal
Refrigerator

Blinds
Central A/C
Exterior Storage
Oven
Washer/Dryer hookup

Security

None

Services

None

Property

Clubhouse/Meeting
Off-Street Parking
Playground

Central Laundry
On-Site Management

Premium

None

Other

None

Comments

The property has reported a waiting list of 10 households for each unit type. The rents for the 50 and 60 percent of AMI units are always set at the same level.

Middletown Apartments, continued

Photos



PROPERTY PROFILE REPORT

Pecan Grove Apartments

Effective Rent Date 3/09/2015
Location 105 Price Ct
 Darlington, SC 29532
 Darlington County County
Distance 12.8 miles
Units 32
Vacant Units 1
Vacancy Rate 3.1%
Type Duplex
Year Built/Renovated 2007 / N/A
Marketing Began N/A
Leasing Began N/A
Last Unit Leased N/A
Major Competitors None identified
Tenant Characteristics Majority families, approximately 15% seniors
Contact Name Helen Richardson
Phone (843) 393-3009



Market Information

Program @50%, @50% (HOME), @60%
Annual Turnover Rate 13%
Units/Month Absorbed N/A
HCV Tenants 22%
Leasing Pace Within one week
Annual Chg. in Rent Increased two percent
Concession None

Utilities

A/C not included -- central
Cooking not included -- electric
Water Heat not included -- electric
Heat not included -- electric
Other Electric not included
Water included
Sewer included
Trash Collection included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Duplex	4	570	\$366	\$0	@50%	Yes	0	0.0%	no	None
1	1	Duplex	2	570	\$366	\$0	@50% (HOME)	Yes	0	0.0%	no	None
1	1	Duplex	6	570	\$401	\$0	@60%	Yes	0	0.0%	no	None
2	2	Duplex	4	700	\$441	\$0	@50%	Yes	0	0.0%	no	None
2	2	Duplex	2	700	\$391	\$0	@50% (HOME)	Yes	0	0.0%	no	None
2	2	Duplex	9	700	\$451	\$0	@60%	Yes	0	0.0%	no	None
3	2	Duplex	2	837	\$491	\$0	@50%	Yes	0	0.0%	no	None
3	2	Duplex	1	837	\$416	\$0	@50% (HOME)	Yes	0	0.0%	no	None
3	2	Duplex	2	837	\$516	\$0	@60%	Yes	1	50.0%	no	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$366	\$0	\$366	-\$41	\$325	1BR / 1BA	\$401	\$0	\$401	-\$41	\$360
2BR / 2BA	\$391 - \$441	\$0	\$391 - \$441	-\$50	\$341 - \$391	2BR / 2BA	\$451	\$0	\$451	-\$50	\$401
3BR / 2BA	\$416 - \$491	\$0	\$416 - \$491	-\$59	\$357 - \$432	3BR / 2BA	\$516	\$0	\$516	-\$59	\$457

Pecan Grove Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Microwave
Refrigerator
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Garbage Disposal
Oven
Walk-In Closet

Security

None

Services

None

Property

Clubhouse/Meeting
Off-Street Parking
Playground

Central Laundry
On-Site Management

Premium

None

Other

None

Comments

The property maintains a waiting list of five households on all unit types. When asked about current market conditions, the contact replied that there is strong demand for affordable housing in the market.

Photos



PROPERTY PROFILE REPORT

Bentree Apartments

Effective Rent Date	3/06/2015
Location	200 Bentree Lane Florence, SC 29501 Florence County
Distance	18.8 miles
Units	132
Vacant Units	1
Vacancy Rate	0.8%
Type	Garden (2 stories)
Year Built/Renovated	1981 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Cambridge Apartments
Tenant Characteristics	Most of the tenants are from Florence.
Contact Name	Jillian
Phone	843.669.5399



Market Information

Program	Market
Annual Turnover Rate	32%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased five to six percent
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- gas
Heat	not included -- gas
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	33	650	\$625	\$0	Market	Yes	0	0.0%	N/A	None
2	1.5	Garden (2 stories)	66	850	\$675	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden (2 stories)	33	1,100	\$770	\$0	Market	No	1	3.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$625	\$0	\$625	\$0	\$625
2BR / 1.5BA	\$675	\$0	\$675	\$0	\$675
3BR / 2BA	\$770	\$0	\$770	\$0	\$770

