

PROFESSIONAL MARKET STUDY
FOR THE PECAN APARTMENTS
A PROPOSED LIHTC DEVELOPMENT

LOCATED IN:
ANDERSON, ANDERSON COUNTY, SC

PREPARED FOR THE:
SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY
COLUMBIA, SOUTH CAROLINA

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MARCH 2007

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INTRODUCTION

The proposed LIHTC multi-family development will target low to moderate income households in the general population in the Anderson area of Anderson County, South Carolina.

The market study assignment was to ascertain market demand for a proposed multi-family new construction development known as the **Pecan Apartments**, for the South Carolina State Housing Finance and Development Authority (SCHFDA), under the following scenario:

Project Description

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Net sf)	Unit Size (Gross sf)
1BR/1b	16	701	780
2BR/2b	32	942	1,021
3BR/2b	16	1,109	1,188
Total	64		

Project Rents:

PROPOSED PROJECT RENTS @ 50% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	4	\$400	\$78	\$478
2BR/2b	8	\$465	\$99	\$564
3BR/2b	4	\$540	\$116	\$656

PROPOSED PROJECT RENTS @ 60% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	12	\$400	\$78	\$478
2BR/2b	24	\$465	\$99	\$564
3BR/2b	12	\$540	\$116	\$656

*Estimate provided by applicant

In addition, there are several terms that will be used throughout the study, which have very specific meanings within the program assisted framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

Type of Project Rent Structure:

- Conventional - also referred to as "market rate", reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.
- Assisted - projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance and in some cases private grants or preferential loans.
- Subsidized - projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them in assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

Rent Inclusions:

- Gross Rent - refers to the total rent payment, including utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in the study for program usage such as LIHTC maximum rents or HUD Fair Market Rents.
- Net Rent - sometimes known as "street rent", involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with conventional projects, and are also usually identified as a monthly rent.
- Utility Allowance - is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

As a final terminology note, capture rate and penetration rate are used interchangeably in this study. They refer to the proportion of a defined total pool of tenants that a specific project must capture (or the degree to which the project must penetrate the total pool) in order to be fully occupied. Different

capture rates will be calculated for different market pools - for example, the capture rate applied to the total income-qualified renter base will be different from the capture rate applied to a annual target demand pool.

The analyst performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals and other persons knowledgeable in the local area housing market.

Among sources utilized and cited throughout the study are the U.S. Census of Population and Housing, the South Carolina Employment Security Commission, the South Carolina State Data Center, the South Carolina Budget and Control Board, ESRI (a provider of secondary demographic data) the US Department of Housing and Urban Development, and pertinent information and materials collected from local professional real estate sources and subject related service providers.

Other, specific elements of the methodology are discussed in the text of the study.

As required by the SCHFDA the market study process followed the most recent set of SCHFDA Market Study Guidelines. Some important elements of the guidelines are:

- the definition of the elderly target market is population is determined by the applicant. However age 62 and over will be examined for USDA-RD Section 515 & HUD Section 8 and 202 elderly developments.

- rent overburden analysis is to be incorporated into the demand methodology versus mobility analysis for existing renters,

- new renter household growth is to be estimated between 2006 and 2009, and

- a small segment of demand from elderly home owners can be incorporated into the demand methodology for applications targeting the elderly. This demand factor can be no more than 2.5% in urban markets and 5% in rural markets.

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultant declares that he does not have, and will not have the future, any material interest in the proposed project, and that there is no identity between him and the client of the study. Further, the consultant declares that the payment of the study fee is in no way contingent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact.
2. The information upon which this analysis of conditions in Anderson and Anderson County has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultant assumes no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by private sources cited during the normal course of a thorough investigation. The consultant reserves the right to alter conclusions on the basis of any discovered inaccuracies.
3. No opinion of a legal or engineering nature is intentionally expressed or implied.
4. The fee charged for this study does not include payment for testimony nor further consultation.
5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age / handicapped eligibility established by law for units designated by elderly households and the handicapped.
6. The consultant affirms that the signatory below made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units.
7. The following market study was prepared in accordance with and to specifically satisfy the SCHFDA market study threshold requirements as established by the SCHFDA.
8. **The following market study has been prepared for the use of the Authority in making its decisions in allocating Low Income Housing Tax Credits and that, in making such decisions, the Authority can rely upon the content and conclusions stated therein.**

**Jerry M. Koontz, Principal
Koontz and Salinger**

SECTION A

EXECUTIVE SUMMARY

1. Site Description:

- The site of the proposed LIHTC multi-family development is located off E. Shockley Ferry Road (aka US 29), approximately .4 miles south of US 76/178 and 1.9 miles southeast of Downtown Anderson.
- Specifically, the site is located in Census Tract 6 (a Qualified Census Tract), Block Group 3, Census Block 3033, and Zip Code 29624.

2. Economic Characteristics:

- Between 2000 and 2005 the average decrease in employment in the county was approximately 635 workers or almost -.8% per year. The rate of employment loss between 2005 and 2006, continued at a comparable rate of decline at approximately -.85%, representing a net decrease of over 655 employed workers. Monthly unemployment rates in 2006 ranged between 6.7% and 7.9%, with an overall estimate of 7.5%.
- The Anderson PMA economy is very well diversified with very sizable manufacturing, service, trade and government sectors centered primarily in Anderson. This diversification has in turn helped to offset the negative impact of the decline in the manufacturing sector in the city and elsewhere in the county. Still, the manufacturing sector is the backbone and engine of the local economy. Ever since BMW located in Greenville-Spartanburg the regional manufacturing sector of the economy has benefitted and shifted towards having a larger presence in the automotive sector. The location of I-85, and nearby proximity to the larger Greenville-Spartanburg, Charlotte and Atlanta metro markets will continued to make Anderson an alternative location future growth in the manufacturing and distribution sectors.
- The forecast of economic growth into 2007 is considered to be very positive. In December 2006, Rosewood announced that it will located in Anderson creating 1,000-jobs. In 2004, Walgreen Company announced that it will open a new distribution facility (7-million sf facility) in Anderson in early 2007 creating 450-jobs with the potential to expand to 800-jobs.

3. Demographic Characteristics:

- The PMA exhibited significant to very significant population gains during the 1990's, at approximately 1.15% per year. Population gains over the next several years are forecasted for the PMA at a reduced rate of increase, yet still, significant rate of growth at between approximately .75% to 1% per year. Between the 2006 to 2009 forecast period the projected rate of increase is approximately .7% per year, resulting in a net gain of around 680 persons per year.
- A significant minority of the population in the PMA is located within the City of Anderson. It is estimated that approximately 28% of the PMA population is located within the City of Anderson. The City of Anderson's growth rate is not comparable to that of the PMA, exhibiting a much reduced rate of gain of approximately 50 to 75 additional persons per year, during the forecast period.
- The population growth for Anderson County as a whole has been increasing at a comparable rate to the PMA. Between 1990 and 2000 the county population grew at a rate of 1.4% annually and is forecasted to increase at a less significant, yet still very positive rate of around 1.2% annually, between 2000 and 2006 and at around 1% between 2006 and 2009, representing approximately 1,720 additional population per year (county wide). Most of the growth that is occurring in the county has been concentrated in: (1) that area of the county between Anderson and Clemson along the US 76 corridor; and (2) that area between Anderson and Hartwell Lake to the north and west.
- Over the last 10 years there has been considerable and significant housing and population growth in both the PMA and County, which recently has been followed by growth in the area business parks, health care and tourism sectors and commercial development (trade and service sectors), which is turn is generating additional population growth.

4. Income Characteristics:

- The overall **Target Income Range** for the proposed subject property targeting households at 50% AMI is \$16,390 to \$29,650.
- The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI is \$16,390 to \$32,940.
- It is estimated that approximately **12.5%** of the overall income qualified range will target households at the 50% AMI segment; and **16%** will target households at the 60% AMI segment in the 2009 forecast period.

5. Survey of Apartments and Competitive Environment:

- The Anderson apartment market is representative of a mid-size, apartment market, with a semi-urban setting, yet greatly influenced by a large surrounding rural hinterland on several sides and the nearby Clemson and Greenville markets.
- At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted LIHTC family properties was approximately 12%. About 92% of the vacant units were reported to be at one property, Hanover Ridge, which has 35 vacant units out of a total of 151-units. Excluding Hanover Ridge (which has systemic problems relating to age, amenities and location, which will always limit its ability to maintain a high occupancy rate, unless resolved with additional monies) the overall vacancy rate for the LIHTC family apartment market in Anderson is 2%.
- A survey of the LIHTC family apartment market (excluding Hanover Ridge) exhibited the following average, median and range of net rents, by bedroom type, in the area competitive environment:

LIHTC-family Competitive Environment - Net Rents			
BR/Rent	Average	Median	Range
2BR/2b	\$480	\$477	\$475-\$580
3BR/2b	\$557	\$580	\$550-\$670

Source: Koontz & Salinger. March, 2007

- At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was approximately 4.7%. The typical occupancy rate reported for these properties was in the mid to high 90's%. One property accounted for about 20% of the vacant units, Shadow Creek.
- A survey of the conventional apartment market exhibited the following average, median and range of net rents, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Net Rents			
BR/Rent	Average	Median	Range
1BR/1b	\$541	\$504	\$375-\$660
2BR/1b	\$533	\$549	\$475-\$595
2BR/2b	\$699	\$680	\$609-\$785
3BR/2b	\$779	\$754	\$650-\$880

Source: Koontz & Salinger. March, 2007

6. Quantitative Demand:

- The capture rates by income segment and bedroom mix are considered to be very positive indicators of demand support for the proposed 64-unit subject LIHTC development.

Capture Rates by Bedroom Type & Income Targeting				
Income Target	Total	1BR	2BR	3BR
50% AMI	3.1%	2.9%	2.7%	3.9%
60% AMI	8.9%	8.3%	8.1%	12.9%

- The overall project capture rate is estimated at approximately 6.0%.
- The worst case scenario for 93% to 100% rent-up is estimated to be 12 months (at 5 to 6-units per month on average). The most likely rent-up scenario suggests a 9-month or less rent-up time period (an average of 7-units per month).

