

NEED AND DEMAND ANALYSIS
FOR THE BENNETTS POINTE APARTMENTS
IN
BENNETTSVILLE, SOUTH CAROLINA

Prepared for
Bennetts Pointe SC LLC
for submission to
the South Carolina State Housing Finance and Development Authority

March 2016

T Ronald Brown: Research & Analysis
P.O. Box 1294
Cary, NC 27512-1294

TABLE OF CONTENTS

INTRODUCTION..... Page 1
PURPOSE..... Page 1
ASSUMPTIONS AND CONDITIONS..... Page 1

EXECUTIVE SUMMARY..... Page 3

A. PROJECT DESCRIPTION..... Page 6
B. SITE DESCRIPTION..... Page 8

C. MARKET AREA..... Page 15

D. MARKET AREA ECONOMY..... Page 18
EMPLOYMENT BY INDUSTRY..... Page 18
MAJOR EMPLOYERS..... Page 19
LABOR FORCE AND EMPLOYMENT..... Page 21
COMMUTING..... Page 23

E. COMMUNITY DEMOGRAPHIC DATA..... Page 24
POPULATION TRENDS AND PROJECTIONS..... Page 24
AGE..... Page 25
HOUSEHOLD TRENDS AND PROJECTIONS..... Page 26
TENURE..... Page 28
TENURE, BY AGE..... Page 29
HOUSEHOLD SIZE..... Page 30
HOUSEHOLD INCOME..... Page 31
HOUSEHOLD INCOME..... Page 32
RENTER HOUSEHOLD INCOME..... Page 33
RESIDENTIAL CONSTRUCTION SINCE 2000..... Page 34

F. PROJECT SPECIFIC DEMAND ANALYSIS..... Page 35
INTRODUCTION..... Page 35
INCOME RESTRICTIONS..... Page 35
AFFORDABILITY..... Page 37
NEW HOUSEHOLDS..... Page 39
EXISTING HOUSEHOLDS..... Page 39
DEMAND..... Page 41
SUPPLY..... Page 41
CAPTURE RATES..... Page 43
ABSORPTION RATES..... Page 43

G. EXISTING RENTAL UNITS..... Page 44

H. INTERVIEWS..... Page 60

I. RECOMMENDATIONS..... Page 61

SIGNED STATEMENT..... Page 62

ANALYST QUALIFICATIONS..... Page 63

MARKET STUDY TERMINOLOGY..... Page 64

LIST OF TABLES

Table 1 - Statistics on Race, Tract 9602..... Page 17

Table 2 - Employment by Industry, Market Area. Page 18

Table 3 - Major Employers. Page 19

Table 4 - Marlboro County Labor Force and Employment..... Page 21

Table 5 - Commuting Data. Page 23

Table 6 - Population..... Page 24

Table 7 - Age Distribution..... Page 25

Table 8 - Household Trends..... Page 26

Table 9 - Population and Households, 65 years and older..... Page 27

Table 10 - Tenure..... Page 28

Table 11 - Tenure of Elderly Households..... Page 29

Table 12 - Household Size, by Tenure..... Page 30

Table 13 - Household Income. Page 31

Table 14 - Household Income, by Age..... Page 32

Table 15 - Household Income, Renter Households. Page 33

Table 16 - Residential Construction Since 2000..... Page 34

Table 17 - Income Limits..... Page 35

Table 18 - Maximum Housing Expense. Page 35

Table 19 - Proposed Utility Allowances, Rents, and Income Targeting. Page 36

Table 20 - Qualifying Income Ranges..... Page 37

Table 21 - Household Income, Older Renter Households. Page 38

Table 22 - Demand Calculations. Page 41

Table 23 - Demand Calculations and Capture Rates..... Page 42

Table 24 - Market Rate Properties..... Page 47

INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the rehabilitation of the Bennetts Pointe Apartments in Bennettsville, South Carolina. This project was originally developed under the USDA/Rural Development Section 515 Rural Rental Housing program. A total of 32 units are to be rehabilitated: all one-bedroom units. The apartments will rent to households aged 62 years and older, whose incomes qualify their apartments for tax credit status. Full rental assistance will be available.

ASSUMPTIONS AND CONDITIONS

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

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

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

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings. Additionally, given that some Census data are yet to be published (and are less comprehensive than before) third parties - such as State data centers and others - have not had the opportunity to derive projections utilizing those more recent data at this time. Here, we will employ established, reliable, and conservative methods and assumptions in our analysis.

The site of the proposed apartments was visited (on February 6, 2016) . In addition, interviews are held with persons with particular knowledge pertinent to the study.

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

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

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

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

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 1294
Cary, North Carolina 27512-1294
(919) 233.0670



Date:: March 9, 2016

EXECUTIVE SUMMARY

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

The proposed development will comprise the rehabilitation of 32 units of USDA/Rural Development financed housing. The apartments will rent to elderly households whose incomes qualify their apartments for tax credit status, with units to be targeted to households at 50 and 60 percent of the local area median income.

The Bennetts Pointe Apartments are located on the west side of Cheraw Street (SC Highway 9, business). There are no apparent physical, environmental, or other constraints upon the rehabilitation and marketing of the proposed project at this location.

The market area for the proposed apartments for the elderly is Marlboro County, excluding that portion of the northwestern part of the county that may more properly be considered part of the Cheraw market area.

Labor force and employment figures in Marlboro County have decreased over the last decade or so, with employment falling significantly between 2008 and 2010. Unemployment rates fell from a high of around 20 percent in 2009 to 2011, to closer to 10 percent in 2014.

The population of the Bennettsville market area is projected to increase from 25,646 in 2010, to 25,858 in 2015, to 25,902 in 2018. The number of households is projected to increase from 9,037 in 2010 to 9,350 in 2015, to 9,508 in 2018.

The elderly population (65 years and older) of the Bennettsville market area is projected to increase from 3,315 in 2010, to 3,757 in 2015, to 3,921 in 2018. The number of households is projected to increase from 2,324 in 2010 to 2,634 in 2015, to 2,749 in 2018.

There are several apartment complexes located in Bennettsville - these include a few small, relatively old unsubsidized properties, one unsubsidized tax credit financed property (for families/open), and subsidized complexes for low and very low income households that are financed through HUD and/or USDA/Rural Development. A significant number of the latter are designated for the elderly, handicapped, or disabled. Existing subsidized complexes for seniors in the market area are reported to be effectively fully occupied and remain so on an ongoing basis.

The total potential need for tax credit units such as is proposed in the Bennettsville area by 2018 is calculated to be for 178 new units. Given the calculated need, the proposed 32-unit development amounts to 18.0 percent of the need, as calculated.

The capture rates are considered reasonable for a rent-assisted property in a relatively small, rural, market.

Based on the above, the project could expect to lease-up over a period dictated by the rehabilitation schedule, plus 60 days, or so.

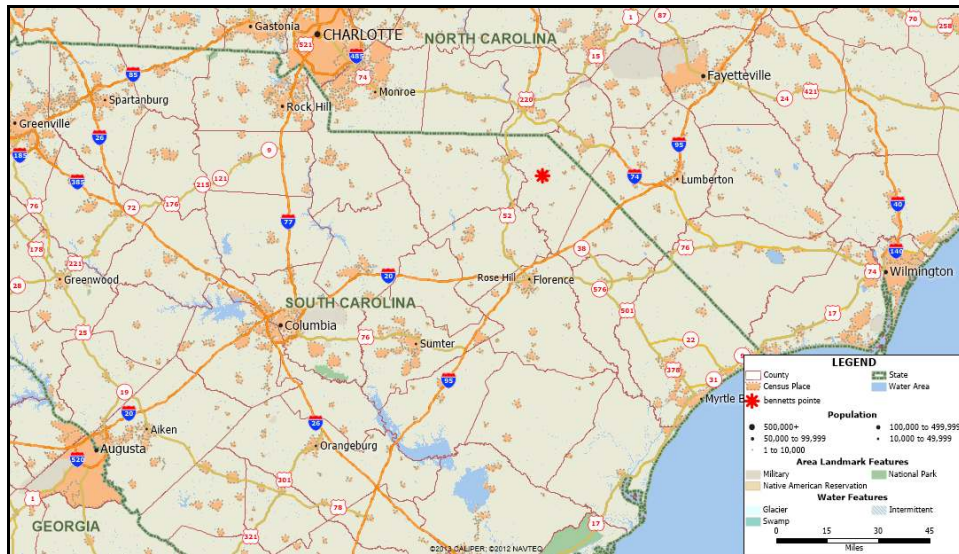
2016 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:									
Development Name: BENNETTS POINTE				Total # Units: 32					
Location: 907 Cheraw Street, Bennettsville, SC				# LIHTC Units: 32					
PMA Boundary: Marlboro County, excluding Wallace/Cheraw area									
Development Type: Family ___ Older Persons X				Farthest Boundary Distance to Subject: 18 miles					
RENTAL HOUSING STOCK (found on pages 44-59)									
Type	# Properties	Total Units	Vacant Units	Average Occupancy					
All Rental Housing	8	234	0	100.0%					
Market-Rate Housing									
Assisted/Subsidized Housing not to include LIHTC	2	58	0	100.0%					
LIHTC (All that are stabilized)*	6	176	0	100.0%					
Stabilized Comps**	8	234	0	100.0%					
Non-stabilized Comps				%					
* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).									
** Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.									
Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
32	1	1	620	\$568	\$722	\$1.16	21.36%	\$738	\$1.19
Gross Potential Rent Monthly*				\$18,176	\$23,114		21.36%		
*Market Advantage is calculated using the following formula: (Gross Adjusted Market Rent (minus) Gross Proposed Tenant Rent) (divided by) Gross Adjusted Market Rent. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.									
DEMOGRAPHIC DATA (found on page 27,38)									
	2010		2015		2018				
Renter Households (65 years +)	522	22.5%	572	22.5%	617	22.5%			
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	70	12.3%	76	12.3%			
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%			
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 41)									
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall			
Renter Household Growth	2	2				3			
Existing Households (Overburd + Substand)	13	13				24			
Homeowner conversion (Seniors)	4	4				7			
Other:									
Less Comparable/Competitive Supply	0	0				0			
Net Income-qualified Renter HHs	19	19				34			
CAPTURE RATES (found on page 42)									
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall			
Capture Rate	49.1%	>100.0%				94.8%			
ABSORPTION RATE (found on page 43)									
Not applicable.									