Bentree Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Oven

Blinds
Central A/C
Dishwasher
Garbage Disposal
Refrigerator

Security

None

Services

None

Property

Clubhouse/Meeting
Off-Street Parking
Playground
Tennis Court

Central Laundry
On-Site Management
Swimming Pool

Premium

None

Other

None

Comments

The property does not accept Housing Choice Vouchers. The property maintains a waiting list of two households on all unit types. When asked about current market conditions, the contact noted that there is strong demand for units at the property.

Bentree Apartments, continued

Photos



PROPERTY PROFILE REPORT

Charles Pointe

Effective Rent Date	3/06/2015
Location	201 West Millstone Road Florence, SC 29505 Florence County
Distance	22.7 miles
Units	168
Vacant Units	1
Vacancy Rate	0.6%
Type	Garden (3 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	The Reserve at Mill Creek
Tenant Characteristics	Most of the tenants are from Florence.
Contact Name	Leslie
Phone	843-536-4613



Market Information

Program	Market
Annual Turnover Rate	21%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within three weeks
Annual Chg. in Rent	Increased 2 to 3 percent
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	42	700	\$720	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	114	1,010	\$820	\$0	Market	No	1	0.9%	N/A	None
3	2	Garden (3 stories)	12	1,230	\$975	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$720	\$0	\$720	\$0	\$720
2BR / 2BA	\$820	\$0	\$820	\$0	\$820
3BR / 2BA	\$975	\$0	\$975	\$0	\$975

Charles Pointe, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Exterior Storage
Garbage Disposal
Oven
Walk-In Closet

Blinds
Central A/C
Dishwasher
Ceiling Fan
Microwave
Refrigerator
Washer/Dryer hookup

Security

None

Services

None

Property

Car Wash
Garage
On-Site Management
Playground

Exercise Facility
Off-Street Parking
Picnic Area
Swimming Pool

Premium

None

Other

None

Comments

The property does not accept Housing Choice Vouchers. When asked about current market conditions, the contact replied that there is average demand for units at the property.

Photos



PROPERTY PROFILE REPORT

Oakview Townhomes

Effective Rent Date	3/06/2015
Location	236 Swift Creek Rd Hartsville, SC 29550 Darlington County
Distance	0.5 miles
Units	48
Vacant Units	3
Vacancy Rate	6.2%
Type	Various (2 stories)
Year Built/Renovated	1989 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Hartsville Gardens
Tenant Characteristics	Approximately half families, half seniors.
Contact Name	Audrey
Phone	843-332-0424



Market Information

Program	Market
Annual Turnover Rate	50%
Units/Month Absorbed	N/A
HCV Tenants	10%
Leasing Pace	Within one week
Annual Chg. in Rent	None
Concession	\$100 off first month's rent

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	20	500	\$480	\$8	Market	No	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	28	600	\$545	\$8	Market	No	3	10.7%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$480	\$8	\$472	\$0	\$472
2BR / 1.5BA	\$545	\$8	\$537	\$0	\$537

Amenities

In-Unit	Security	Services
Balcony/Patio	None	None
Carpeting		
Coat Closet		
Garbage Disposal		
Refrigerator		
Blinds		
Central A/C		
Exterior Storage		
Oven		
Washer/Dryer hookup		
Property	Premium	Other
Off-Street Parking	None	None
Playground		
On-Site Management		

Oakview Townhomes, continued

Comments

When asked about current market conditions, the contact replied that the market is average.