Absorption Rates	
Scenario	Term
Most Likely	9 months (7-units per) or less
Worst Case	12 months (5 to 6-units per)

- The negative impact of placing the proposed 64-unit subject property into the PMA is forecasted **not** to be significant as it relates to the present supply of new construction LIHTC family properties in Anderson. See page 47.
- The proposed subject 1BR/1b net rent at 50% and 60% AMI are approximately 20% less than the comparable/competitive 1BR/1b net rent. The proposed subject 2BR/2b net rent at 50% and 60% AMI are approximately 23% less than the comparable/competitive 2BR/2b net rent. The proposed subject 3BR/2b net rent at 50% and 60% AMI are approximately 23% less, than the comparable/competitive 3BR/2b net rent.
- In summary, the proposed project net rents, by bedroom type, are well positioned within the competitive environment and will greatly assisted in the marketing and rent-up of the proposed development. See page 53.

7. Recommendation & Conclusion:

- Based on the analysis and the conclusions of each of the report sections, it is recommended that the proposed preliminary application **proceed forward, as presently configured.**
- During this, the 2007 LIHTC funding cycle, Anderson received two applications for a new construction LIHTC family development. In the opinion of the analyst, the market can support only one of the proposed applications in the 2009 forecast period, with the final arbiter being the South Carolina State Housing Finance & Development Authority.

MARKET STUDY FOLLOWS

SECTION B

PROJECTION DESCRIPTION

The proposed LIHTC multi-family development will target low to moderate income households in the general population in the Anderson area of Anderson County, South Carolina.

Location: The subject property is located off Shockley Ferry Road, immediately south of Surf Road.

Construction

Type: The subject is a proposed new construction multi-family development, to be known as the **Pecan Apartments**.

Occupancy Type: Family

Target Income: 25% at 50% AMI; 75% at 60% AMI

Project Description

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Net sf)	Unit Size (Gross sf)
1BR/1b	16	701	780
2BR/2b	32	942	1,021
3BR/2b	16	1,109	1,188
Total	64		

The proposed new construction multi-family development will comprise four 16-unit apartment buildings. In addition, there is a separate combination office/community/central laundry building (2600 sf). The residential building exteriors will be either 100% brick veneer, stone or exterior fiber cement (or a combination of these materials), placed on slab. There are 119 planned parking spaces.

Project Rents:

PROPOSED PROJECT RENTS @ 50% AMI				
Bedroom Mix	# of Units	Net Rent	Utility Allowance*	Gross Rent
1BR/1b	4	\$400	\$78	\$478
2BR/2b	8	\$465	\$99	\$564
3BR/2b	4	\$540	\$116	\$656

PROPOSED PROJECT RENTS @ 60% AMI				
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1BR/1b	12	\$400	\$78	\$478
2BR/2b	24	\$465	\$99	\$564
3BR/2b	12	\$540	\$116	\$656

*Estimate provided by applicant

_____The rent will include sewer, water and trash removal.

Project Amenity Package:

The proposed development will include the following development and unit amenity packages:

Development Amenities

- on-site management
- playground
- exercise room
- central laundry
- clubhouse
- picnic area w/grilles

Unit Amenities

- range
- dishwasher
- disposal
- central air
- carpet
- patio/balcony
- ceiling fans
- refrigerator
- washer/dryer hook-ups
- microwave
- cable ready
- mini-blinds
- outside storage closet

Other Development Specifications

- sidewalk access to all buildings

SECTION C

**SITE & NEIGHBORHOOD
EVALUATION**

The site of the proposed LIHTC multi-family development is located off E. Shockley Ferry Road (aka US 29), approximately .4 miles south of US 76/178 and 1.9 miles southeast of Downtown Anderson. The site is located in the southern portion of Anderson, just outside the city limits.

Specifically, the site is located in Census Tract 6 (a Qualified Census Tract), Block Group 3, Census Block 3033, and Zip Code 29624. See Site Map, page 8.

Note: The field visits for the site and surrounding market area were on March 22 and 23, 2006.

Street and highway accessibility are very good relative to the site. Ready access is available from the site to the following: major retail trade and service areas, employment opportunities and local health care providers. All major facilities in the city can be accessed within a 10 minute drive. At the time of the market study, no significant infrastructure development was in progress in the vicinity of the site.

Site Characteristics

The approximately 5.2-acre, square shaped tract is lightly wooded and slopes slightly east to west. At present, there are no physical structures on the tract. The site is considered to be marketable and buildable. However, this assessment is subject to both environmental and engineering studies. All public utility services are available to the tract and excess capacity exists.

The site is not located within a flood plain. The subject site is not zoned.

The surrounding land use and zoning designations around the site are detailed below:

Direction	Existing Land Use	Current Zoning
North	Cemetery	County
East	Vacant	County
South	Commercial, Industrial, Cemetery	County
West	Vacant & Cemetery	County

Zoning Key: County - Not zoned

Source: Anderson County, Official Zoning Maps/GIS

Neighborhood Description / Characteristics

The overall character of the neighborhood in the immediate vicinity of the site can be defined as a mixture of commercial, institutional, industrial and multi-family residential use, with some limited, scattered residential single-family use.

Directly north of the site is a portion of the Silver Brook Cemetery, followed by a Bi-Lo Grocery and a Sav-A-Lot Grocery. Also, about .3 miles north of the site is the River Oak Apartment development. River Oak was built in 1950 and rehabed in 1999. The gated community has 96 2BR/1b units. At the time of the survey the property was 93% occupied.

Directly south of the site are several small commercial and industrial properties, including Carolina Beer (distributor) and ILPEA, Inc (manufacturer) followed by the New Silver Brook Cemetery.

Directly west of the tract is an abandoned railway tract followed by vacant land and the Silver Brook Cemetery.

Directly east of the tract is mostly vacant land and a small commercial property (truck repair garage).

The pictures on the following pages are of the site and surrounding land uses within the immediate vicinity of the site.



(1) - Site off E Shockley Ferry Road, se to nw.



(2) - Site to the right, off E Shockely Ferry Rd, north to south.



(3) - Site to the right, off Surf Road, west to east.



(4) - Site to the left. Vacant rail tract, western boundary.

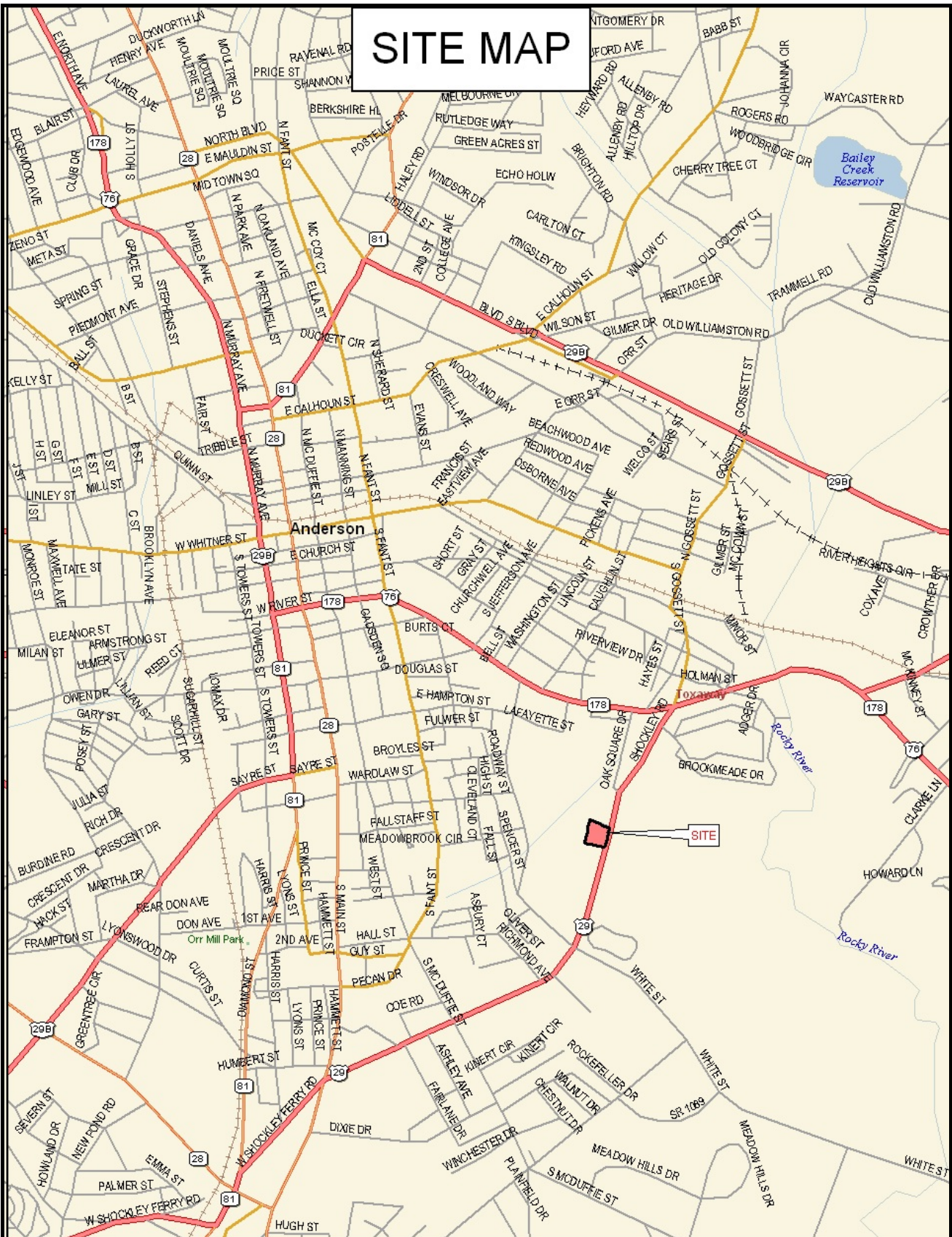


(5) - Cemetery directly north of site, off Surf Road.



(6) - Bi-Lo Grocery, off E Shockley Ferry Rd, .2 miles from site.