2016 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:										
Development Name:		BENNETTS POINTE						Total # Units:		32
Location:		907 Cheraw Street, Bennettsville, SC						# LIHTC Units:		32
PMA Boundary:		Marlboro County, excluding Wallace/Cheraw area								
Development Type:		Family		Older Persons		X		Farthest Boundary Distance to Subject:		18 miles
RENTAL HOUSING STOCK (found on pages 44-59)										
Type	# Properties	Total Units	Vacant Units	Average Occupancy						
All Rental Housing	8	234	0	100.0%						
Market-Rate Housing										
Assisted/Subsidized Housing not to include LIHTC	2	58	0	100.0%						
LIHTC (All that are stabilized)*	6	176	0	100.0%						
Stabilized Comps**	8	234	0	100.0%						
Non-stabilized Comps				%						
* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).										
** Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.										
Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent		
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF	
32	1	1	620	\$568	\$172	\$0.28	76.19%	\$738	\$1.19	
Gross Potential Rent Monthly*				\$18,176	\$5,504		76.19%			
*Market Advantage is calculated using the following formula: (Gross Adjusted Market Rent (minus) Gross Proposed Tenant Rent) (divided by) Gross Adjusted Market Rent. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.										
DEMOGRAPHIC DATA (found on page 27,38)										
	2010		2015		2018					
Renter Households (65 years +)	522	22.5%	572	22.5%	617	22.5%				
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	313	54.7%	338	54.7%				
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%				
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 41)										
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall				
Renter Household Growth	15					15				
Existing Households (Overburd + Substand)	132					132				
Homeowner conversion (Seniors)	32					32				
Other:										
Less Comparable/Competitive Supply	0					0				
Net Income-qualified Renter HHs	178					178				
CAPTURE RATES (found on page 42)										
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall				
Capture Rate	24.0%					24.0%				
ABSORPTION RATE (found on page 43)										
Length of rehabilitation process, plus 60 day or so										

A. PROJECT DESCRIPTION

Project Location

The proposed development is located on Cheraw Street (SC Highway 9, business), in Bennettsville in Marlboro County, in eastern South Carolina.



Construction type: Rehabilitation

The property comprises a single story, one story building that house sthe residential units, and the site office, laundry, and common areas.

Occupancy type :Elderly

Target income group: Very Low income/ tax credit

Special population target: not applicable

Proposed unit mix, etc

	<u>No. of units</u>	<u>Sq. Ft.</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	7	620	\$568	\$69	less than 50 percent
1 bedroom/1 bath	25	620	\$568	\$69	less than 60 percent
Total	32				

* percent of local area median

Rental Assistance: 32 units

With respect to utilities, the units will be all-electric. Each tenant will be responsible for water, sewer, heating, cooling and other electricity. The owner will responsible for trash collection. The utility allowance is \$69.

Development amenities include a community center with leasing office, and laundry. Unit amenities include dishwashers, disposals, ceiling fans and blinds.

Rehabilitation information:

- Property is a 32-unit USDA/RD project with full Rental Assistance
- Rents are based on income, with an average tenant contribution of \$172 per month
- Tenant incomes range from \$5,600 to \$16,480
- Occupancy is typically 100 percent, with a waiting list

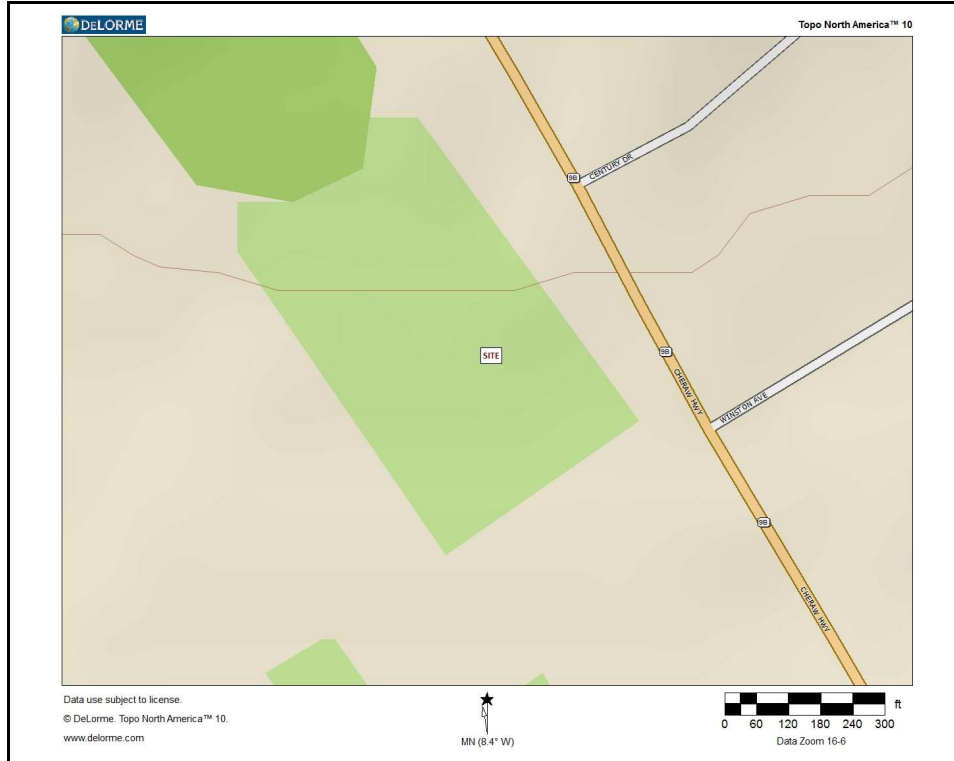
Based on information supplied by the developer, the proposed renovation includes, roofing, siding, landscaping, parking lot improvements, as well as other major interior repairs and replacements.

B. SITE DESCRIPTION

The Bennetts Pointe Apartments are located on the west side of Cheraw Street, between Century Drive and Winston Avenue in northern Bennettsville. Adjacent properties include the Marlboro Place Apartments, single-family homes across Cheraw Street, a new medical office building, and undeveloped land.



Aerial view of the site



Site topography

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



View onto property



Entrance



View onto property



View of typical units, rear of property



View of rear of property



View north on Cheraw St., at site



View south on Cheraw St., at site



View across Cheraw St., at site

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

The site is located on Cheraw Street (SC Highway 9, business), a significant north-south thoroughfare serving Bennettsville. It is less than one half-mile south of the intersection of Cheraw Street and Cottingham Boulevard (SC 9). The site is within two miles of US 15, the major east-west route serving the area.

The property is within two-thirds of a mile of a Wal-mart Supercenter, and CVS and Walgreens drugstores. The site is within two and one-fourth miles of the Marlboro Center shopping center on US 15, to the south, This shopping center anchored by a Food Lion store. An IGA store is across US 15 from the Food Lion.

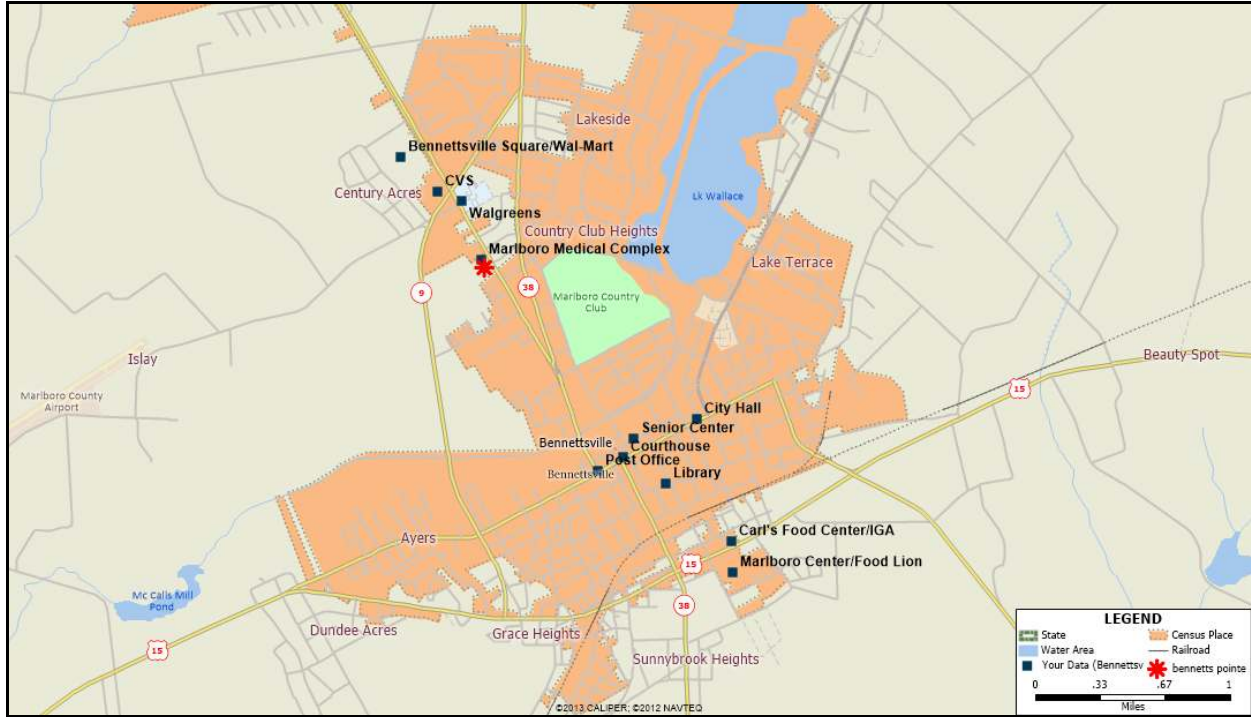
The Marlboro Medical complex - which is new - is located adjacent to the site. The site is within one mile of the various medical services located in the vicinity of the former Marlboro Park Hospital, on Cheraw Street, to the north.

The site is with of one - to two- miles of the government, shopping, and other services (including the Senior Center) located in the Bennettsville downtown business district.

We are not aware of any significant road or other infrastructure projects under way or planned in this area.

Based on information from the management at the subject property, crime is not perceived to be an issue at this location.