Photos



Palmetto Villas, continued

Photos



PROPERTY PROFILE REPORT

The Reserve At Mill Creek

Effective Rent Date	3/09/2015
Location	2350 Freedom Blvd Florence, SC 29505 Florence County
Distance	22.6 miles
Units	268
Vacant Units	3
Vacancy Rate	1.1%
Type	Garden (3 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Most of the tenants are from Hartsville.
Contact Name	Joanie
Phone	843-665-5311



Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased one to seven percent
Concession	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	62	783	\$850	\$0	Market	No	0	0.0%	N/A	None
1.5	1	Garden (3 stories)	60	965	\$960	\$0	Market	No	1	1.7%	N/A	None
2	2	Garden (3 stories)	122	1,130	\$1,040	\$0	Market	No	1	0.8%	N/A	None
3	2	Garden (3 stories)	24	1,285	\$1,315	\$0	Market	Yes	1	4.2%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util.	Adj. Rent
1BR / 1BA	\$850	\$0	\$850	\$13	\$863
1.5BR / 1BA	\$960	\$0	\$960	\$13	\$973
2BR / 2BA	\$1,040	\$0	\$1,040	\$13	\$1,053
3BR / 2BA	\$1,315	\$0	\$1,315	\$13	\$1,328

The Reserve At Mill Creek, continued

Amenities

In-Unit

Balcony/Patio
Carpeting
Coat Closet
Ceiling Fan
Microwave
Refrigerator
Washer/Dryer hookup

Blinds
Central A/C
Dishwasher
Garbage Disposal
Oven
Walk-In Closet

Security

Limited Access
Perimeter Fencing

Services

None

Property

Business Center/Computer Lab
Clubhouse/Meeting
Garage
Off-Street Parking
Picnic Area
Wi-Fi

Car Wash
Exercise Facility
Central Laundry
On-Site Management
Playground

Premium

None

Other

None

Comments

The contact noted that the vacant three-bedroom unit is currently pre-leased. The property maintains a waiting list on its three-bedroom units; however, the contact could not note the length in time or number of households on the waiting list. The property charges a view premium of \$10 for its one-bedroom units and \$15 for its two and three-bedroom units. When asked about current market conditions, the contact replied that the market is strong.

The Reserve At Mill Creek, continued

Photos



Comparable Property Analysis

Vacancy

The following tables summarize overall vacancy rates for the comparable properties.

OVERALL VACANCY

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Hartsville Garden Apartments	@50%, @50% (HOME), @60%	72	2	2.8%
Middletown Apartments	@50%, @60%	40	0	0.0%
Pecan Grove Apartments	@50%, @50% (HOME), @60%	32	1	3.1%
Bentree Apartments	Market	132*	1	0.8%
Charles Pointe	Market	168*	1	0.6%
Oakview Townhomes	Market	48	3	6.2%
Palmetto Villas	Market	72	12	16.7%
The Reserve At Mill Creek	Market	<u>268*</u>	<u>3</u>	<u>1.1%</u>
Total in PMA		264	18	6.8%
Total		832	23	2.8%

*Units outside the PMA

OVERALL - COMPARABLE LIHTC VACANCY

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Hartsville Garden Apartments	@50%, @50% (HOME), @60%	72	2	2.8%
Middletown Apartments	@50%, @60%	40	0	0.0%
Pecan Grove Apartments	@50%, @50% (HOME), @60%	<u>32</u>	<u>1</u>	<u>3.1%</u>
Total in PMA		144	3	2.1%

OVERALL - MARKET RATE VACANCY

Property Name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Bentree Apartments	Market	132*	1	0.8%
Charles Pointe	Market	168*	1	0.6%
Oakview Townhomes	Market	48	3	6.2%
Palmetto Villas	Market	72	12	16.7%
The Reserve At Mill Creek	Market	<u>268*</u>	<u>3</u>	<u>1.1%</u>
Total in PMA		120	15	12.5%
Total		688	20	2.9%

*Units outside the PMA

Overall vacancy in the PMA among five comparables is moderate with a vacancy rate of 6.8 percent, while among the eight comparables the vacancy rate is just 2.8 percent.

The three surveyed comparable LIHTC properties from inside the PMA have just three vacancies, and an overall low vacancy rate of 2.1 percent. Some of the properties maintain waiting lists. The low vacancies at all three comparables indicate excellent demand for affordable rental housing in the PMA.