SITE MAP



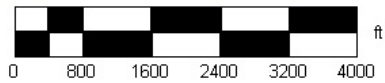
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MN (5.6° W)



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Access to Services

The subject is accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the site to community services are exhibited below:

Points of Interest	Distance from Subject
Bi-Lo Grocery	.2
Sav-A-Lot Grocery	.3
Access to US 76/178	.4
Industrial Park	.9
Watson Village Shopping Center	1.2
Post Office	1.5
Forest Junior College	1.5
Fire Station	1.9
Downtown Anderson	1.9
Library	2.0
Anderson University	2.2
Hospital	2.3
Southwood Middle School	2.6
Nevitt Forest Elementary School	3.0
Anderson Regional Mall	4.8
Access to I-85	8.0

Note: Distance from subject is in tenths of miles and are approximated.

Site & Facilities Map

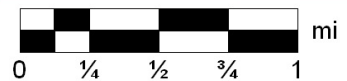


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SUMMARY

The overall character of the neighborhood in the immediate vicinity of the site can be defined as a mixture of commercial, institutional, industrial and multi-family residential use, with some limited, scattered single-family use. The site is located in the southern portion of Anderson, just outside the city limits. Currently, the site is not zoned for multi-family development.

Access to the site will be available off E. Shockley Ferry Road and Surf Road. E Shockley Ferry Road is a medium density primary connector, with a speed limit of 45 miles per hour in the immediate vicinity of the site. Surf Road is a very low density secondary connector, with a speed limit of 25 miles per hour in the immediate vicinity of the site. The Surf Road access point does not present problems of egress and ingress to the site. The Shockley Road access point warrants more caution (owing to traffic volume and speed), yet is not overly problematic regarding egress and ingress.

The site offers good accessibility and linkages to area services and facilities. The areas surrounding the site appeared to be void of most negative externalities including noxious odors, close proximity to power lines, close proximity to rail lines and junk yards. However, it is located between two large cemeteries which is some analysis is not considered to be a positive site location attribute in the field of new residential development.

The site in relation to the subject and the surrounding roads is very agreeable to signage, in particular to passing traffic along E. Shockley Ferry Road.

Overall, the field research revealed the following strengths and weaknesses of the subject in relation to subject marketability. In the opinion of the analyst, the site of the subject is considered appropriate as a family multi-family development.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	WEAKNESSES
Good accessibility to services, trade, and employment opportunities	Near proximity to two large cemeteries
Within walking distance to the Bi-LO Grocery	
Good linkages to area road system	
Nearby road speed and noise is acceptable, particularly off Surf Road more so than E Shockley Ferry Road	

SECTION D

MARKET AREA DESCRIPTION

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly

considers the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined**. This is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and a secondary area from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

Primary Market Area

Based on field research in Anderson and Anderson County, along with an assessment of the competitive environment, transportation and employment patterns, the site's location, physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of the following census tracts in Anderson County:

1 thru 11,	110	111	112
113	117	118	119
120 and	122.		

For the most part the PMA encompasses the City of Anderson, and the Anderson, Iva and Starr census divisions.

The City of Anderson comprises the employment, service and trade center for the majority of Anderson County. It is the largest populated place in the County. The PMA included two other small incorporated places. In 2000, Iva had a population of 1,156 and Starr had a population of 173.

The PMA excluded the Pendleton area of Anderson County to the north, and the Belton, Williamston, West Pelzer and Honea Path areas of Anderson County to the east and northeast.

With regard to the location of an LIHTC apartment complex, with or without deep subsidy rental assistance, the City of Anderson, would be the most logical choices as a location within the PMA. In this case the complex would not only serve the City but also the PMA and much of the rural hinterland of the PMA.

The Primary Market Area is located in the southwest section of the Foothills Region of South Carolina. Specifically, the PMA is located within the central and south-central portions of Anderson County.

The PMA is bounded as follows:

North	northern portion of Anderson County beyond I-85, & Hartwell Lake, i.e., the Pendleton PMA
East	Belton, Williamston & Honea Path PMA's
South	Abbeville County
West	Hartwell Lake & South Carolina/Georgia state line

Transportation access to the site and PMA is excellent. The major east/west transportation corridors in the PMA are I-85 and US Highway 29. The major north/south transportation corridors in the PMA are US Highway 76 and SR's 28 and 81.

Note: The delineation of the subject Primary Market Area by Koontz & Salinger was confirmed as appropriate by the Applicant and by the South Carolina State Housing Finance and Development Authority on 4/3/2007.

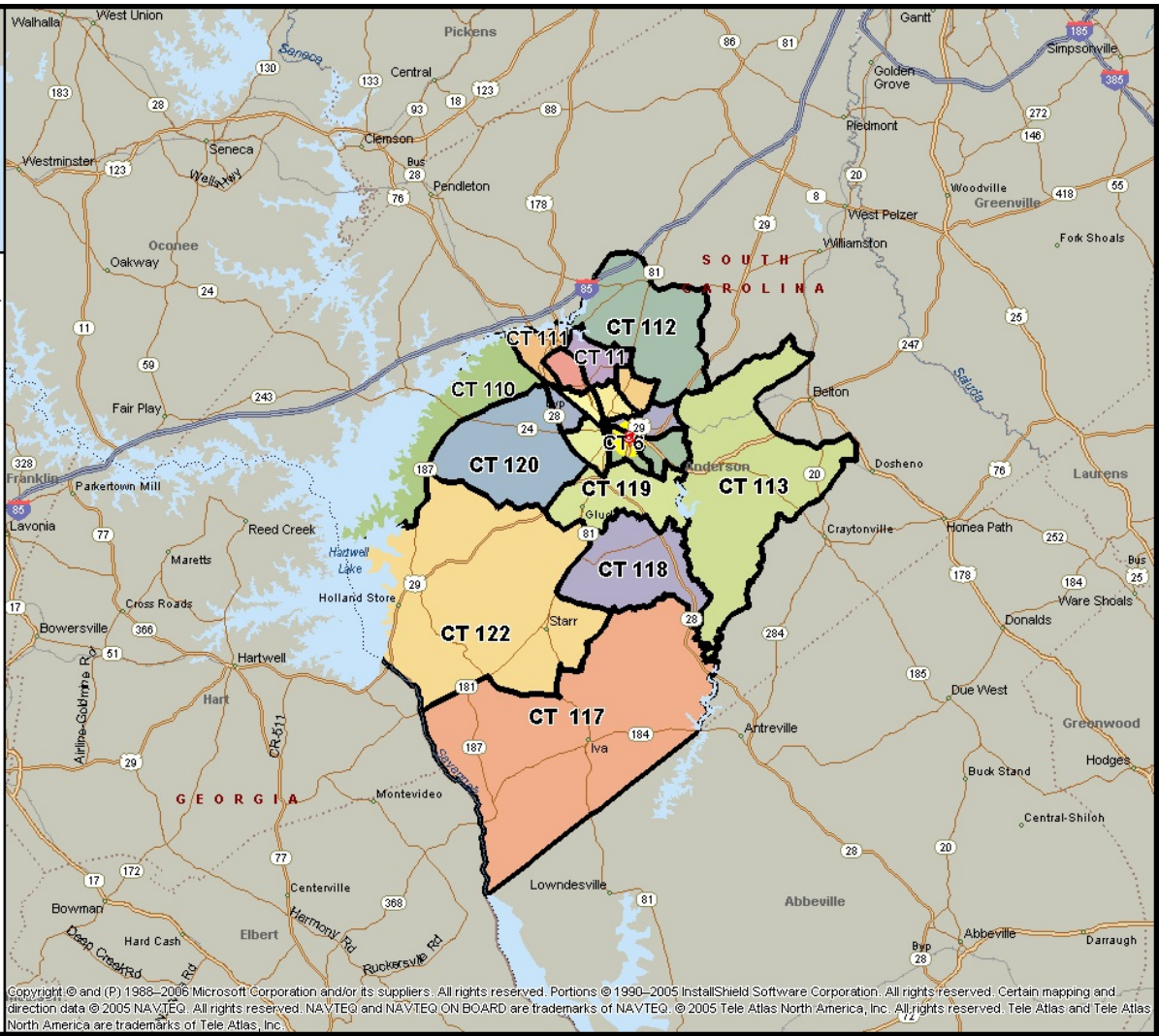
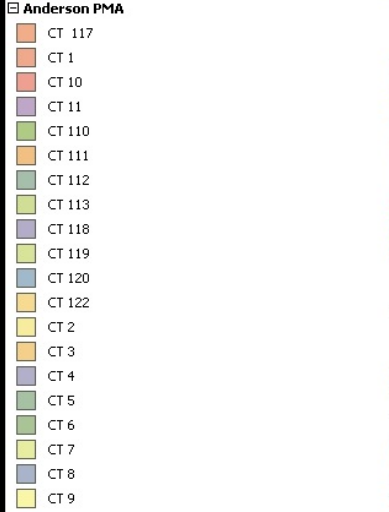
(See Market Area Map, next page)

Secondary Market Area

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area, principally the remainder of Anderson County.



☐ Pushpins
☒ Site



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SECTION E

MARKET AREA ECONOMY

Analysis of the economic base and the labor and job formation base of the local labor market area is critical to the potential demand for residential growth in any market. The economic trends reflect the ability of the area

to create and sustain growth, and job formation is typically the primary motivation for positive net in-migration.

Tables 1 through 6 exhibit labor force trends by employment and changes in employment sectors and changes in average annual monthly wages for Anderson County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

Table 1 Civilian Labor Force and Employment Trends, Anderson County: 2000, 2005 and 2006			
	2000	2005	2006
Civilian Labor Force	83,730	83,650	82,729
Employment	81,180	77,370	76,713
Unemployment	2,550	6,280	6,017
Rate of Unemployment	3.0%	7.5%	7.5%

Table 2 Change in Employment, Anderson County				
Years	# Total	# Annual*	% Total	% Annual*
2000 - 2005	-3,810	- 635	- 4.69	- 0.78
2005 - 2006	- 657	Na	- 0.85	Na

* Rounded Na - Not applicable

Sources: South Carolina Labor Force Estimates, 2000 - 2006. South Carolina Employment Security Commission, Labor Market Information Division.

Koontz and Salinger. March, 2007.