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

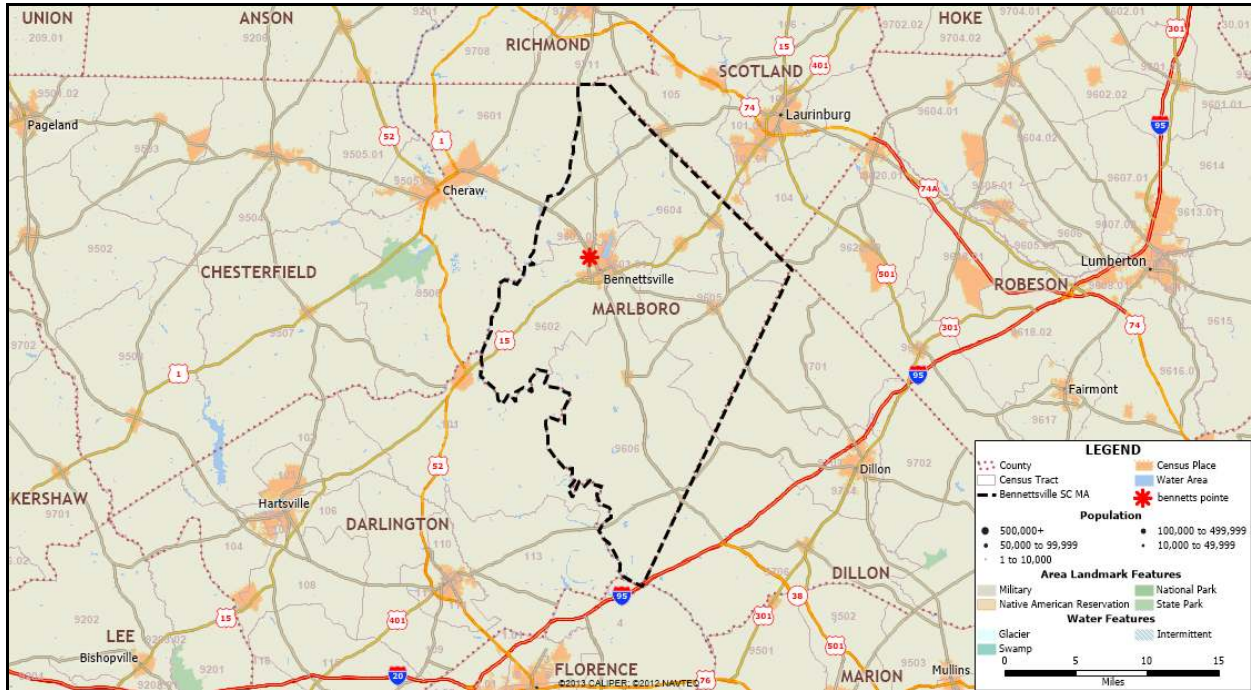


C. MARKET AREA

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

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

Bennettsville is located in central Marlboro County in eastern South Carolina. The market area for the proposed apartments for the elderly is Marlboro County, excluding that portion of the northwestern part of the county that includes Wallace, and may more properly be considered part of the Cheraw market area. This area is focused on Bennettsville and extends from an approximately five- to 18-mile rural hinterland. This area includes several small communities - such as McColl and Clio - but excludes larger and potentially competing communities such as Cheraw and Dillon. This area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character, and with elderly residents, or potential residents, likely to be interested in the project.



As noted, the site is located in census tract 9602. Needs assessment guidelines require provision of the most recent (decennial Census) statistics on race available for the census tract in which the project is located. This information is set out in Table 1, below.

Table 1 - Statistics on Race, Tract 9602

		number	percent
Race	Total	6,264	100.0
	One race	6,167	98.5
	White	1,757	28.0
	Black or African American	4,263	68.1
	American Indian and Alaska Native	101	1.6
	Asian	19	0.3
	Native Hawaiian/other Pacific	0	0.0
	Some other race	27	0.4
	Two or more races	97	1.5
	Two races, with some other race	8	0.1
	Two races without some other race	81	1.3
	Three races, with some other race	1	0.0
	Three races without some other race	7	0.1
	Hispanic or Latino	Total population	6,264
Hispanic or Latino (any race)		70	1.1
Mexican		27	0.4
Puerto Rican		18	0.3
Cuban		3	0.0
Other Hispanic or Latino		22	0.4
Not Hispanic or Latino		6,194	98.9
Race and Hispanic or Latino	Total population	6,264	100.0
	One race	6,167	98.5
	Hispanic or Latino	64	1.0
	Not Hispanic or Latino	6,103	97.4
	Two or more races	97	1.5
	Hispanic or Latino	6	0.1
	Two or more races	68	1.1

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

D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the Bennettsville market area is set out in Table 2, below. This information is from the 2010 to 2014 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is manufacturing which accounts for as much as 27.5 percent of the total. Other important sectors include retail trade and health care (although the latter may be likely impacted by the closure of the hospital).

Table 2 - Employment by Industry, Market Area

	number	percent
Agriculture, etc	142	1.8
Construction	387	4.8
Manufacturing	2,206	27.5
Wholesale trade	181	2.3
Retail Trade	969	12.1
Transp, Warehousing	518	6.5
Utilities	66	0.8
Information	67	0.8
Finance, Insurance, Real Estate	208	2.6
Professional, scientific, management	322	4.0
Educational Services	633	7.9
Health care	1,118	13.9
Arts, entertainment, recreation	153	1.9
Accommodation and food services	346	4.3
Other services	181	2.3
Public Administration	520	6.5

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major (manufacturing) employers in Marlboro County are listed in Table 3, below. From this table it is seen that the largest manufacturing employer in the area is the Mohawk Industries carpet plant.

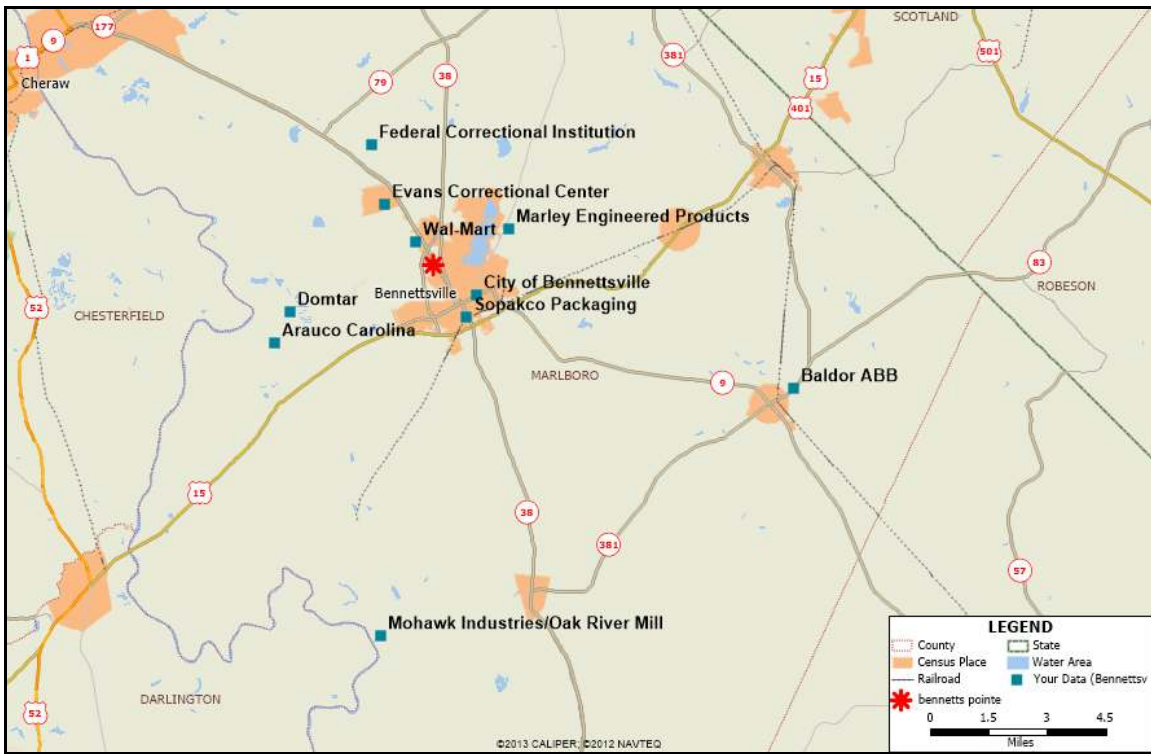
Table 3 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Mohawk Industries - Oak River Mill	Carpet yarn	1,070
Marlboro County Public School District	Public education	600
Marley Engineered Products	Heating and ventilation products	408
Domtar Paper Company	Paper and pulp	370
SOPAKCO Packaging	Food processing	358
FCI (Federal Correctional Institution)	Federal prison	302
Evans Correctional	State prison	269
Wal-mart	Retailer	155
Arauco Carolina Particleboard	Particleboard	147
City of Bennettsville	City government	125
Marlboro County	County government	125
Arauco MDF	Medium density fiber board	115
Service Transportation	Distribution	108
Baldor ABB	Conveyor pulleys	95
Palmetto Brick Company	Brick manufacture	76
Carolina Tobacco	Farm equipment manufacture	67
Pacific MDF Products	Interior mouldings	65
IPP (Industrial Performance Partners)	Heavy trailer manufacture	63
Bennettsville Printing	Printing	56
Popz/International paper	Produce vending, food service cups	56
Midcon cables	Wiring harnesses	55
Pepsi-Cola Bottling Company	Soft drinks	50

Source: Marlboro County Economic Development Partnership

No information is available as to recent jobs creations or losses - however, it should be noted that the Marlboro Park Hospital closed in 2015, with the loss of around 100 jobs

The locations of the area's major employers relative to the site of the proposed development is illustrated in the map, below (excluding employers where employment is scattered throughout the area).



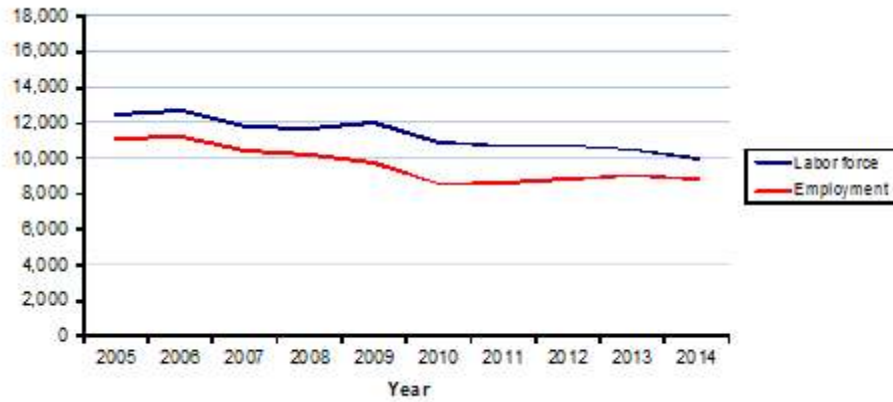
LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2014, the most recent year for which annualized data are available, the Marlboro County labor force comprised an estimated 9,944 persons. Of this total, 8,891 were employed and 1,053 or 10.6 percent were unemployed. Labor force and employment figures have decreased over the last decade or so, with employment falling significantly between 2008 and 2010. Since then, the labor force has decreased more quickly than employment, resulting in an improvement in employment levels - with unemployment rates falling from a high of around 20 percent in 2009 to 2011, to closer to 10 percent in 2014. Under these circumstances it is difficult to predict labor force and employment levels in the short-term.