Among the market rate properties in Hartsville, the vacancy rate is high at 12.5 percent, due to the underperformance of Palmetto Villas. This property is in below average condition and has management that is not on-site full-time. In addition, the manager commented that the application process is very strict and many applicants do not qualify, resulting in challenges for this older, functionally obsolete property to achieve a high stabilized occupancy. When this property that is underperforming is excluded, the other market rate property in the PMA, Oakview Townhomes, has a 6.2 percent vacancy rate. Its noteworthy that Oakview Townhomes has an approximately 50 percent share of seniors, which indicates that seniors in the Hartsville market are opting to live in apartments not designed for seniors because of the lack of senior alternatives. The overall vacancy rate for market rate projects with Palmetto Villas excluded is 1.9 percent.

While one market rate project in Hartsville is experiencing some project-specific vacancy issues, the other surveyed market rate projects and all three comparable LIHTC properties have relatively low vacancy rates. It is our opinion that the growing base of senior households in the PMA is significantly underserved by area LIHTC options. As such, it is our opinion that the Subject will be able to maintain a stabilized vacancy rate of seven percent or less following stabilization per state guideline standards. In fact, as what would be the only senior property with LIHTC units in the PMA, we would expect that after completion of absorption, the Subject will likely be able to generate a waiting list.

LIHTC Vacancy – All LIHTC Properties in PMA

There are 144 total family LIHTC units in the PMA that we included in this comparable analysis. None of these units are age-restricted. These three properties have three vacancies and a vacancy rate of 2.1 percent. This indicates healthy demand for LIHTC units in the PMA.

Reasonability of Rents

This report is written to SCSHFDA guidelines. Therefore, the conclusions contained herein may not be replicated by a more stringent analysis. We recommend that the sponsor understand the guidelines of all those underwriting the Subject development to ensure the proposed rents are acceptable to all.

Rents provided by property managers at some properties may include all utilities while others may require tenants to pay all utilities. To make a fair comparison of the Subject rent levels to comparable properties, rents at comparable properties are typically adjusted to be consistent with the Subject. Adjustments are made using Utility Allowances for the South Carolina Midlands Region effective January 2015. The rent analysis is based on net rents at the Subject as well as surveyed properties. Note that some properties may have rents above 2015 maximum allowable rents because they have been “held harmless” and operate with rent limits that are slightly higher.

The following table summarizes the Subject’s proposed 50 percent AMI net rent compared to the maximum allowable 50 percent AMI rents for the county, the net rents at the comparables, and the averages comparable net rent.

LIHTC Rent Comparison - @50%

Property Name	2BR
Magnolia Senior Village (Subject) - HOME Units	\$383
LIHTC Maximum (Net)	\$429
LIHTC (HOME) Maximum (Net)	\$383
Hartsville Garden Apartments	\$450
Pecan Grove Apartments	\$391
Average (excluding Subject)	\$421

The Subject's proposed 50 percent AMI rent of \$383 is equal to the maximum allowable 50 percent AMI HOME rent for 2015. The average 50 percent AMI rents at the comparables with this AMI level is \$421 for two-bedroom units. The proposed rent is below the average rents, and most notably is well below the two-bedroom rents at Hartsville Garden Apartments. The Subject will have unit sizes that are competitive with Hartsville Garden Apartments and the amenities will also generally be similar. The Subject enjoys a superior location to this comparable, which has fewer amenities within walking distance. It is our opinion the Subject could potentially achieve higher 50 percent AMI rents, but the developer has chosen to keep rents at the proposed levels to allow the project to also qualify for HOME program funding.

The following table summarizes the Subject's proposed 60 percent AMI net rents compared to the maximum allowable 60 percent AMI rents for the county, the net rents at the comparables, and the averages of these comparable net rents.