Employment Trends

Table 3

Employment Change and Rates of Unemployment, Anderson County

Year	Number Employed	Change Over Previous Year	Unemployment Rate
<hr/>			
2000	81,180	-----	3.0
2001	78,430	- 2,750	5.3
2002	76,840	- 1,590	6.3
2003	76,130	- 710	7.1
2004	77,460	+ 1,330	7.1
2005	77,370	- 90	7.5
2006	76,713	- 657	7.5

Table 4 exhibits average monthly employment by sector in Anderson County between 2004 and 2005.

<p style="text-align: center;">Table 4</p> <p style="text-align: center;">Average Monthly Employment by Sector,</p> <p style="text-align: center;">Anderson County, 2004 and 2005</p>							
Year	Total	Con	Mfg	T	FIRE	HS	G
2004	59,495	3,026	14,057	10,615	1,566	4,271	11,034
2005	59,355	2,935	14,330	9,892	1,596	4,179	11,305
04-05 # Ch.	- 140	- 91	+ 273	- 723	+ 26	- 92	+ 271
04-05 % Ch.	- 0.2	- 3.0	+ 1.9	- 6.8	+ 1.7	- 2.2	+ 2.5

% Ch. 2004 to 2005 = % Increase/Decrease

Note: Con - Construction; Mfg - Manufacturing; T - Wholesale and Retail Trade; FIRE - Finance, Insurance, and Real Estate; HS - Health Care Services; G - Federal, State and Local Government

Sources: South Carolina Employment Security Commission, 2000 to 2006.

Koontz and Salinger. March, 2007.

Table 5, exhibits average annual monthly wages in 2004 and 2005 in the major employment sectors in Anderson County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation in over half of the major employment sectors within the county. A few of sectors exhibited a decline or a very small increase. It is estimated that a typical worker in the service and trade sectors in 2007 will have average annual monthly wages between \$1,000 and \$2,800.

Table 5 Average Annual Monthly Wages, 2004 and 2005 Anderson County				
Employment Sector	2004	2005	Numerical Change	Percent Change
Total	\$2,413	\$2,457	+ 44	+ 1.8
Construction	\$2,559	\$2,611	+ 52	+ 2.0
Manufacturing	\$3,157	\$3,263	+ 106	+ 3.4
Wholesale Trade	\$3,376	\$2,887	- 486	-14.5
Retail Trade	\$1,686	\$1,759	+ 73	+ 4.3
Finance/Ins.	\$2,864	\$2,904	+ 40	+ 1.4
Real Estate	\$1,976	\$2,181	+ 205	+10.4
Professional Services	\$1,805	\$1,850	+ 45	+ 2.5
Educational Services	\$1,482	\$1,611	+ 129	+ 8.7
Health Care	\$2,769	\$2,862	+ 93	+ 3.4
Hotel/Food	\$ 875	\$ 915	+ 40	+ 4.6
Federal Govt	\$4,590	\$4,253	- 337	- 7.3
State Govt	\$2,371	\$2,508	+ 137	+ 5.8
Local Govt	\$2,771	\$2,832	+ 61	+ 2.2

Sources: South Carolina Employment Security Commission, Covered Employment, Wages and Contributions, 2004 and 2005.

Koontz and Salinger. March, 2007.

Major Employers

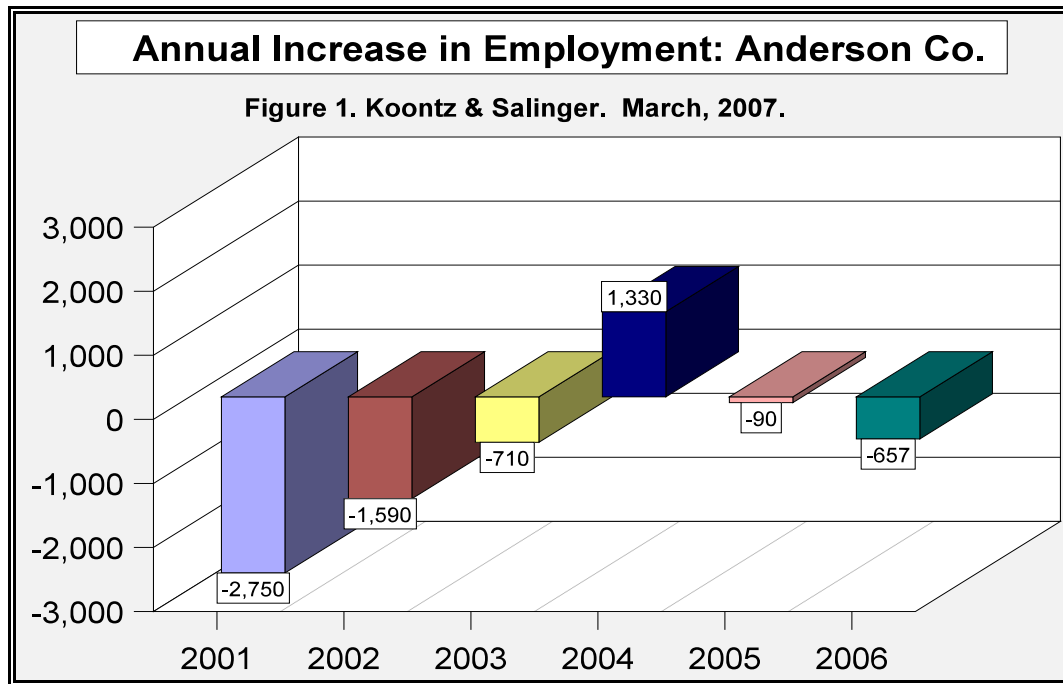
The major industrial and non industrial employers in Anderson and Anderson County are listed in Table 6.

Table 6		
Major Employers: Anderson & Anderson County		
Firm	Product/Service	Number of Employees
Manufacturing		
Electrolux	Refrigerators	1,500
Robert Bosch Corp.	Automotive Components	1,200
Michelin	Rubber Products	1,100
Shaw	Nylon Fibers	650
Glen Raven, Inc.	Acrylic Fibers	600
Timken Co.	Machine Parts	540
Michelin NA	Steel Wire	450
Nutricia	Vitamins	430
Owens Corning	Fibrous Glass	400
Santens	Terry Towels	270
Assoc. Fuel Pump	Automotive Fuel Pumps	359
Mount Vernon Mills	Automotive Fabric	357
Blair Mills	Terrycloth	350
Orian	Oriental Rugs	350
Hydro Aluminum	Aluminum Extrusion	260
Plastic Omnium	Bumpers	252
Goodman Conveyor Co.	Belt Conveyor Idlers	250
Non Manufacturing		
Anderson County	School System	4,154
AnMed Health	Health Services	3,500
State of SC	State Government	1,344
Anderson County	Local Government	775
Tri-City	Technical College	600
City of Anderson	Local Government	420

Sources: 2006 Labor Profile for Anderson, SC
Anderson County Economic Development (Directory)

SUMMARY

The economic situation for Anderson County is statistically represented by employment activity, both in workers and jobs. As represented in Tables 1-4, Anderson County has experienced mostly significant employment losses thus far in the new decade. With the exception of 2004, employment trends in the early to mid 2000's have thus far been very negative. Very recent indicators for 2007, suggest that the local economy will expand into the remainder the year and very possibly into 2008. The majority of the losses have been in the manufacturing and wholesale trade sectors. Manufacturing losses were very significant between 2000 and 2003. Since then the rate of loss has declined and in some sectors of manufacturing employment gains have been the norm over the last three years.

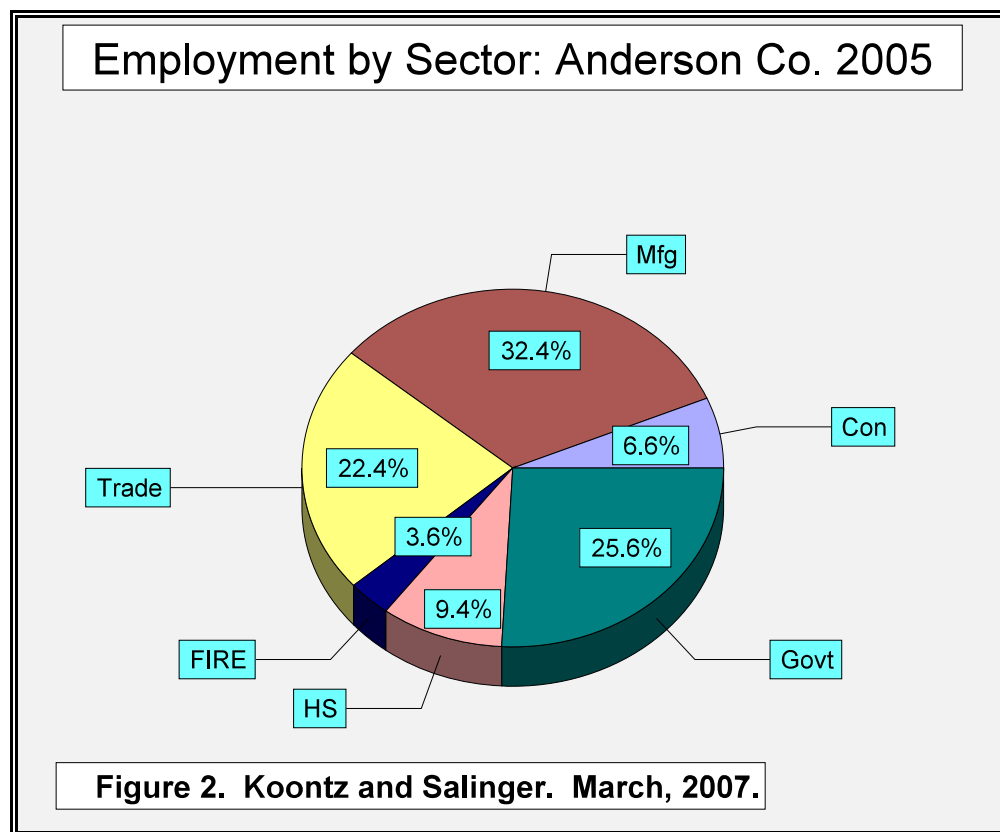


As represented in Figure 1 (and Table 1), between 2000 and 2005, the average decrease in employment was approximately 635 workers or almost $-.8\%$ per year. The rate of employment loss between 2005 and 2006, continued at a comparable rate of decline at approximately $-.85\%$, representing a net decrease of over 655 employed workers. Monthly unemployment rates in 2006, ranged between 6.7% and 7.9% , with an overall estimate of 7.5% .