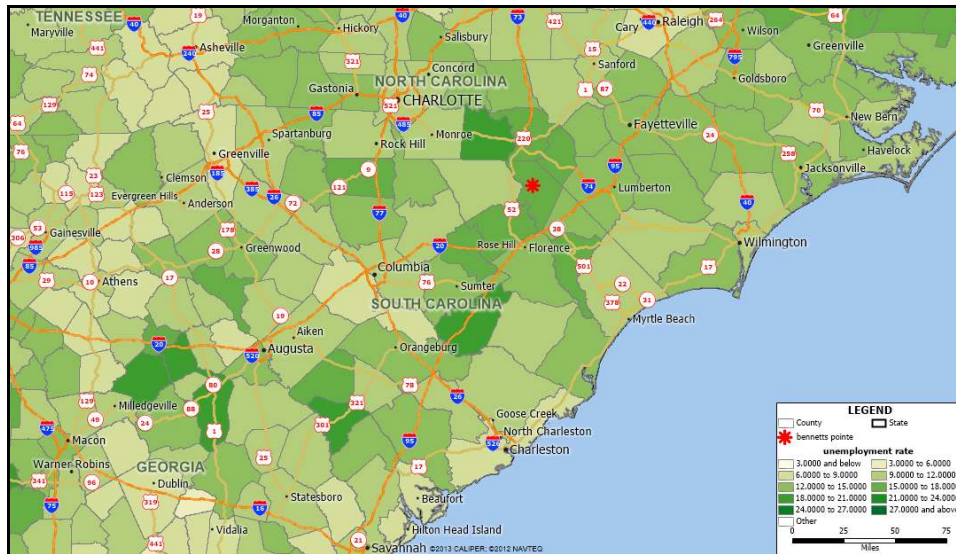
Table 4 - Marlboro County Labor Force and Employment

	<u>Labor Force</u>		<u>Employment</u>		<u>Total</u>	<u>Unemployment Rate (%)</u>
	<u>number</u>	<u>pct change</u>	<u>number</u>	<u>pct change</u>		
2005	12,547		11,122		1,425	11.4
2006	12,647	0.8	11,233	1.0	1,414	11.2
2007	11,832	-6.4	10,426	-7.2	1,406	11.9
2008	11,659	-1.5	10,200	-2.2	1,459	12.5
2009	12,036	3.2	9,739	-4.5	2,297	19.1
2010	10,871	-9.7	8,567	-12.0	2,304	21.2
2011	10,726	-1.3	8,615	0.6	2,111	19.7
2012	10,756	0.3	8,867	2.9	1,889	17.6
2013	10,466	-2.7	9,016	1.7	1,450	13.9
2014	9,944	-5.0	8,891	-1.4	1,053	10.6

Source: US Department of Labor



Recent levels of unemployment throughout South Carolina are illustrated, below



COMMUTING

Based on data from the American Community Survey , 33.9 percent of workers resident in Bennettsville were employed in Bennettsville, with 59.4 percent employed in Marlboro County as a whole. The average driving time to work for residents of Bennettsville was 23.5 minutes.

Table 5 - Commuting Data

	number	percent
Total Workers	2,679	100.0
Worked in Place of residence	908	33.9
Worked in County of residence	1,591	59.4
Worked outside Place of residence	1,771	66.1
Worked outside County of residence	1,088	40.6
Mean travel time to work (minutes)	23.5	

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Marlboro County was 28,818, and in 2010 the population was recorded as 28,933. Population projections for Marlboro County are based on South Carolina State Data Center projections. Based on these data, the population of the county is projected to be 29,100 by 2015, and to be around that number in 2018, also.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2000 to 2010, corrected for the county projections. The projection is that in 2015 the project market area will have a population of around 25,858 and around 25,902 in 2018. In 2010, the population of the market area was 25,646. The recorded growth in the population in the market area and the county between 2000 and 2010 included an increase in the group quarters population (primarily in the local correctional institutions) of in excess of 1,600 persons.

Information on population trends and changes between 2000 and 2018 are set out in Table 6, below.

Table 6 - Population Trends

	Bennettsville	Market Area	Marlboro County
2000	9,425	25,153	28,818
2010	9,069	25,646	28,933
2015	n/a	25,858	29,100
2018	n/a	25,902	29,100
absolute change			
2000-2010	-356	493	115
2010-2015	n/a	212	167
2015-2018	n/a	44	0
annual change			
2000-2010	-36	49	12
2010-2015	n/a	42	33
2015-2018	n/a	15	0

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

AGE

The distribution of the population, by age, for Bennettsville, the Bennettsville market area, and for Marlboro County are set out in Table 7, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Bennettsville was recorded as 38.7 years, with that for Marlboro County being 38.8 years.

Table 7 - Age Distribution

	Bennettsville		Market Area		Marlboro County	
	number	percent	number	percent	number	percent
Under 5 years	530	5.8	1,473	5.7	1,676	5.8
5 to 9 years	470	5.2	1,448	5.6	1,623	5.6
10 to 14 years	515	5.7	1,602	6.2	1,820	6.3
15 to 19 years	536	5.9	1,644	6.4	1,872	6.5
20 to 24 years	577	6.4	1,593	6.2	1,769	6.1
25 to 29 years	727	8.0	1,835	7.2	2,007	6.9
30 to 34 years	705	7.8	1,954	7.6	2,166	7.5
35 to 39 years	642	7.1	1,843	7.2	2,038	7.0
40 to 44 years	599	6.6	1,826	7.1	2,027	7.0
45 to 49 years	701	7.7	1,997	7.8	2,236	7.7
50 to 54 years	654	7.2	1,864	7.3	2,139	7.4
55 to 59 years	589	6.5	1,684	6.6	1,974	6.8
60 to 64 years	494	5.4	1,568	6.1	1,807	6.2
65 to 69 years	408	4.5	1,168	4.6	1,341	4.6
70 to 74 years	297	3.3	785	3.1	902	3.1
75 to 79 years	241	2.7	565	2.2	647	2.2
80 to 84 years	204	2.2	428	1.7	483	1.7
85 years and over	180	2.0	369	1.4	406	1.4
55 and older	2,413	26.6	6,567	25.6	7,560	26.1
65 and older	1,330	14.7	3,315	12.9	3,779	13.1
median	38.7		n/a		38.8	

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

HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for Bennettsville, the project market area, and for Marlboro County set out in Table 8, below. These projections are based on the population projections set out, above.

The projection is that in 2015 the project market area will have around 9,350 households, and around 9,508 in 2018. In 2000, there were 9,037 households in the market area.

Table 8 - Household Trends

	Bennettsville	Market Area	Marlboro County
2000	3,289	9,082	10,478
2010	3,099	9,037	10,383
2015	n/a	9,350	10,711
2018	n/a	9,508	10,871
absolute change			
2000-2010	-190	-45	-95
2010-2015	n/a	313	328
2015-2018	n/a	158	160
annual change			
2000-2010	-19	-5	-10
2010-2015	n/a	63	66
2015-2018	n/a	53	53

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

POPULATION AND HOUSEHOLD TRENDS AND PROJECTIONS, BY AGE

Official population projections by age at the county level are not available at present. However, we obtained projections prepared by the South Carolina State Budget and Control Board, Health and Demographics Section, for the Department of Health and Environmental Control. Based on these, the population of Marlboro County aged 65 and older is projected to be around 4,298 in 2015, and 4,505 by 2018. The number of older households is projected to increase from 3,006 to 3,151 over this period.

In 2010, there were a total of 3,315 persons aged 65 years or older in the project market area. By 2015, it is projected (on the basis of survivorship rates and the County projection) that there will be 3,757 elderly persons in 2,634 households in the market area. The corresponding figures for 2018 are 3,921 persons and 2,749 elderly households.

In 2010 there were 522 elderly renter households in the market area - 22.5 percent of all older households. Assuming that this proportion were to hold for 2015 and 2018, this suggests around 592 and 617 older renter households in those years.

Table 9 - Population and Households, 65 years and older

Market Area

	Population	Households	Renters	
2000	3,145	1,686	478	28.4
2010	3,315	2,324	522	22.5
2015	3,757	2,634	592	22.5
2018	3,921	2,749	617	22.5

Marlboro County

2000	3,550	1,925	523	27.2
2010	3,779	2,643	573	21.7
2015	4,298	3,006	652	21.7
2018	4,505	3,151	683	21.7

Source: 2010 Census; SC State Budget and Control Board; T Ronald Brown: Research & Analysis

TENURE

Table 10, below, sets out the number and proportion of owner and renter households for Bennettsville, the project market area, and for Marlboro County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 35.8 percent of households in the market area were renters, compared with 46.8 percent for Bennettsville, and 34.5 percent for Marlboro County.

Table 10 - Tenure

Bennettsville		persons per		Owner-occupied		Renter-occupied	
	population	households	household	number	percent	number	percent
2000	9,425	3,289	2.87	1,926	58.6	1,363	41.4
2010	9,069	3,099	2.93	1,649	53.2	1,450	46.8
2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area		persons per		Owner-occupied		Renter-occupied	
	population	households	household	number	percent	number	percent
2000	25,153	9,082	2.77	6,309	69.5	2,773	30.5
2010	25,646	9,037	2.84	5,802	64.2	3,235	35.8
2015	25,858	9,350	2.77	5,726	61.2	3,624	38.8
2018	25,902	9,508	2.72	5,643	59.3	3,865	40.7
Marlboro County		persons per		Owner-occupied		Renter-occupied	
	population	households	household	number	percent	number	percent
2000	28,818	10,478	2.75	7,419	70.8	3,059	29.2
2010	28,933	10,383	2.79	6,797	65.5	3,586	34.5
2015	29,100	10,711	2.72	6,687	62.4	4,024	37.6
2018	29,100	10,871	2.68	6,576	60.5	4,295	39.5

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

TENURE, BY AGE

Table 11, below, sets out the number of owner and renter households, by age of household head for older households in Bennettsville, the market area, and Marlboro County. From this table it can be seen that, for example, 522 out of 2,324 households headed by a person 65 years or older in the market area are renters (22.5 percent). The corresponding proportion for Marlboro County is 21.7 percent.