LIHTC Rent Comparison - @60%

Property Name	2BR
Magnolia Senior Village (Subject) - HOME Units	\$429
Magnolia Senior Village (Subject)	\$510
LIHTC Maximum (Net)	\$551
LIHTC (HOME) Maximum (Net)	\$429
Hartsville Garden Apartments	\$530
Middletown Apartments	\$400
Pecan Grove Apartments	\$401
Average (excluding Subject)	\$444

The Subject's proposed 60 percent AMI HOME rent is equal to the maximum allowable level, while the 60 percent AMI rent is below the maximum allowable rent at this AMI level. The proposed rent for two units is \$429 and is below the surveyed average for two-bedroom 60 percent AMI units, while the proposed rent of \$510 for 23 of the units is significantly higher than the average LIHTC 60 percent AMI rent. While most of the units proposed at 60 percent AMI have a rent level above the average, this rent of \$510 is below the rent of \$530 being achieved at the most comparable of all the properties, Hartsville Garden Apartments, which opened in 2011 and is 97.2 percent occupied. In addition, the proposed rents are below those at Oakview Townhomes, a market rate comparable in Hartsville with approximately half of its units housing older adults. As such, given the Subject's competitive position when compared to Hartsville Garden Apartments as described previously, with the superior single-story design of the units at the Subject, the Subject's anticipated excellent condition, and its uniqueness as a senior LIHTC property in this market where seniors are underserved, we believe the Subject can achieve the proposed 60 percent AMI rent levels and maintain a high stabilized occupancy rate.

Achievable Market Rents

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the Subject’s rental rates are well below the achievable market rates for the Subject’s area. The following table shows both market rent comparisons and achievable market rents.

Subject Comparison to Market Rents

Unit Type	Subject	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rents	Subject Rent Advantage
50% AMI (HOME)						
2 BR	\$383	\$463	\$1,053	\$783	\$700	45.3%
60% AMI (HOME)						
2BR	\$429	\$463	\$1,053	\$783	\$700	38.7%
60% AMI						
2 BR	\$510	\$463	\$1,053	\$783	\$700	27.1%

The market rate properties were built between 1974 and 2008. Two comparables are in Hartsville and three comparables are located to the southeast in Florence, a larger community with significantly more renter households. The Florence locations of the comparables are considered superior to the locations of the Subject and the two other comparables in Hartsville, as there are many more community services available in Florence. As such, we have considered the differences in the markets in our evaluation of achievable market rents.

The comparable market rate properties have similar to inferior unit amenities, while the comparables have inferior to superior project amenities compared to the Subject. Some comparables have optional garages and swimming pools, which the Subject will not offer. Four of the five market rate comparables are in inferior condition, while The Reserve at Mill Creek is in excellent condition, similar to the Subject. While there are several differences between the Subject and these comparables, Charles Pointe and Bent Tree Apartments are considered the properties most similar to the Subject in terms of features and unit sizes. Net rent at Charles Pointe is \$820 for a two-bedroom unit. The net rent at Bent Tree Apartments is \$675 for a two-bedroom unit. We acknowledge that Bent Tree Apartments is in inferior condition compared to the Subject and also has an inferior design to attract seniors in offering walk-up, two-story buildings. However, the location of Bent Tree Apartments in Florence mitigates some of these property disadvantages. Charles Pointe has superior amenities compared to the Subject, in addition to a superior location, and as such is capable of achieving significantly higher rents than the Subject. We have positioned the Subject’s achievable market rent within the surveyed range and well below the surveyed average, which is influenced by the three properties in Florence that can command higher rents than properties in Hartsville of similar condition. We have estimated achievable rent to be \$700 for two-bedroom units at the Subject. The Subject’s proposed rents will have advantages of 27.1 to 45.3 percent over what we have determined to be the achievable market rents. The overall market rent advantage for the Subject is 31.83 percent.

There is a limited supply of conventional market rate apartments in the PMA from which to measure the proposed Subject’s rents and features. While family renters might consider renting area single family homes, we have not considered area single family rental options or mobile homes because seniors seeking housing in a senior apartment community would be unlikely to consider moving into a single-family rental home or a mobile home.

Cost and Availability of Homeownership

The Subject site will target seniors, who generally would not consider a home purchase. Conversely, most seniors may be considering downsizing from homeownership and moving into a rental community such as the Subject. We expect some of this type of support to occur at the Subject. Therefore, we have not performed an analysis of local for sale home prices compared to rental costs at the Subject.