The Anderson PMA economy is very well diversified with very sizable manufacturing, service, trade and government sectors centered primarily in Anderson. This diversification has in turn helped to offset the negative impact of the decline in the manufacturing sector in the city and elsewhere in the county. Still, the manufacturing sector is the backbone and engine of the local economy. Ever since BMW located in Greenville-Spartanburg the regional manufacturing sector of the economy has benefitted and shifted towards having a larger presence in the automotive sector. Presently, Anderson has 11 automotive suppliers and 25 plastics companies. The location of I-85, and nearby

proximity to the larger Greenville-Spartanburg, Charlotte and Atlanta metro markets will continued to make Anderson an alterative location for future growth in the manufacturing and distribution sectors.

Figure 2 exhibits employment by sector in Anderson County in 2005. The top employment sectors in the County are: manufacturing, trade, government and service. The forecast for 2007, is for the manufacturing sector to either stabilize or decrease at a much reduced rate of decline. The forecast for the service, trade and government sectors is for an increase in employment.



Local Economy - Relative to Subject & Impact on Housing Demand

The Anderson / Anderson County area economy has a large number of low to moderate wage workers employed in the service, trade, and manufacturing sectors. Given the acceptable site location of the subject, with good proximity to several employment nodes, the proposed subject development will very likely attract potential renters from these sectors of the workforce who are in need of affordable housing and a reasonable commute to work.

In summary, the forecast of economic growth into 2007, is considered to be very positive. In December 2006, Rosewood announced that it will located in Anderson creating 1,000-jobs. In 2004, Walgreen Company announced that it will open a new distribution facility (7-million sf facility) in Anderson in early 2007 creating 450-jobs with the potential to expand to 800-jobs. Source: Anderson County

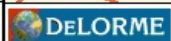
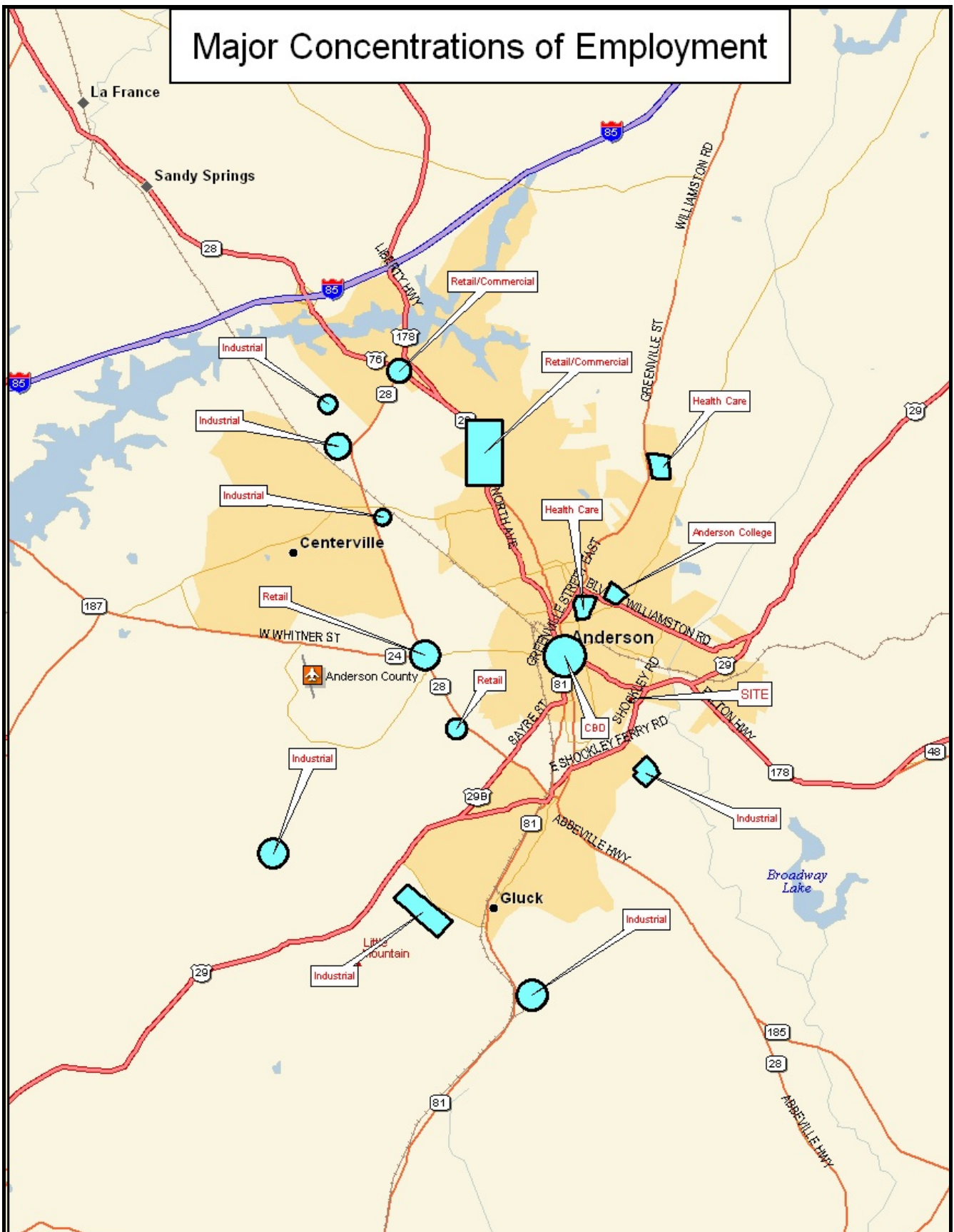
Development Partnership. Note: In 2006, the Anderson County Development Partnership reported that almost 1,300 new jobs were expected as a result of new industry recruitment and announced expansions at existing firms.

Approximately 30% of the Anderson County workforce commutes out of place to work. Most of those that commute travel to Greenville and Pickens Counties. Approximately 70% of the Anderson County workforce were employed within the county.

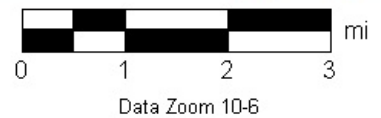
Tourism is becoming a major contributor to the local economy. The primary reason for this growth is the growing emergence of Hartwell Lake (56,000-acres and 962-miles of shoreline) as a recreational destination, as well as an emerging retirement destination. It is estimated that the lake is visited by approximately 10.3 million people annually.

The major employment concentrations in Anderson are: (1) along the major highway corridors in the city; (2) the area around the Anderson Medical Center; and (3) the downtown central business district. A map of the major employment concentrations in the PMA is exhibited on the next page. Major industrial parks include the Alliance Park and the Clemson Research Park.

Major Concentrations of Employment



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SECTION F

COMMUNITY DEMOGRAPHIC DATA

Tables 7 through 13 exhibit indicators of trends in population and household growth.

Population Trends

Table 7 exhibits the change in **total** population in Anderson, the Anderson PMA, and Anderson County between 1990 and 2009. The year 2009 is estimated to be the first year of availability for occupancy of the subject property. The year 2006 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure.

The PMA exhibited significant to very significant population gains during the 1990's, at approximately 1.15% per year. Population gains over the next several years are forecasted for the PMA at a reduced rate of increase, yet still, significant rate of growth at between approximately .75% to 1% per year. Between the 2006 to 2009 forecast period the projected rate of increase is approximately .7% per year, resulting in a net gain of around 680 persons per year.

A significant minority of the population in the PMA is located within the City of Anderson. It is estimated that approximately 28% of the PMA population is located within the City of Anderson. The City of Anderson's growth rate is not comparable to that of the PMA, exhibiting a much reduced rate of gain of approximately 50 to 75 additional persons per year, during the forecast period.

The population growth for Anderson County as a whole has been increasing at a comparable rate to the PMA. Between 1990 and 2000 the county population grew at a rate of 1.4% annually and is forecasted to increase at a less significant, yet still very positive rate of around 1.2% annually, between 2000 and 2006 and at around 1% between 2006 and 2009, representing approximately 1,720 additional population per year (county wide). Most of the growth that is occurring in the county has been concentrated in: (1) that area of the county between Anderson and Clemson along the US 76 corridor; and (2) that area between Anderson and Hartwell Lake to the north and west.

Over the last 10 years there has been considerable and significant housing and population growth in both the PMA and County, which recently has been followed by growth in the area business parks, health care and tourism sectors and commercial development (trade and service sectors), which in turn is generating additional population growth.

Population Projection Methodology:

The population projection methodology is based on applying a ratio methodology of County, to PMA, to City population, while adjusting for recent 2001 to 2005 US Census estimates at the place level. The 2006 and 2009 County projections are based on the most recent forecasts provided by the South Carolina Budget and Control Board, as well as ESRI and Claritas (both well known secondary data source providers). Note: The forecasts for the City of Anderson are subject to local annexation policy and the change in the supply of group quarters population.

Sources: (1) 1990 and 2000 US Census, and 2001 - 2005 US Census estimates.

(2) South Carolina Population Projections, 2005-2030, prepared by the South Carolina Budget and Control Board, Office of Research and Statistics.

(3) ESRI 2005 & 2010 Projections, 17th Edition & 2006/2011, 18th Edition.

(4) Claritas 2006 and 2011 HISTA Projections, Ribbon Demographics.

(5) 2000 - 2006 Civilian Labor Force Data.

Note: For the forecast of total population, greater weight was given to the recent 2000 US Census, and the forecast provided by the South Carolina Budget and Control Board and the ESRI forecasts. The 2009 forecast is considered to be conservative, and subject to impacts of near term and future economic conditions. The base for the 2006 and 2009 County forecast was the ESRI data set.

For the forecast of elderly population age 55 and over, greater weight was given to the recent 2000 US Census, and the HISTA forecasts provided Ribbon Demographics (based on Claritas and US Census 200 data, recent estimates and forecasts).