Table 11 - Tenure of Elderly Households

	Households	Owner-occupied		Renter-occupied	
		number	percent	number	percent
Bennettsville					
55 to 64 years	630	412	65.4	218	34.6
65 to 74 years	449	326	72.6	123	27.4
75 to 84 years	333	245	73.6	88	26.4
85 years and older	110	78	70.9	32	29.1
total, 55 and older	1,522	1,061	69.7	461	30.3
total, 65 and older	892	649	72.8	243	27.2
Market Area					
55 to 64 years	1,970	1,464	74.3	506	25.7
65 to 74 years	1,312	1,037	79.0	275	21.0
75 to 84 years	755	579	76.7	176	23.3
85 years and older	257	186	72.4	71	27.6
total, 55 and older	4,294	3,266	76.1	1,028	23.9
total, 65 and older	2,324	1,802	77.5	522	22.5
Marlboro County					
55 to 64 years	2,298	1,736	75.5	562	24.5
65 to 74 years	1,513	1,205	79.6	308	20.4
75 to 84 years	850	659	77.5	191	22.5
85 years and older	280	206	73.6	74	26.4
total, 55 and older	4,941	3,806	77.0	1,135	23.0
total, 65 and older	2,643	2,070	78.3	573	21.7

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

HOUSEHOLD SIZE

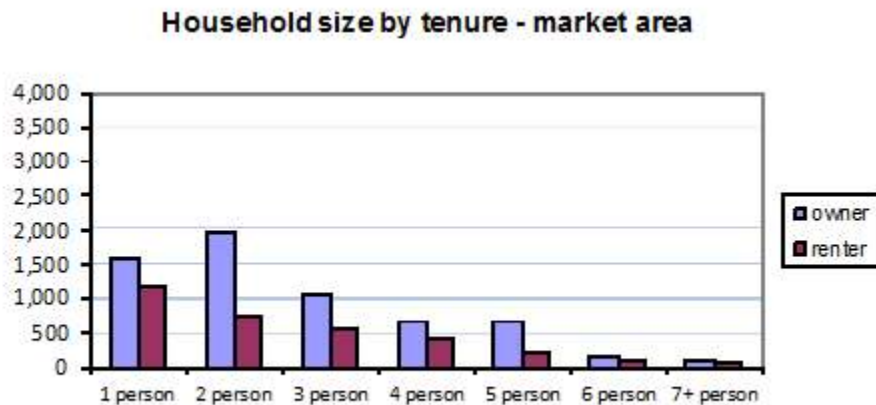
Table 12 below, sets out household size, by tenure, for households in Bennettsville, the project market area, and Marlboro County.

Table 12 - Household Size, by Tenure

	Bennettsville		Market Area		Marlboro County	
	owner	renter	owner	renter	owner	renter
1 person	527	556	1,581	1,176	1,833	1,287
2 person	592	343	1,953	752	2,316	847
3 person	244	231	1,063	553	1,254	629
4 person	167	169	675	396	785	436
5 person	74	88	675	210	357	234
6 person	28	39	134	90	158	92
7+ person	17	24	87	58	94	61

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

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



HOUSEHOLD INCOME

The distribution of household incomes for Bennettsville, the market area, and for Marlboro County are set out in Table 13, below. These figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

Here, it is seen that the median household income in Bennettsville was \$24,511, and that for Marlboro County as a whole was seen to be \$28,765.

Table 13 - Household Income

	Bennettsville		Market area		Marlboro County	
	number	percent	number	percent	number	percent
less than \$10,000	667	21.6	1465	17.4	245	2.9
\$10,000 to \$14,999	373	12.1	855	10.1	983	11.5
\$15,000 to \$19,999	226	7.3	753	8.9	877	10.2
\$20,000 to \$24,999	316	10.2	796	9.4	886	10.3
\$25,000 to \$29,999	113	3.7	466	5.5	886	10.3
\$30,000 to \$34,999	102	3.3	519	6.2	551	6.4
\$35,000 to \$39,999	246	8.0	514	6.1	587	6.8
\$40,000 to \$44,999	87	2.8	403	4.8	458	5.3
\$45,000 to \$49,999	157	5.1	375	4.4	400	4.7
\$50,000 to \$59,999	127	4.1	550	6.5	686	8.0
\$60,000 to \$74,999	214	6.9	651	7.7	725	8.5
\$75,000 to \$99,999	285	9.2	556	6.6	637	7.4
\$100,000 to \$124,999	65	2.1	221	2.6	265	3.1
\$125,000 to \$149,999	33	1.1	106	1.3	168	2.0
\$150,000 to \$199,999	52	1.7	125	1.5	125	1.5
\$200,000 or more	29	0.9	79	0.9	93	1.1
median income	\$ 24,511		n/a		\$ 28,765	

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME, BY AGE

The distribution of household incomes for persons aged 65 years and older in Bennettsville, the market area, and Marlboro County are set out in Table 14, below. Again, these figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for older households in Bennettsville was \$23,149, and that for Marlboro County was \$25,474.

Table 14 - Household Income, by Age

	Bennettsville		Market area		Marlboro County	
	number	percent	number	percent	number	percent
less than \$10,000	222	20.4	399	16.4	444	16.4
\$10,000 to \$14,999	125	11.5	306	12.6	319	11.8
\$15,000 to \$19,999	89	8.2	230	9.5	314	11.6
\$20,000 to \$24,999	146	13.4	242	10.0	252	9.3
\$25,000 to \$29,999	53	4.9	210	8.6	236	8.7
\$30,000 to \$34,999	47	4.3	144	5.9	154	5.7
\$35,000 to \$39,999	38	3.5	147	6.0	147	5.4
\$40,000 to \$44,999	24	2.2	89	3.7	89	3.3
\$45,000 to \$49,999	133	12.2	184	7.6	209	7.7
\$50,000 to \$59,999	41	3.8	121	5.0	156	5.8
\$60,000 to \$74,999	151	13.9	229	9.4	234	8.6
\$75,000 to \$99,999	6	0.6	51	2.1	79	2.9
\$100,000 to \$124,999	0	0.0	17	0.7	17	0.6
\$125,000 to \$149,999	0	0.0	22	0.9	22	0.8
\$150,000 to \$199,999	4	0.4	28	1.2	28	1.0
\$200,000 or more	8	0.7	13	0.5	13	0.5
median income	\$ 23,149		n/a		\$ 25,474	

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Bennettsville, the market area, and Marlboro County set out in Table 15, below. These figures are also taken from the 2010 to 2014 American Community Survey.

Table 15 - Household Income, Renter Households

	Bennettsville		Market area		Marlboro County	
	number	percent	number	percent	number	percent
less than \$10,000	591	50.9	995	35.0	1,060	45.0
\$10,000 to \$19,999	321	27.6	676	23.8	784	33.3
\$20,000 to \$34,999	90	7.7	613	21.6	187	7.9
\$35,000 to \$49,999	73	6.3	275	9.7	82	3.5
\$50,000 to \$74,999	63	5.4	140	4.9	79	3.4
\$75,000 to \$99,999	15	1.3	95	3.3	150	6.4
\$100,000 or more	9	0.8	50	1.8	13	0.6

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2000

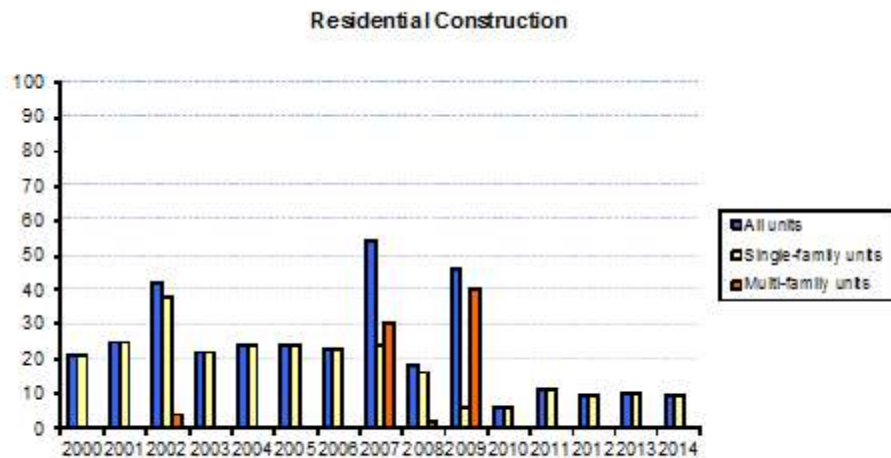
Table 16 below gives details of residential construction in Marlboro County since 2000. Where the data exist, it can be seen that a total of 344 units were added in Marlboro County, with 116 added in Bennettsville. No data are available for the market area.

Table 16 - Residential Construction Since 2000

	Marlboro County			Bennettsville		
	Total	single-family	multi-family	Total	single-family	multi-family
2000	21	21	0	2	2	0
2001	25	25	0	5	5	0
2002	42	38	4	4	4	0
2003	22	22	0	1	1	0
2004	24	24	0	1	1	0
2005	24	24	0	18	2	16
2006	23	23	0	2	2	0
2007	54	24	30	34	4	30
2008	18	16	2	4	2	2
2009	46	6	40	41	1	40
2010	6	6	0	2	2	0
2011	11	11	0	2	2	0
2012	9	9	0	0	0	0
2013	10	10	0	0	0	0
2014	9	9	0	0	0	0
Total	344	268	76	116	28	88

¹ Units

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



F. PROJECT SPECIFIC DEMAND ANALYSIS

INTRODUCTION

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

The complex is a USDA/Rural Development financed property which provides one-bedroom units, and rents to older adults—defined here as those aged 62 years and older. The calculations in this section focus on need and demand for the project, as proposed. Based on the nature of the Census and ACS data used, need and demand will be based on persons aged 65 years and older.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 32 units proposed, seven will be targeted to households with incomes up to 50 percent of the local area median, and 25 will be targeted to households at 60 percent, and therefore qualify their apartments for low income housing tax credit status. Calculations of demand for two-bedroom units will be provided, for reference. The income limits for Marlboro County are as follows:

Table 17 - Income Limits

	<u>50 percent</u>	<u>60 percent</u>
1 person	\$18,950	\$22,740
2 person	\$21,650	\$25,980
3 person	\$24,350	\$29,220

Source: HUD

The maximum housing expenses for the proposed units are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities). These figures are as follows:

Table 18 - Maximum Housing Expense

	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$507	\$609
2 bedroom	\$608	\$730

Source: T.Ronald Brown: Research & Analysis

The proposed development has full project-based rental assistance. Following South Carolina Housing Authority guidelines, this report will address the need for units both with and without rental assistance.