Impact of Subject on Other Affordable Units in Market

The comparable LIHTC units have an overall 2.1 percent vacancy rate and some properties maintain waiting lists, indicating high demand for affordable rental housing in the PMA. There are no existing senior LIHTC properties in the PMA with which to compare the Subject. However, the PMA is an area with a growing base of senior households, some of which are currently renters and some of which are currently homeowners who would consider moving to a rental community for seniors if one were available. As such, the proposed project should be able to fill a current void in this market and serve a population segment that is currently underserved. With just 32 senior LIHTC units proposed at the Subject, we believe the Subject's opening and lease-up will have no long-term impact on the existing area LIHTC apartments, particularly given the fact these properties generally target family renter households. Since the Subject will not operate with a subsidy, we do not expect any impact on the existing low-income rental assisted housing in the market.

Availability of Affordable Housing Options

There is a limited supply of LIHTC units without subsidies in the PMA, and there are no senior LIHTC properties in the PMA. There are some vacancies at one LIHTC family property that are attributed to poor management, but other family LIHTC properties surveyed are performing well. The availability of LIHTC housing targeting moderate income senior households is considered to be inadequate given the demographic growth of the PMA. The Subject would bring a much needed supply of affordable senior housing to the PMA.

Summary Evaluation of the Proposed Project

Overall vacancy in the PMA among five comparables is moderate with a vacancy rate of 6.8 percent, mainly as a result of one underperforming market rate comparable, which has project-specific issues that are impacting its vacancy rate. When the underperforming market rate property is excluded, the remaining four properties in the PMA have a 3.1 percent vacancy rate, indicating a healthy rental market at most rental options in the PMA. The most similar LIHTC property, Hartsville Garden Apartments has an inferior location to the Subject and is 97.2 percent occupied, with rents above the proposed rent levels. When compared to the current 50 and 60 percent rents at the LIHTC properties, the Subject's proposed 50 and 60 percent AMI rents appear reasonable and they are more than 30 percent on average below what we have determined to be the achievable market rents. Overall, we believe that the Subject will be successful in the local market as proposed.

H. INTERVIEWS

INTERVIEWS

Planning

We spoke to Brenda Kelley, the Senior Planner at the City of Hartsville Planning Department. According to Ms. Kelley, the most recently constructed multifamily development is Hartsville Garden Apartments, a 72-unit family property utilized as a comparable that was constructed in 2011. Ms. Kelley indicated that there are no other planned or proposed multifamily developments in Hartsville, other than the Subject development. Additionally, Ms. Kelley noted that there is a strong demand for affordable senior housing in the Hartsville area, particularly since there are so few options for seniors in this area.

Section 8/Public Housing

We spoke to Kim Funderburk at the Hartsville Housing Authority. Ms. Funderburk indicated that the Hartsville Housing Authority is authorized to issue 210 tenant-based Housing Choice Vouchers. Due to budget constraints, the housing authority has only issued 149 of those vouchers. The waiting list is currently closed with more than 200 households. The last time the housing authority was taking applicants was September 2014 and Ms. Funderburk did not know when the waiting list will re-open. The following table illustrates the current payment standards in Hartsville:

Number of Bedrooms	Payment Standards
Two-Bedroom	\$578

The Subject's proposed 50 percent AMI HOME rent is below local payment standards, while the 60 percent AMI rents are above the local payment standards. This indicates the majority of the Subject's units would not be available to households with a Housing Choice Voucher without some additional out-of-pocket expenses for the renter. Only seven units have rents below the payment standards.

Property Managers

The results from our interviews with property managers are included in the comments section of the property profile reports.

I. RECOMMENDATIONS

Recommendations

We believe there is ample demand for the Subject in the PMA and the market supports the Subject development as proposed. The Subject's overall capture rate is 29.9 percent, which is within acceptable demand thresholds for a senior property in a somewhat rural county. Individual capture rates by AMI level range from 11.5 to 26.9 percent, which are considered achievable in the PMA, where senior renter households are growing and there is no existing senior LIHTC housing. The Subject site is located within 0.5 miles of many community services and facilities that seniors would utilize on a frequent basis. The Subject will be the first senior LIHTC community in the PMA and as such should be able to fill a void in the market.