<p style="text-align: center;">Table 7</p> <p style="text-align: center;">Population Trends and Projections: Anderson, Anderson PMA and Anderson County</p>					
Year	Population	Total Change	Percent	Annual Change	Percent
Anderson					
1990	26,184	-----	-----	-----	-----
2000	25,514	- 670	- 2.56	- 67	- 0.26
2006	25,950	+ 446	+ 1.71	+ 74	+ 0.28
2009*	26,100	+ 150	+ 0.58	+ 50	+ 0.19
Anderson PMA					
1990	81,221	-----	-----	-----	-----
2000	90,532	+ 9,311	+ 11.46	+ 931	+ 1.15
2006	95,550	+ 5,018	+ 5.54	+ 836	+ 0.92
2009*	97,590	+ 2,040	+ 2.14	+ 680	+ 0.71
Anderson County					
1990	145,196	-----	-----	-----	-----
2000	165,740	+20,544	+ 14.15	+2,054	+ 1.41
2006	177,500	+11,760	+ 7.10	+1,960	+ 1.18
2009*	182,650	+ 5,150	+ 2.90	+1,717	+ 0.97

* 2009 - Estimated 1st year of project rent-up.

Calculations - Koontz and Salinger. March, 2007.

Table 8 exhibits the change in population by age group in the Anderson PMA between 1990 and 2000.

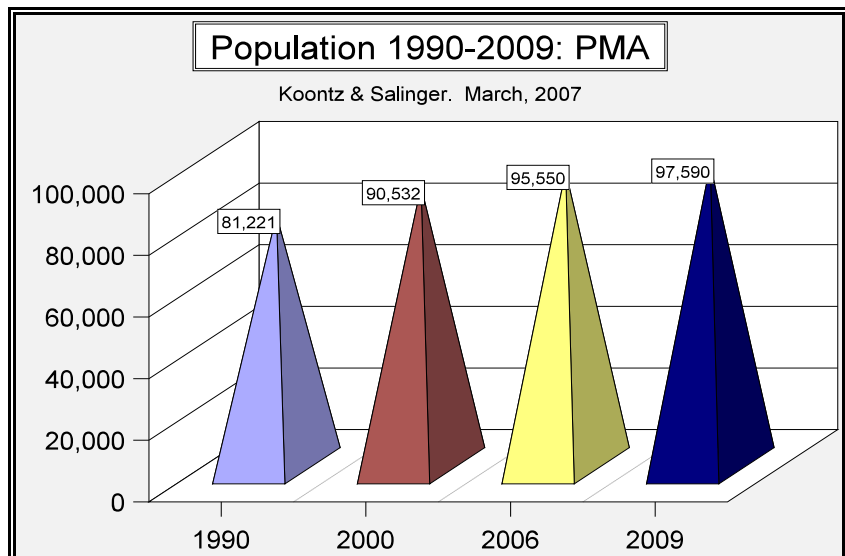
Table 8 Population by Age Groups: Anderson PMA, 1990 - 2000						
	1990 Number	1990 Percent	2000 Number	2000 Percent	Change Number	Change Percent
Age Group						
0 - 4	5,362	6.60	6,108	6.75	+ 746	+13.91
5 - 17	14,792	18.21	16,144	17.83	+ 1,352	+ 9.14
18 - 24	8,374	10.31	8,006	8.84	- 368	- 4.39
25 - 44	24,183	29.77	25,800	28.50	+ 1,617	+ 6.69
45 - 54	8,994	11.07	12,158	13.43	+ 3,164	+35.18
55 - 64	7,881	9.70	8,993	9.93	+ 1,112	+14.11
65 +	11,635	14.33	13,323	14.72	+ 1,688	+14.51

Sources: 1990 & 2000 Census of Population, South Carolina.
Koontz and Salinger. March, 2007.

Table 8 revealed that population increased in all of the displayed age groups in the PMA between 1990 and 2000, with the exception of the 18 to 24 age group. The increase was moderate in the primary renter age group: of 25 to 44, at almost 4%. Overall, a significant portion of the total PMA population is in the mostly non elderly apartment living age groups of 18 to 44, representing almost 37% of the total population.

Between 2000 and 2006 population is projected to increase in the PMA at a significant rate of almost 1% per year. The majority of the population increase in the PMA will be concentrated in the City of Anderson and that area to the south, east and west along the major transportation corridors. Between 2006 and 2009 the PMA is forecasted to increase at a rate of approximately .75% per year.

The figure to the right presents a graphic display of the numeric change in population in the PMA between 1990 and 2009.



HOUSEHOLD TRENDS & CHARACTERISTICS

Tables 9 and 10 exhibit the change in **total** households in Anderson, the Anderson PMA and Anderson County between 1990 and 2009. The increase in household formations in the PMA has continued over a 10 year period and is reflective of the continuing decline in overall household size, as well as, an increase in population. For example, much of the recent population gains have been in the aging baby boom sector, resulting in a larger number of 2 person empty nester households, and recent gains in new young household formations with zero to 2 children. Also, significant growth has occurred in the empty nester and retiree age groups as a result of in-place aging and in-migration of elderly population to the Hartwell Lake area.

The decline in the rate of persons per household has continued over the last 10 years and is projected to continue at a much reduced rate of decline between 2000 and 2009 in both the PMA and the county, as well as in the City. The reduction in the rate of decline is based on: (1) the increase in the number of retirement age population owing to an increase in the longevity of the aging process for the senior population and the in-migration of elderly and empty nester population, and (2) allowing for adjustments owing to divorce and the dynamics of roommate scenarios.

The forecasted estimate in group quarters is based on trends in the last two censuses. In addition, it includes information collected from local sources (such as the local planning and economic development departments and the local area chamber of commerce) as to conditions and changes in group quarters' supply since the 2000 census was taken.

Table 9
Household Formations: 1990 to 2009
Anderson, the Anderson PMA and Anderson County

Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household¹	Total Households²
Anderson					
1990	26,184	1,365	24,819	2.3617	10,509
2000	25,514	1,890	23,624	2.2201	10,641
2006	25,950	2,025	23,925	2.1650	11,051
2009	26,100	2,100	24,000	2.1475	11,176
Anderson PMA					
1990	81,221	1,616	79,605	2.5653	31,032
2000	90,532	2,509	88,023	2.4544	35,864
2006	95,550	2,875	92,675	2.4095	38,462
2009	97,590	3,000	94,590	2.3900	39,577
Anderson County					
1990	145,196	1,638	143,558	2.5875	55,481
2000	165,740	2,676	163,064	2.4839	65,649
2006	177,500	2,975	174,525	2.4400	71,527
2009	182,650	3,150	179,500	2.4275	73,944

Calculations: Koontz & Salinger. March, 2007.

¹Continuation of the 1990 to 2000 persons per household at a decreased rate of declined.

²Population in Households divided by persons per unit count.

<p>Table 10</p> <p>Change in Household Formations</p> <p>Primary Market Area</p>				
Year	Total Change	Annual Change	Percent Change	% Annual Change
1990-2000	+ 4,832	+ 483	+15.57	+ 1.56
2000-2006	+ 2,598	+ 433	+ 7.24	+ 1.21
2006-2009	+ 1,115	+ 372	+ 2.90	+ 0.97

Sources: 1990 & 2000 Census of Population, South Carolina.
Koontz and Salinger. March, 2007.

The projection of household formations in the PMA between 2000 and 2006 exhibited an increase of around 485 households per year or approximately 1.6% per year. The rate and size of the annual increase is considered to be very significant and supportive of both additional multi-family and single-family residential growth, subject to project size and affordability parameters.

Note: The 2000 to 2006 trend in the PMA is forecasted to continue between 2006 and 2009 at a sustained significant rate of growth. Resulting in a forecasted annual net gain of approximately 375 households or 1% per year.

<p>Table 11</p> <p>Households by Tenure by Person Per Household</p> <p>Anderson PMA, 1990 - 2000</p>								
Households	Owner				Renter			
	1990	2000	Change	% 2000	1990	2000	Change	% 2000
1 Person	4,411	5,557	+1,146	21.55%	3,115	3,803	+ 688	37.74%
2 Person	7,771	9,742	+1,971	37.78%	2,489	2,788	+ 299	27.67%
3 Person	4,200	4,749	+ 549	18.42%	1,552	1,613	+ 61	16.01%
4 Person	3,643	3,809	+ 166	14.77%	1,085	1,118	+ 33	11.09%
5 Person	1,284	1,319	+ 35	5.11%	540	485	- 55	4.81%
6 Person	374	414	+ 40	1.61%	211	166	- 45	1.15%
7 + Person	200	197	- 3	0.76%	157	104	- 53	1.03%
Total	21,883	25,787	+3,904	100%	9,149	10,077	+ 928	100%

Sources: 1990 and 2000 Censuses of Population, South Carolina.
Koontz and Salinger. March, 2007.

Table 11 indicates that in 2000, approximately 99% of the renter-occupied households in the Anderson PMA contain 1 to 6 persons (the target group by household size).

The majority of these households are:

- singles,
- couples, roommates,
- single head of households with children, and
- families with children.

Noticeable increases in renter households by size were exhibited by 1 through 4 persons per household. Note: Small losses were exhibited in all of the large renter household sizes. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 15% and 20% of the renter households in the PMA fit the bedroom profile for a 3BR unit. Given the proposed income targeting, rent positioning of the subject and 1990 and 2000 trends, the appropriate estimate is considered to be 20% versus 15%.

Table 12 exhibits households in Anderson, the Anderson PMA and Anderson County by owner-occupied and renter-occupied tenure. The 1990 to 2000 tenure trend revealed an increase in owner-occupied tenure in the city, PMA and for the county as a whole. The 2000 to 2009 projected trend supports a change in the tenure ratio favoring owner-occupied households more so than renter-occupied households, particularly in the PMA and the County.

Overall, significant net numerical gains are forecasted for both owner-occupied and renter-occupied households in all three geographies.

The tenure forecasts are based on:

- (1) field work and survey findings,
- (2) the relatively low interest rate environment in much of the 1990's, as well as the current low interest rate environment,
- (3) the apartment complexes built since 2000, and
- (4) an analysis of building permit data for Anderson County and the City of Anderson.