The proposed rents, utility allowances, and income targeting at the proposed apartments are set out in Table 19, below. From this it can be seen that housing expenses at the proposed apartments targeted at 50 and 60 percent of the median fall above the maximum at each of those levels. Again, following state agency market study guidelines, demand for the unassisted units in these circumstances is based on the maximum tax credit rents (with tenants paying 40 percent of income on rent).

Table 19 - Proposed Utility Allowances, Rents, and Income Targeting

Utility allowance

1 bedroom \$69

proposed number of units and income targeting

	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	7	25

proposed rents

	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$568	\$568

proposed rents as a proportion of maximum

	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	168.5	105.2

Source: Applicant; T Ronald Brown: Research & Analysis

AFFORDABILITY

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 40 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom.; however, that for the two-bedroom units is that for two-person households .

The upper income limits for the proposed assisted units is the income needed to afford the proposed rents, or the 50 percent income limit, whichever is the lower.

As noted above, given that the proposed rents exceed the maximum allowable under program guidelines, the qualifying income range for those units is therefore set at the equivalent maximum level.

Table 20 - Qualifying Income Ranges

assisted		
	<u>lower</u>	<u>upper</u>
1 bedroom	\$0	\$18,270
2 bedroom	\$0	\$21,650
50 percent		
	<u>lower</u>	<u>upper</u>
1 bedroom	\$15,225	\$20,300
2 bedroom	\$18,263	\$21,650
60 percent		
	<u>lower</u>	<u>upper</u>
1 bedroom	\$18,270	\$24,360
2 bedroom	\$21,915	\$25,980

Source: T Ronald Brown: Research & Analysis

Based on the qualifying income ranges for the unassisted units at the 50 and 60 percent levels, it is seen that there is a certain amount of overlap between these ranges. This overlap will be taken into consideration in our calculations.

The major variables to be examined are age, tenure, and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the population aged 65 and older, for the market area for the proposed complex, are set out below.

Table 21 - Household Income, Older Renter Households

Income	All Older Owners		All Older Renters		Overburdened Renters	
	Number	Percentage	Number	Percentage	Number	Percentage
Up to \$10,000	344	10.4	303	35.6	100	47.2
\$10,000 - \$19,999	644	19.5	186	21.8	67	31.8
\$20,000 - \$34,999	713	21.6	186	21.9	44	21.0
\$35,000 - \$50,000	595	18.0	86	10.1	0	0.0
\$50,000 - \$75,000	615	18.6	42	4.9	0	0.0
\$75,000 - \$100,000	181	5.5	30	3.6	0	0.0
\$100,000 and over	212	6.4	18	2.1	0	0.0

Source: 2010 to 2014 American Community Survey; T Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2010 to 2014 - and not for a specific year.

From this table it can be seen that 35.6 percent of the market area older renter households have incomes less than \$10,000 and a further 21.8 percent have incomes between \$10,000 and \$20,000. Around 25 percent of all elderly renters are rent-overburdened.

Around 54.7 percent of older renter households are in the qualifying income range for assisted units, with 12.3 percent in the qualifying range for unassisted units.

NEW HOUSEHOLDS

Projections of need and demand are based upon a 2015 to 2018 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

With respect to household growth of older households, the projections of the older population and households for the project market area show that the number of elderly persons (65 years and older) was projected to increase from 3,757 in 2015 to 3,921 in 2018. Likewise, the number of older households was projected to increase from 2,634 to 2,749.

The number of elderly renters is projected to increase by 26 between 2015 and 2018 (from 592 to 617 households). Based on the distribution of elderly renter household incomes there are 15 new elderly renter households which qualify for rent-assisted units, and three which would qualify for unassisted units.

EXISTING HOUSEHOLDS

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

Our calculations show that there will be a total of 354* older renter households in the qualifying income range for assisted units and 76 qualifying for unassisted units in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, that 34.1 percent of renters qualifying for assisted units are rent-overburdened. Further, 32.8 percent of those qualifying for unassisted units at 50 percent of the median, and 25.5 percent of those qualifying at 60 percent of the median, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing older renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

* with 32 units proposed, this suggests a penetration rate of 9.0 percent

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the market area occupied by income-eligible elderly tenants, this translates to an additional eight units, overall. Based on the number of rental units in the market area occupied by income-eligible elderly tenants, this translates to eleven assisted units and two unassisted units.

Our calculations show that there will be a total of 635 older owner-occupied households in the qualifying income range for assisted units and 249 in the qualifying range for unassisted units in the market area. With respect to the existing elderly homeowners it is realistically assumed that perhaps 5 percent would consider moving to the proposed apartments. Thus, a total of 32 older homeowners who would qualify for assisted units might consider moving, with 12 in the unassisted range. It should be noted that the SC SH F&DA market study guidelines now restrict this source of demand to no more than 20 percent of the total: thus, here, the number of assisted units remains 32, and that for the assisted units is adjusted downwards, to seven units from this source.

Following this approach, the demand calculations are set out below. Here, there is seen to be a total demand for 178 rent-assisted elderly units as proposed, and 34 unassisted units.

Table 22 - Demand Calculations

	<u>Assisted</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Unassisted Total</u>
(i) New older renter households	15	2	2	3
(ii) Existing older renter households	354	38	46	76
(iii) Existing older renter households, likely to move	121	12	12	22
(iv) Need from obsolete elderly housing	11	1	1	2
(v) Existing older homeowner households	635	120	153	249
(vi) Existing older homeowner households likely to move	32	4	4	7
Total demand (i) + (iii) + (iv) + (vi)	178	19	19	34

Note: totals may not add due to rounding

Source: T Ronald Brown: Research & Analysis

DEMAND

Total demand is therefore seen to amount to 178 rent assisted units, and 34 unassisted units. This total demand has to be segmented to determine demand by number of bedrooms per unit. For the purposes of this report, it can be reasonably assumed that perhaps three-fourths of older households (65 years and older) would choose a one-bedroom unit, and one-fourth would chose a two-bedroom unit.

SUPPLY

These figures are based on a 2015 to 2018 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been added in the project market area over the projection period, nor have any been funded. The net need is therefore for 178 rent assisted units, and 34 unassisted units.

Table 23 - Demand Calculations and Capture Rates

Overall Demand	<u>Assisted</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Unassisted total</u>
1 bedroom	134	14	14	25
2 bedroom	45	5	6	8
Total	178	19	19	34
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
Total	0	0	0	0
Net Demand				
1 bedroom	134	14	14	25
2 bedroom	45	5	6	8
Total	178	19	19	34
Units proposed				
1 bedroom	32	7	25	32
2 bedroom	0	0	0	0
Total	32	7	25	32
Capture rates				
1 bedroom	24.0%	49.1%	>100.0%	>100.0%
2 bedroom	0.0%	0.0%	0.0%	0.0%
Total	18.0%	36.8%	>100.0%	94.8%

Note: totals may not add due to rounding

Source: T Ronald Brown: Research & Analysis

CAPTURE RATES

A total of 32 units are to be provided at the proposed development. Here, this figure represents 18.0 percent of total need for assisted units, and 94.8 percent for unassisted units.

The 32 rent-assisted one-bedroom units represent 24.0 percent of the calculated net need.

Thus, the capture rates presented above are considered reasonable for a rent-assisted property such as this in a relatively small, rural, market.

It should be noted that the capture rates set out here are based on the assumption that the proposed development would be a new property - not the rehabilitation of an existing development. This development is reported to have had a long history of high occupancy levels.

ABSORPTION RATES

Based on the above, the project could expect to lease-up over a period dictated by the rehabilitation schedule, plus 60 days, or so.

As an existing, fully leased, property the proposed rehabilitation will not have an impact on existing housing in the area.

G. EXISTING RENTAL UNITS

There are several apartment complexes located in Bennettsville - these include a few small, relatively old unsubsidized properties, one unsubsidized tax credit financed property (for families/open), and subsidized complexes for low and very low income households that are financed through HUD and/or USDA/Rural Development. A significant number of the latter are designated for elderly, handicapped, or disabled tenants. There are no market rate projects that cater to seniors. The few market rate properties are typically older and offer no one-bedroom units that could be considered comparable to the proposed development (and little current information was made available to us).

Bennetts Pointe, the subject property, was developed through the USDA/Rural Development Section 515 Rural Rental Housing program. The community opened in 1994, with a total of 32 units - each of which has project-based rental assistance. All 32 units are one-bedroom units, of 620 square feet. Currently, no units are reported to be vacant, and typical occupancy is seen to be around 100 percent - which reflects the fact that the project is fully assisted. There is a waiting list.

The Marlboro Place Apartments are located on Cheraw Street, adjacent to Bennetts Pointe. This is a 48-unit USDA-financed project, comprising 48 units that was built in two phases in 1991 and 1992. All units are one-bedroom units, and full rental assistance is available. The property is reported to be fully occupied, and remains so on an ongoing basis. There is a waiting list.

There are three other subsidized properties for seniors in Bennettsville - Cedar Creek, Eastwood, and Oakwood Manor. Eastwood has a total of 62 units, built in 1979 and is administered by the Bennettsville Housing Authority. Of the 62 units at this site, 28 have one-bedroom and are designated for the elderly. The project is financed through USDA/Rural Development - as are the 24 units at Oakwood Manor. Cedar Creek - which is located on Cheraw Street, north of Bennetts Pointe is the newest property that caters to seniors in Bennettsville. This is a 30-unit property, built in 2008 and was financed through the HUD Section 202 program. Again, the property is fully occupied and stays full, with a waiting list.

In addition to the several senior complexes in Bennettsville there are there other properties in small communities elsewhere in the market area, as defined. These are financed through USDA/Rural Development and each has 24 rent-assisted one-bedroom units. Each of these locations are reported to be fully occupied.

The South Carolina State Housing Finance and Development Authority publishes occupancy levels in the tax credit inventory for June and December of each calendar year. These data, from June 2006 for the tax credit subject property and other tax credit financed senior complexes is set out, below. Here it is seen that effective full occupancy has been reported over this period on an consistent basis.