The LIHTC projects in the PMA all have low vacancy rates and some maintain waiting lists, indicating a strong market for affordable LIHTC units. Most market rate properties surveyed also exhibit low vacancy rates. The developer's rents represent greater than a 30 percent overall advantage over achievable market rents. The proposed rents will also compete well with the LIHTC rents at the family LIHTC comparables we surveyed since there are no area senior LIHTC comparables. Given these factors, we would anticipate the Subject can achieve a stabilized occupancy rate of 93 percent or higher within approximately four months of opening.

J. SIGNED STATEMENT REQUIREMENTS

I affirm that I have made a physical inspection of the market and surrounding area and the information obtained in the field has been used to determine the need and demand for new rental LIHTC units. I understand that any misrepresentation of this statement may result in denial of further participation in the South Carolina State Housing Finance and Development Authority's programs. I also affirm that I have no financial interest in the project or current business relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written according to the SCHFDA'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.

Respectfully submitted,
Novogradac & Company LLP

March 26, 2015

Date



H. Blair Kincer, MAI
Partner



Ed Mitchell
Manager



Brian Gault
Real Estate Analyst
Brian.gault@novoco.com
614-934-1139



Brandon Taff
Researcher

ADDENDA

Addendum A: Analyst Qualifications

STATEMENT OF PROFESSIONAL QUALIFICATIONS

H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
LEED Green Associate
Member, National Council of Housing Market Analysts (NCHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. 31534 – State of Arizona
Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut
Certified General Real Estate Appraiser, No 4206 – State of Kentucky
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. GA-805 – State of Mississippi
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia
Certified General Real Estate Appraiser, No. 1101008 – State of Washington
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia
Certified General Real Estate Appraiser, No. 1081 – State of Wyoming

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

IV. Professional Training

Have presented at and attended various IPED and Novogradac conferences regarding the affordable housing industry. Have done presentations on the appraisal and market analysis of Section 8 and 42 properties. Have spoken regarding general market analysis topics.

Obtained the MAI designation in 1998 and maintained continuing education requirements since. Completed additional professional development programs administered by the Appraisal Institute in the following topic areas:

- 1) Valuation of the Components of a Business Enterprise
- 2) Valuation of Sustainable Buildings

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived. The three traditional approaches to value

H. Blair Kincer

Qualifications

Page 3

are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.
- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

EDWARD R. MITCHELL

I. Education

University of Alabama, Tuscaloosa, Alabama
Master of Science – Financial Planning (05/2014)

University of Alabama, Tuscaloosa, Alabama
Graduate Certificate (Half Master's) Conflict Management, Negotiation, and Mediation

University of Alabama, Tuscaloosa, Alabama
Bachelor of Science – Human Environmental Science

San Antonio College, San Antonio, Texas
Associate of Arts – Real Estate Management

II. Professional Experience

Analyst; Novogradac & Company LLP (September 2013 – Present)
Senior Appraiser; Valbridge Property Advisors
Managing Partner; Consolidated Equity, Inc.
Appraiser; Schultz, Carr, Bissette
Disposition Manager; Resolution Trust Corporation (RTC)

III. Assignments

- Currently conducts market feasibility studies and appraisals of proposed and existing Low-Income Housing Tax Credit (LIHTC) properties.
- Over 20 years' experience in real estate appraisal, investment, development, and construction. Past appraisal assignments include all types of vacant and improved commercial property and special use properties such as rail corridors, Right-of-Way corridors, and recycling plants.