Table 12 Households by Tenure Anderson, the Anderson PMA and Anderson County					
Year/ Place	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
Anderson					
1990	10,509	5,492	52.26	5,017	47.74
2000	10,641	5,686	53.43	4,955	46.57
2006	11,051	5,968	54.00	5,083	46.00
2009	11,176	6,063	54.25	5,113	45.75
Anderson PMA					
1990	31,032	21,883	70.52	9,149	29.48
2000	35,864	25,787	71.90	10,077	28.10
2006	38,462	27,885	72.50	10,577	27.50
2009	39,577	28,792	72.75	10,785	27.25
Anderson Co					
1990	55,481	41,697	75.16	13,784	24.84
2000	65,649	50,068	76.27	15,581	23.73
2006	71,527	54,968	76.85	16,559	23.15
2009	73,944	57,011	77.10	16,933	22.90

Sources: 1990 and 2000 Census of Population, South Carolina.
Koontz and Salinger. March, 2007.

Table 13 exhibits building permit data between 2000 and January, 2007 for Anderson County, which includes the Anderson PMA. Note: Since 2000, about 18% of the permits issued in Anderson County were multi-family.

Table 13 Anderson and Unincorporated Anderson County New Housing Units Permitted: 2000-2007¹					
Year	Net Total ²	1 Unit	2 Units	3-4 Units	5+ Units
Anderson Co					
2000	1,008	852	44	16	96
2001	1,013	901	64	--	48
2002	1,489	1,099	16	--	374
2003	1,278	988	44	--	246
2004	1,131	1,095	20	16	--
2005	1,638	1,340	36	12	250
2006	1,434	1,117	4	--	313
2007/01	101	94	4	3	--
Total	9,092	7,486	232	47	1,327

¹Sources: New Privately Owned Housing Units Authorized In Permit Issuing Places, 2000 - 2007, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

²Net total equals new SF and MF dwellings units.

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents and/or the availability of deep subsidy rental assistance (RA) for USDA-RD developments.

The estimate of the upper income limit is based on the most recent set of HUD Median Income Guidelines for five person households (the maximum household size for a 3BR unit based on a 1.5 persons per bedroom ratio) in Anderson County, South Carolina at 50% and 60% of the area median income (AMI).

Tables 14A and 14B exhibit total households, by income group, in the Anderson County in 1990 and 2000, forecasted to 2009. Tables 15A and 15B exhibit renter households, by income group, in the Anderson County in 1990 and 2000, forecasted to 2009.

The projection methodology is based on a forecast of median household income for the County (which is representative of the PMA) into the first year of expected project rent-up. The forecast is based on 1990 to 2000 US Census HUD median household income estimates projected forward to 2009. The forecasted 2009 median household income is then compared to the last available census median household income and the change in the proportion of households by a comparison of the two different medians is calculated. The process of re-distributing households by income brackets into the forecast period is somewhat mechanical. It takes into consideration both the change in the data - based on the census and HUD estimates as well as utilizing the analyst knowledge of change in the Socio-economic make-up of the local market and applying deductive analysis to the allocation of proportional changes in the income brackets between 1990 - 2000 and 2000 - 2009.

Table 14A Anderson County: Household Income by Groups				
Households by Income	1990 Number	1990 Percent	2000 Number	2000 Percent
Under \$10,000	10,805	19.40	7,708	11.73
10,000 - 14,999	5,228	9.39	5,009	7.63
15,000 - 24,999	11,042	19.82	9,508	14.47
25,000 - 34,999	9,372	16.82	8,899	13.55
35,000 - 49,999	10,269	18.34	11,803	17.97
50,000 - 74,999	6,514	11.69	12,983	19.76
\$75,000 and over	2,474	4.44	9,780	14.89
Total	55,704	100%	65,690	100%
Median Household Income	\$25,748		\$36,807	

Table 14B Anderson County: Household Income by Groups				
Households by Income	2000 Number	2000 Percent	2009 Number	2009 Percent
Under \$10,000	7,708	11.73	4,437	6.00
10,000 - 14,999	5,009	7.63	3,697	5.00
15,000 - 24,999	9,508	14.47	8,873	12.00
25,000 - 34,999	8,899	13.55	8,504	11.50
35,000 - 49,999	11,803	17.97	12,570	17.00
50,000 - 74,999	12,983	19.76	19,595	26.50
\$75,000 and over	9,780	14.89	16,268	22.00
Total	65,690	100%	73,944	100%
Total	\$36,807		\$48,500	

Sources: 1990 and 2000 Census of Population, South Carolina.

ESRI - Year 2005/06 and 2010/11, Median Household Income Forecasts.

Koontz and Salinger. March, 2007.

Tables 15A and 15B exhibits renter-occupied household income in the Anderson PMA in 1990, 2000, and projected to 2009. The forecast is based on 1990 and 2000 census data, as well as wage growth trends and an examination of the introduction of new multi-family supply since 2000.

Table 15A				
Renter-Occupied Household by Income Groups Anderson County, 1990 & 2000				
Households by Income	1990 Number	1990 Percent	2000 Number	2000 Percent
Under \$10,000	4,500	33.65	3,880	25.31
10,000 - 19,999	3,628	27.13	3,404	22.21
20,000 - 34,999	3,360	25.13	3,763	24.55
35,000 - 49,999	1,373	10.27	2,037	13.29
50,000 +	510	3.81	2,244	14.64
Total	13,371	100%	15,328	100%

Table 15B				
Renter-Occupied Household by Income Groups Anderson County, 2000 & 2009				
Households by Income	2000 Number	2000 Percent	2009 Number	2009 Percent
Under \$10,000	3,880	25.31	3,387	20.00
10,000 - 19,999	3,404	22.21	3,302	19.50
20,000 - 34,999	3,763	24.55	4,149	24.50
35,000 - 49,999	2,037	13.29	2,963	17.50
50,000 +	2,244	14.64	3,133	18.50
Total	15,328	100%	16,933	100%

Sources: 1990 and 2000 Census of Population, South Carolina.
Koontz and Salinger. March, 2007.

Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

- (1) - Occupied by households at 60 percent or below of area median income.
- (2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)
- (3) - The proposed development be available to Section 8 voucher holders.
- (4) - As required by the SCHFDA the 2006 HUD Income Guidelines were utilized.

Analyst Note: The subject will consist of one, two and three-bedroom units. The recommended maximum number of people per unit is:

1BR - 1 and 2 persons
2BR - 2, 3 and 4 persons
3BR - 3, 4, 5 and 6 persons

The proposed development will target approximately 25% of the units at 50% or below of area median income (AMI); and approximately 75% of the units at 60% or below AMI.

The lower portion of the target income range is set by the proposed subject 1BR, 2BR and 3BR rents at 50% and 60% AMI.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Given the subject property intended target group it is estimated that the target income group will spend between 25% and 40% of income to rent, with an estimated average of **35%**.

The AMI at 50% and 60% for 1 to 6 person households in Anderson County follows:

	<u>50%</u> <u>AMI</u>	<u>60%</u> <u>AMI</u>
1 Person -	\$19,200	\$23,040
2 Person -	\$21,950	\$26,340
3 Person -	\$24,700	\$29,640
4 Person -	\$27,450	\$32,940
5 Person -	\$29,650	\$35,580
6 Person -	\$31,850	\$38,220

Source: 2006 HUD Median Income Guidelines.

Fair Market Rents

The 2007 Fair Market Rents for Anderson County, SC are as follows:

Efficiency	= \$ 374
1 BR Unit	= \$ 486
2 BR Unit	= \$ 552
3 BR Unit	= \$ 699
4 BR Unit	= \$ 719

*Fair Market Rents are gross rents (include utility costs)

Source: www.huduser.org

Note: The proposed subject property gross rents, by bedroom type at 50% and 60% AMI are set near or below the 2007 maximum Fair Market Rents in Anderson County. Thus, the proposed subject property units, by bedroom type at both 50% and 60% AMI will be readily marketable to Section 8 voucher holders.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

50% AMI

The subject will position 16-units at 50% of AMI.

The overall **Target Income Range** for the proposed subject property targeting households at 50% AMI is \$16,390 to \$29,650.

It is projected that in 2009 approximately **23%** of the renter households in the PMA were in the subject property 50% AMI LIHTC target income group.

60% AMI

The subject will position 48-units at 60% of AMI.

The overall **Target Income Range** for the proposed subject property targeting households at 60% AMI is \$16,390 to \$35,580.

It is projected that in 2009 approximately **32.5%** of the renter households in the PMA were in the subject property 60% AMI LIHTC target income group.

Adjustments

In order to adjust for income over lap between the two income segments the following adjustments were made: (1) the 50% income segment estimate of 23% was reduced in order to account for income overlap with the 60% income segment; and (2) the 60% income segment estimate of 32.5% was reduced in order to account for income over lap at 50%.

It is estimated that approximately **13.5%** of the overall income qualified range will target households at the 50% AMI segment; and **19%** will target households at the 60% AMI segment.

SECTION G

PROJECT-SPECIFIC DEMAND ANALYSIS

This analysis examines the area market demand in terms of a specified demand methodology. This incorporates sources of income eligible demand from new renter household growth and from existing

renter households residing in the Anderson market. In addition, given the amount of substandard housing that still exists in the Anderson market, the potential demand from substandard housing will be examined.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units.

In this section, the effective project size is 64-units. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 15A and 15B from the previous section of the report.

Subsequent to the derivation of the annual demand estimate, the project is considered in the context of the current market conditions. This assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like kind competitive supply.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other assisted apartment projects in the market area.

Effective Demand Pool

In this methodology, there are three basic sources of demand for an apartment project to acquire potential tenants:

- * net household formation (normal growth),
- * existing renters who are living in substandard housing, and
- * existing renters who are in rent overburdened situations.

Several adjustments are made to the basic model, in this case for competitive like-kind units now in the "pipeline", and/or under construction between the 2006 to 2009 forecast period.

Growth

For the PMA, forecast housing demand through household formation totals 1,115 households over the 2006 to 2009 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2006 to 2009 forecast period it is calculated that 208 or approximately 18.5% of the new households formations would be renters.