	Bennettsville Pointe 32 units		Marlboro Place I 24 units		Marlboro Place II 24 units		Oakwood Manor 24 units		Briarwood 24 units		Bellinger Square 24 units		Breckinridge 24 units	
	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy
June 2006	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%
December 2006	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%
June 2007	32	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%	23	95.8%	24	100.0%
December 2007	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%
June 2008	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	22	91.7%
December 2008	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%
June 2009	32	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%	24	100.0%
December 2009	32	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%	24	100.0%	24	100.0%
June 2010	30	93.8%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%
December 2010	32	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%	24	100.0%	23	95.8%
June 2011	32	100.0%	24	100.0%	24	100.0%	22	91.7%	24	100.0%	23	95.8%	24	100.0%
December 2011	32	100.0%	24	100.0%	24	100.0%	22	91.7%	24	100.0%	22	91.7%	23	95.8%
June 2012	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%
December 2012	32	100.0%	24	100.0%	24	100.0%	23	95.8%	23	95.8%	24	100.0%	24	100.0%
June 2013	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%
December 2013	32	100.0%	24	100.0%	24	100.0%	23	95.8%	23	95.8%	24	100.0%	23	95.8%
June 2014	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%
December 2014	32	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%	24	100.0%
June 2015	32	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%	24	100.0%
December 2015	32	100.0%	24	100.0%	24	100.0%	24	100.0%	23	95.8%	24	100.0%	24	100.0%
Average	32	99.7%	24	100.0%	24	100.0%	24	98.3%	24	98.8%	24	98.8%	24	98.8%

As of the most recent survey, 175 of the 176 units in the senior tax credit inventory are reported to be occupied - a 99.4 percent occupancy level. Over the last decade each complex has averaged between 98 and 100 percent occupancy.

The potentially comparable developments are summarized as follows:

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Bellinger Square	McColl	USDA/RD	n/a	24	0	100.0
Bennetts Pointe	Bennettsville	USDA/RD	1994	32	0	100.0
Briarwood	Clio	USDA/RD	n/a	24	0	100.0
Breckinridge	McColl	USDA/RD	1992 (2009)	24	0	100.0
Cedar Creek	Bennettsville	HUD § 202	2008	30	0	100.0
Eastwood	Bennettsville	USDA/RD	1979	28	0	100.0
Marlboro Place	Bennettsville	USDA/RD	1991-1992	48	0	100.0
Oakwood Manor	Bennettsville	USDA/RD	1993	24	0	100.0

	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Bellinger Square				24	n/a	boi
Bennetts Pointe				32	620	boi
Briarwood				24	n/a	boi
Breckinridge				24	n/a	boi
Cedar Creek				30	540	boi
Eastwood				28	n/a	boi
Marlboro Place				48	n/a	boi
Oakwood Manor				24	n/a	boi

There are no market rate apartment developments for the elderly in the Bennettsville market area. There are no local (market area) market rate properties that could be considered comparable to the proposed development (there are a few small, old properties that are typically lacking in one-bedroom units little or no current information was made available to us about them). Thus, it is necessary and appropriate to identify developments in adjacent localities to be included in the analysis. Here, we identified and surveyed market-rate family/non-elderly properties in Florence. Information for the one-bedroom units at these various properties are summarized below.

Table 24 - Market Rate Properties

<u>Project</u>	<u>Location</u>	<u>Year Built</u>	<u>Rent 1 br</u>
Bentree	Florence	1982	\$625-645
Charles Pointe	Florence	2001	\$735
Reserve at Mill Creek	Florence	2008	\$895

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

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$722 for a one-bedroom unit. It should be noted that the preceding figures are for non-elderly projects, and these numbers do not necessarily translate to housing for the elderly.



Bentree

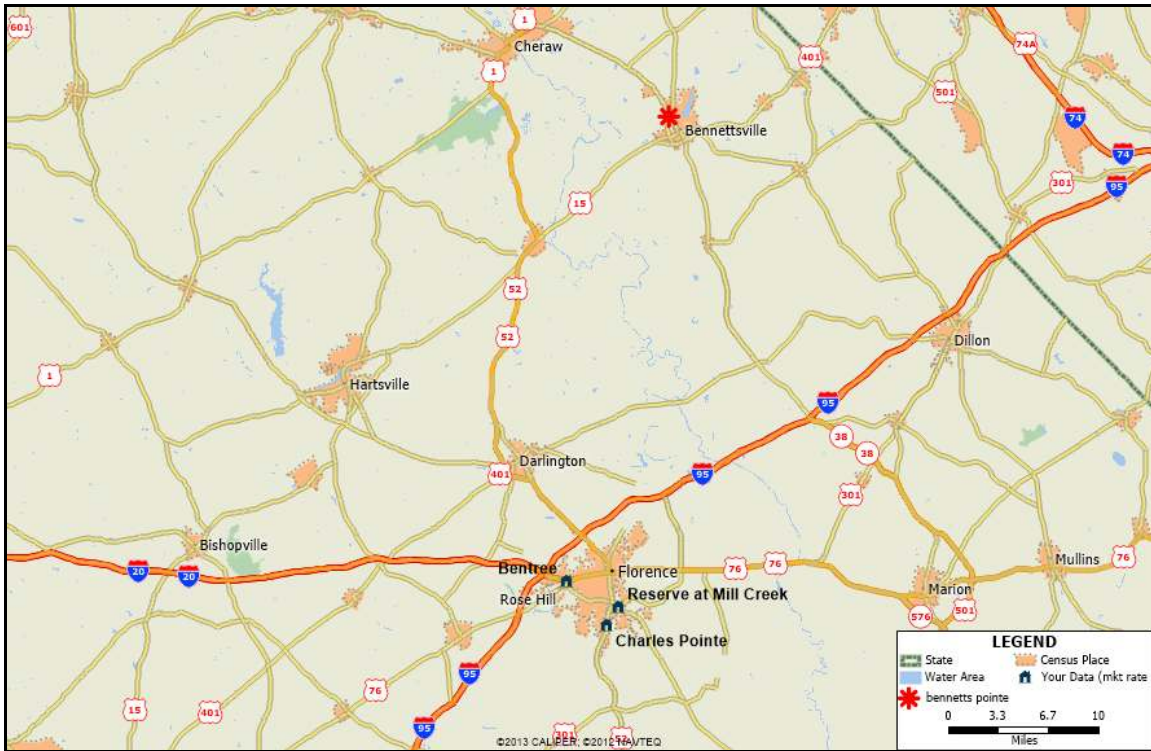


Charles Pointe



Reserve at Mill Creek

A map showing the locations of these properties, relative to the site of the proposed apartments is provided, below. Again, these properties are not in the Bennettsville market area.



Based on the *pro-forma* rent at the proposed development, this rent is found to be below the gross adjusted market rent - for unassisted units.

# 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	
32	1 BR	\$568	\$18,176	\$722	\$23,114	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	32		\$18,176		\$23,114	21.36%

Tenants at the proposed property will pay no more than 30 percent of their income on rent and utilities - which make it an affordable product at a significant market advantage. Based on information provided by Hunt Elderly Housing, the average tenant contribution is \$172, per month. Using this figure yields a significant market advantage. The highest paid by a tenant is \$343 (which is also below the adjusted market rent).

# 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	
32	1 BR	\$172	\$5,504	\$722	\$23,114	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	32		\$5,504		\$23,114	76.19%



Bellinger Square

Location: 212 High Street, McColl, SC
 Financing: USDA/RD § 515
 Year built: n/a
 Condition: good

Total units: 24, elderly
 Rental assistance: 24
 Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 24
 Unit size (sq. ft.): n/a
 Basic rent: \$515-\$528
 Market rent: n/a
 Vacant units: 0

Management: Intermark Management (Mary 843.523.9596 [2/9])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Bennetts Pointe

Location: 907 Cheraw Street, Bennettsville, SC
 Financing: USDA/RD § 515
 Year built: 1994
 Condition: good

Total units: 32
 Rental assistance: 32
 Typical occupancy: 100% (waiting list)

1 br/ 1 ba

Units: 32
 Unit size (sq. ft.): 620
 Basic rent: \$568
 Market rent: \$742
 Vacant units: 0

Management: Hunt Elderly Housing (Sharon - 276.628.5000 x 231[1/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Brairwood

Location: 106 Bundy Street, Clio, SC
 Financing: USDA/RD § 515
 Year built: n/a
 Condition: good

Total units: 24, elderly
 Rental assistance: 24
 Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 24
 Unit size (sq. ft.): n/a
 Basic rent: \$505
 Market rent: n/a
 Vacant units: 0

Management: Boyd Management (Yolanda - 843.586.9797 [2/9])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Breckinridge

Location: 510 South Main Street, McColl, SC
 Financing: USDA/RD § 515
 Year built: 1992 (rehab - 2009)
 Condition: good

Total units: 24, elderly
 Rental assistance: 24
 Typical occupancy: 100 % (waiting list)

1 br/1 ba

Units: 24
 Unit size (sq. ft.): n/a
 Basic rent \$492
 Market rent: \$533
 Vacant units: 0

Management: Boyd Management (Vonda -843.523.9195 [2/2])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Cedar Creek

Location: 1003 Cheraw Street, Bennettsville, SC
 Financing: HUD § 202
 Year built: 2008
 Condition: good

Total units: 30
 Rental assistance
 Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 30
 Unit size (sq. ft.): 540
 Contract rent: \$332
 Vacant units: 01

Management: Wellons Management (Karen - 843.454.0309 [1/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Eastwood

Location: SC Highway 385, Bennettsville, SC
 Financing: USDA/RD § 515
 Year built: 1979
 Condition: fair

Total units: 62, 28 elderly
 Rental assistance: 62
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1½ ba</u>
Units:	28	18	16
Unit size (sq. ft.):	n/a	n/a	n/a
Contract rent:	\$371	\$408	\$458
Vacant units: 0,overall			

Management: Bennettsville Housing Authority (843.479.3857 [1/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Marlboro Place

Location: 813 Cheraw Street, Bennettsville, SC
 Financing: USDA/RD § 515
 Year built: 1991-1992
 Condition: good

Total units: 48, elderly
 Rental assistance: 48
 Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 48
 Unit size (sq. ft.): n/a
 Basic rent: \$553
 Market rent: \$682 and \$738
 Vacant units: 0

Management: Norco (Carolyn 910.791.3354[1/14])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Oakwood Manor

Location: 904 Oakwood Street, Bennettsville, SC
 Financing: USDA/RD § 515
 Year built: 1993
 Condition: good

Total units: 24, elderly
 Rental assistance: 24
 Typical occupancy: 100% (waiting list)