IV. Licensure

- State Certified General Real Property Appraiser (Georgia)
- Licensed Real Estate Salesperson (Georgia)
- Appraisal Institute – Candidate for Designation

STATEMENT OF PROFESSIONAL QUALIFICATIONS

BRIAN GAULT

I. Education

Ohio University, Athens, Ohio
Bachelor of Science in Journalism, Certification in Environmental Studies

II. Professional Experience

Real Estate Analyst, Novogradac & Company LLP, August 2014 – Present
Vice President/Project Director, Vogt Santer Insights, July 2010 – June 2014
Project Director/Director of Southeast Operations, VWB Research, October 2002 – June 2010
Field Analyst/Project Director, Danter Company, February 2000 – October 2002

III. Research Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Authored more than 1,500 market feasibility studies or letters for affordable, market rate and student rental housing. These reports have been utilized by developers, syndicators, state housing finance agencies, and lenders to assist in the financial underwriting, planning and design of rental properties. Analysis typically includes: unit mix determination, demand estimation, rental rate analysis, competitive property evaluation and overall market feasibility analysis.
- Completed field research for more than 200 projects in more than 40 states while employed in the industry.
- Interviewed, trained, and coordinated staff of seven to nine field analysts working nationwide while with previous employers.
- Experienced in data collection for commercial space used in retail, office or overall commercial space analyses.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Sterling Battle

I. Education

The University of South Florida, Tampa, FL
Bachelor of Science degree in Finance

II. Professional Experience

Real Estate Researcher, Novogradac & Company LLP, September 2014 – Present
Real Estate Research Intern, Framework Group Development LLC, September 2013- September 2014

III. Research Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Assisted numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Assisted with numerous appraisals of new construction and existing LIHTC and market-rate properties.

Tab 19

Exhibit S-2 Primary Market Study Analysis Summary

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

Development Name:	<u>Magnolia Senior Village</u>	Total # Units:	<u>32</u>
Location:	<u>South 5th Street, Hartsville, SC 29550</u>	# LIHTC Units:	<u>32</u>
PMA Boundary:	<u>Most of Darlington County and part of Chesterfiled County</u>		
Development Type: <input type="checkbox"/> Family <input checked="" type="checkbox"/> Older Persons	Farthest Boundary Distance to Subject: <u>23.0</u> miles		

RENTAL HOUSING STOCK (found on pages 1, 2, 55)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	8	832	23	97.2 %
Market-Rate Housing	5	688	20	97.1 %
Assisted/Subsidized Housing not to include LIHTC	3	144	3	97.9 %
LIHTC (All that are stabilized)*	3	144	3	97.9 %
Stabilized Comps**	3	144	3	97.9 %
Non-stabilized Comps	0	0	0	N/A

* 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
7	2	2	950	\$ 383	\$ 700	\$ 0.80	45.29%	\$ 1,063	\$ 0.94
2	2	2	950	\$ 429	\$ 700	\$ 0.80	38.71%	\$ 1,063	\$ 0.94
23	2	2	950	\$ 510	\$ 700	\$ 0.80	27.14%	\$ 1,063	\$ 0.94
				\$	\$	\$		\$	\$
Gross Potential Rent Monthly*				\$ 15,269	\$ 22,400		31.83%		

*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 pages 36, 37)

	2010		2014		2017	
Renter Households	2252	19.6%	2716	21.0%	2779	20.7%
Income-Qualified Renter HHs (LIHTC)	358	15.9%	464	17.1%	465	16.7%
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 52)

Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall
Renter Household Growth	6	10				11
Existing Households (Overburd + Substand)	77	121				127
Homeowner conversion (Seniors)	19	27				33
Other:						
Less Comparable/Competitive Supply	0	0				0
Net Income-qualified Renter HHs	104	158				170

CAPTURE RATES (found on page 52)

Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall
Capture Rate	11.5%	26.9%				29.9%

ABSORPTION RATE (found on page 53)

Absorption Period **4**

Tab 19

Exhibit S-2 Rent Calculation Worksheet

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent by Bedroom Type	Adjusted Market Rent	Gross Adjusted Market Rent by Bedroom Type	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
7	2 BR	\$383	\$2,681	\$700	\$4,900	
2	2 BR	\$429	\$858	\$700	\$1,400	
23	2 BR	\$510	\$11,730	\$700	\$16,100	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	32		\$15,269		\$22,400	31.83%

Source: SCSHFDA