1 br/1 ba

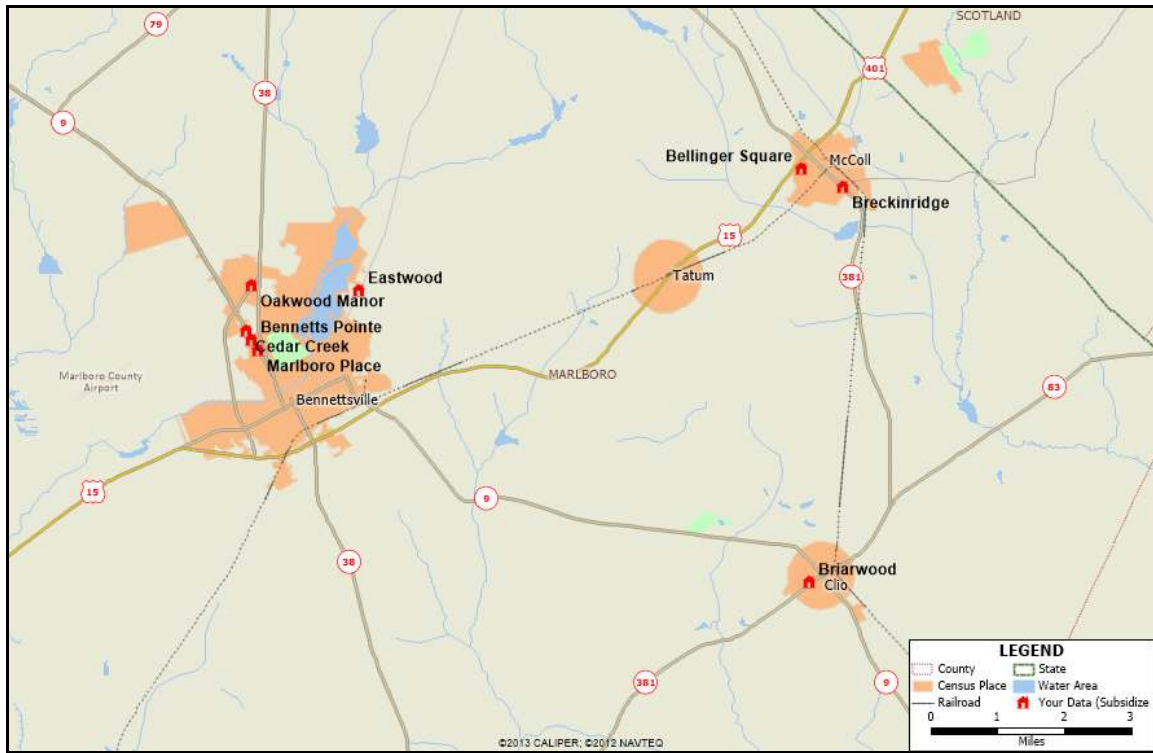
Units: 24
 Unit size (sq. ft.): n/a
 Basic rent: \$437
 Market rent: \$589
 Vacant units: 0

Management: Boyd Management (Kathy 843.454.0629)
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Security gate Carports Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
 Fireplaces (\$) Patios/balconies



Existing market area elderly housing

H. INTERVIEWS

The proposed development is the rehabilitation of an existing USDA/Rural Development apartment complex. As such it does not represent a net addition to the local housing stock - thus this proposal represents a potential qualitative rather than a quantitative impact on the market. Representatives of the property management company confirmed that the current residents would benefit significantly from the improvement to their apartments.

Ms. Holly Swann, the Planning and Zoning Manager for the City of Bennettsville (843.479.9001x 304) notes that the project will remain marketable after rehabilitation. Karen, at Cedar Creek (843.454.0309) states that she has no idea about the marketability of Bennetts Pointe. Carolyn, the representative of Norco Management (910.791.3354) who provided information on their Marlboro Place property informed us that she was not sure about the marketability of Bennetts Pointe as she does not deal with that sort of thing. (We were unable to reconnect with Ms. Purvis at the Housing Authority nor with Kathy at Oakwood Manor).

I. RECOMMENDATIONS

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

J. SIGNED STATEMENT

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



Market Analyst

Date: March 9, 2016

ANALYST QUALIFICATIONS

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

The President of the Cary firm is T. Ronald Brown. He has 30 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,000 studies in at least 20 states, predominantly in the Southeast.

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

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

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

 MARKET STUDY TERMINOLOGY

Absorption period	The period of time necessary for a newly constructed or renovated property to achieve the <i>stabilized level of occupancy</i> . The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the <i>stabilized level of occupancy</i> has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.
Absorption rate	The average number of units rented each month during the <i>absorption period</i> .
Acceptable <i>rent burden</i>	The rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.
Achievable Rents	See <i>Market Rent, Achievable Restricted Rent</i> .
Affordable housing	Housing affordable to low or very low-income tenants.
Amenity	Tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.
Annual demand	The total estimated demand present to the market in any one year for the type of units proposed.
Assisted housing	Housing where federal, state or other programs <i>subsidize</i> the monthly costs to the tenants.
Bias	A proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.
Capture rate	The percentage of age, size, and income qualified renter households in the <i>primary market area</i> that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The <i>Capture Rate</i> is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the <i>primary market area</i> . See also: penetration rate.
Comparable property	A property that is representative of the rental housing choices of the subject's <i>primary market area</i> and that is similar in construction, size, amenities, location, and/or age. Comparable and <i>competitive</i> properties are generally used to derive market rent and to evaluate the subject's position in the market.

Competitive property	A property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.
Comprehensive Market Study	NCAHMA defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCAHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'
Concession	Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).
Demand	The total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can included household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.
Effective rents	Contract rent less concessions.
Household trends	Changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.g. at marriage or separation), changes in average household size, and net <i>migration</i> .
Income band	The range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined <i>acceptable rent burden</i> percentage and the maximum typically is pre-defined by specific program requirements or by general market parameters.
Infrastructure	Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.
Market advantage	The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. $(\text{market rent} - \text{proposed rent}) / \text{market rent} * 100$
Market analysis	A study of real estate market conditions for a specific type of property.
Market area	See <i>primary market area</i> .

Market demand	<p>The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand.</p> <p>A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.</p>
Market rent	<p>The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the <i>primary market area</i> considering its location, features and amenities. Market rent should be adjusted for <i>concessions</i> and owner paid utilities included in the rent.</p>
Market study	<p>A comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.</p>
Marketability	<p>The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.</p>
Market economic vacancy rate	<p>Percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.</p>
Market physical vacancy rate	<p>Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.</p>
Migration	<p>The movement of households into or out of an area, especially a <i>primary market area</i>.</p>
Mixed income property	<p>An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50% and 60%).</p>
Mobility	<p>The ease with which people move from one location to another.</p>
Move-up demand	<p>An estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to newer tax credit properties.</p>
Multi-family	<p>Structures that contain more than two housing units.</p>

Neighborhood	An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.
Net rent (also referred to as contract rent or lease rent)	Gross rent less <i>tenant paid utilities</i> .
Penetration rate	The percentage of age and income qualified renter households in the <i>primary market area</i> that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the <i>stabilized level of occupancy</i> . Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100 See also: capture rate.
Pent-up demand	A market in which there is a scarcity of supply and vacancy rates are very low.
Population trends	Changes in population levels for a particular area over a specific period of time — which is a function of the level of births, deaths, and net <i>migration</i> .
Primary market area	A geographic area from which a property is expected to draw the majority of its residents.
Programmatic rents	See <i>restricted rents</i> .
Project based rent assistance	Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.
Redevelopment	The redesign or rehabilitation of existing properties.
Rent burden	gross rent divided by adjusted monthly household income.
Rent burdened households	Households with <i>rent burden</i> above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.
Restricted rent	The rent charged under the restrictions of a specific housing program or subsidy.
Restricted rent, Achievable	The rents that the project can attain taking into account both market conditions and rent in the <i>primary market area</i> and income restrictions.
Saturation	The point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.
Secondary market area	The portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.

Special needs population	Specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs populations include: substance abusers, visually impaired person or persons with mobility limitations.
Stabilized level of occupancy	The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.
Subsidy	Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's <i>contract rent</i> and the amount paid by the tenant toward rent.
Substandard conditions	Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.
Target income band	The <i>income band</i> from which the subject property will draw tenants.
Target population	The market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.
Tenant paid utilities	The cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.
Turnover period	1. An estimate of the number of housing units in a market areas as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. Housing units with new occupants / housing units * 100 2. The percent of occupants in a given apartment complex that move in one year.
Unmet housing need	New units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.
Unrestricted rents	Rents that are not subject to <i>restriction</i> .
Unrestricted units	Units that are not subject to any income or rent restrictions.
Vacancy period	The amount of time that an apartment remains vacant and available for rent.
Vacancy rate-economic vacancy rate - physical	Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

Area Median Income (AMI)	100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.
Attached housing	Two or more dwelling units connected with party walls (e.g. townhouses or flats).
Basic Rent	The maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.
Below Market Interest Rate Program (BMIR)	Program targeted to renters with income not exceeding 80% of area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.
Census Tract	A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.
Central Business District (CBD)	The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.
Community Development Corporation (CDC)	Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.
Condominium	A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.
Contract Rent	1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).
Difficult Development Area (DDA)	an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
Detached Housing	A freestanding dwelling unit, typically single-family, situated on its own lot.

Elderly or Senior Housing	Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 805 of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.
Extremely Low Income	Person or Household with income below 30% of Area Median Income adjusted for Household size.
Fair Market Rent (FMR)	The estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50 th percentile of rents.
Garden Apartments	Apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.
Gross Rent	the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.
High-rise	A residential building having more than ten stories.
Household	One or more people who occupy a housing unit as their usual place of residence.
Housing Unit	House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.
Housing Choice Voucher (Section 8 Program)	Federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible Households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.
Housing Finance Agency (HFA)	State or local agencies responsible for financing housing and administering Assisted Housing programs.
HUD Section 8 Program	Federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the Contract Rent and a specified percentage of tenants' adjusted income.

HUD Section 202 Program	Federal Program, which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.
HUD Section 811 Program	Federal program, which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.
HUD Section 236 Program	Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of th their adjusted income. All rents are capped at a HUD approved market rent.
Income Limits	Maximum Household income by county or Metropolitan Statistical Area, adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes Income Limits each year for 30% median. Very Low Income (50%), and Low-Income (80%), for households with 1 through 8 people.
Low Income	Person or Household with gross Household Income below 80% of Area Median Income adjusted for Household size.
Low Income Housing Tax Credit	A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.
Low Rise Building	A building with one to three stories.

Metropolitan Area (MSA)	Statistical	A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.
Mid-rise		A building with four to ten stories.
Moderate Income		Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.
Public Housing or Low Income Conventional Public Housing		HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.
Qualified Census Tract (QCT)		Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of area Median Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.
Rural Development (RD) Market Rent		A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.
Rural Development Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)	(RD)	Federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.
Single-Family Housing		A dwelling unit, either attached or detached, designed for use by one Household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.
State Data Center (SDC)		A state agency or university facility identified by the governor of each state to participate in the Census bureau's cooperative network for the dissemination of the census data.
Tenant		One who rents real property from another.

Tenure	The distinction between owner-occupied and renter-occupied housing units.
Townhouse (or Row House)	Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.
Very Low Income	Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.
Zoning	Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.