Based on 2009 income forecasts, 28 new renter households fall into the 50% AMI target income segment of the proposed subject property; and 40 into the 60% AMI target income segment.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 53 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA and 142 households were living in renter-occupied dwellings in over crowded conditions. The total number of existing renters that were in substandard housing based on the 2000 Census was 195.

Based on a field analysis of Anderson and Anderson County, along with an examination of the trends in substandard data between the 1990 and 2000 censuses, it is estimated that in 2009 there are 150 renter households in substandard housing conditions in the PMA.

Based on 2009 income forecasts, 20 substandard renter households fall into the target income segment of the proposed subject property at 50%; and 29 households at 60% AMI.

Demand from Existing Renters that are Rent Overburdened

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included in the demand analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent*. The most recent census based data for the percentage of households that are rent overburdened by income group is the 2000 census. Forecasting this percentage estimate forwarded into 2009 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households (in 2009) have remained the same since 2000. That is approximately 35% of the renters with incomes in the 50% AMI target income segment are rent overburdened; and 25% of the renters with incomes in the 60% AMI target income segment are rent overburdened.

*Note: HUD considers a rent over burdened household at 30% of income to rent.

In the PMA it is estimated that 502 existing renter households are rent overburdened and fall into the 50% AMI target income segment of the proposed subject property. In the PMA it is estimated that 505 existing renter households are rent overburdened and fall into the 60% AMI target income segment of the proposed subject property.

Total Effective Tenant Pool

The potential demand from these sources (in the methodology) total 550 households/units at 50% AMI; and 574 households/units at 60% AMI. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA. These estimates of demand will need to be adjusted for the introduction of new like-kind supply into the PMA between the 2006 to 2009 forecast period. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final demand adjustment takes into consideration the recently built The Park On Market LIHTC development (2006), in Anderson. This 56-unit property has 40 two-bedroom units and 16 three-bedroom units. Fourteen of the 56 units are targeting income eligible households at 50% AMI and 42 are targeted at income eligible households at 60% AMI.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to the Anderson County Planning and Zoning Office, and the Anderson County Development Standards Office, no other affordable multi-family development is under construction (at this time) nor in the pipeline for development (aside from proposed LIHTC developments) in Anderson. Other than the 240-unit Walden Oaks apartment development (off Hembree Road) which will target luxury apartment renters and is in the final phase of construction there are no other market rate properties under construction nor the pipeline for development in the Anderson area.



In addition, the 2000 to 2006 housing application awards made by the SCSHF&DA were reviewed for the purpose of identifying recently built and funded tax credit projects for Anderson County.

The segmented, effective demand pool is summarized in Table 16, on the following page.

Table 16

Quantitative Demand Estimate: Anderson PMA

	AMI <u>50%</u>	AMI <u>60%</u>
● <u>Demand from New Growth - Renter Households</u>		
Total Projected Number of Households (2009)	10,785	10,785
Less: Current Number of Households (2006)	<u>10,577</u>	<u>10,577</u>
Change in Total Renter Households	+ 208	+ 208
% of Renter Households in Target Income Range	<u>13.5%</u>	<u>19%</u>
Net Total Demand from New Growth	+ 28	+ 40
● <u>Demand from Substandard Housing with Renter Households</u>		
Number of Households in Substandard Housing (2000)	195	195
Number of Households in Substandard Housing (2009)	150	150
% of Substandard Households in Target Income Range	<u>13.5%</u>	<u>19%</u>
Number of Income Qualified Renter Households	20	29
● <u>Demand from Existing Renter Households</u>		
Number of Renter Households (2009)	10,785	10,785
Minus substandard housing segment	150	150
Net Number of Existing Renter Households	10,635	10,635
% of Households in Target Income Range	<u>13.5%</u>	<u>19%</u>
Number of Income Qualified Renter Households	1,436	2,021
Proportion Income Qualified (that are Rent Overburden)	<u>35%</u>	<u>25%</u>
Total	502	505
Total Estimated Demand: New, Substandard & Existing Income Qualified Households	550	574

Total Development Size

	50%	60%
● <u>Capture Rate</u> (64-unit subject, by AMI)	<u>AMI</u>	<u>AMI</u>
Number of Units in Subject Development	16	48
Number of Income Qualified Households	550	574
Minus like-kind competition between 2006-2009	28	28
Number of Income Qualified Households	522	546
Required Capture Rate	3.1%	8.9%

Summary: Typically, a capture rate greater than 20% for a LIHTC development warrants caution and is very much subject to a review and reconciliation process with all other segments of a professional market study. The above capture rates are an indicator of positive quantitatively based demand support for the proposed development. **Note:** The overall capture rate indicators are subject to capture analysis by bedroom mix and by net rent positioning by bedroom type.

● **Total Demand by Bedroom Mix**

It is estimated that approximately 25% of the target group fits the profile for a 1BR unit, 55% for a 2BR unit and 20% of the target group is estimated to fit a 3BR unit profile. **Source:** Table 11 and Survey of the Competitive Environment.

Total Demand by Bedroom Type (at 50% AMI) -

1BR - 138
 2BR - 303
 3BR - 109

 Total - 550

	<u>Total Demand</u>	New <u>Supply*</u>	<u>Net Demand</u>	<u>Units Proposed</u>	<u>Capture Rate</u>
1BR	138	0	138	4	2.9%
2BR	303	7	303	8	2.7%
3BR	109	7	109	4	3.9%

* The Park On Market (LIHTC-family development)

Analyst Note: Owing to the quantitative and qualitative findings the above capture rates are considered to be attainable for the proposed bedroom mix.

Total Demand by Bedroom Type (at 60% AMI) -

1BR - 144
2BR - 316
3BR - 114

Total - 574

	<u>Total Demand</u>	New <u>Supply</u> ★	<u>Net Demand</u>	Units <u>Proposed</u>	Capture <u>Rate</u>
1BR	144	0	144	12	8.3%
2BR	316	21	295	24	8.1%
3BR	114	21	93	12	12.9%

★ The Park On Market (LIHTC-family development)

Analyst Note: Owing to the quantitative and qualitative findings the above capture rates are considered to be attainable for the proposed bedroom mix.

Absorption Rate Analysis

Given the strength (or lack of strength) of the demand estimated in Table 16, the worst case scenario for 93% to 100% rent-up is estimated to be 12 months (at 5 to 6-units per month on average). The most likely/best case rent-up scenario suggests a 9-month rent-up time period or less (an average of 7-units per month).

Recent rent-up rates at two of the existing LIHTC family complexes and the recently built The Park On Market LIHTC family development in Anderson are the primary basis for the above estimates of absorption for the subject.

Note: The absorption of the project is contingent upon an attractive product, professional management, and a strong marketing and pre-leasing program.

Stabilized occupancy, subsequent to initial lease-up is expected to be 93% or higher, subject to the proposed recommendations.

Overall Impact to the Rental Market

Given the current rental market vacancy rate and the forecasted strength of demand for the expected entry of the subject in 2009, it is estimated that the introduction of the proposed development will probably have no long term negative impact on the existing LIHTC family properties in the PMA, as well as other program assisted apartment properties currently located in the market. There could be some short term impact over the course of the first 6 months of subject rent-up. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than 1 year. (Note: This expectation is contingent on no catastrophic natural and/or economic forces affecting the Anderson apartment market into 2009.)

However, given the size of the proposed subject property in relation to the overall market findings, the impact is not considered to be of the type that would cause systemic problems to the existing LIHTC family developments, with the exception of Hanover Ridge. This property will very likely continue to have difficulties in maintaining an occupancy rate in the mid 70's to mid 80's regardless of the status of existing supply or the introduction of new like-kind competition. The property lacks competitive amenities, is almost functionally obsolete and is a of the more non desirable options for multi-family living in the Anderson market.

SECTION H

COMPETITIVE ENVIRONMENT & SUPPLY ANALYSIS

This section of the report evaluates the general rental housing market conditions in the PMA, for both program assisted properties and market rate properties. The analysis includes individual summaries and pictures of properties and an overall summary rent reconciliation analysis.

The Anderson apartment market is representative of a mid-size, apartment market, with a semi-urban setting, yet greatly influenced by a large surrounding rural hinterland on several sides and the nearby Clemson and Greenville markets.

Anderson has 4 existing program assisted new construction LIHTC family properties and two existing new construction LIHTC elderly properties. In addition, Anderson has two HUD Section 8 properties that have been rehabed under the LIHTC program. The city also a very sizable supply of market rate properties ranging in size from small to very large. Many of the conventional apartment properties in Anderson are located in the northeast quadrant of the city and the northern portion of the city just south of the US 76 and US 176 intersection (i.e., the Northlake area of Anderson).

Survey of the Competitive Environment

Program Assisted Supply

* At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted LIHTC family properties was approximately 12%. About 92% of the vacant units were reported to be at one property, Hanover Ridge, which has 35 vacant units out of a total of 151-units. Excluding Hanover Ridge (which has systemic problems relating to age, amenities and location, which will always limit it ability to maintain a high occupancy rate, unless resolved with additional monies) the overall vacancy rate for the LIHTC family apartment market in Anderson is 2%.

* The bedroom mix of the surveyed family LIHTC properties is 3% 1BR; 69% 2BR and 28% 3BR & 4BR.

* A survey of the LIHTC family apartment market (excluding Hanover Ridge) exhibited the following average, median and range of net rents, by bedroom type, in the area competitive environment:

LIHTC-family Competitive Environment - Net Rents			
BR/Rent	Average	Median	Range
2BR/2b	\$480	\$477	\$475-\$580
3BR/2b	\$557	\$580	\$550-\$670

Source: Koontz & Salinger. March, 2007

* A survey of the LIHTC family apartment market (excluding Hanover Ridge) exhibited the following average, median and range of size of units, by bedroom type, in the area competitive environment:

LIHTC-family Competitive Environment - Unit Size			
BR/Rent	Average	Median	Range
2BR/2b	1,077	1,120	986-1,300
3BR/2b	1,332	1,322	1,135-1,475

Source: Koontz & Salinger. March, 2007

Market Rate Supply

Fourteen market rate properties, representing 1,826-units, were surveyed in the Anderson market, in detail. Several key factors in the Anderson conventional apartment market include:

* At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was approximately 4.7%. The typical occupancy rate reported for these properties was in the mid to high 90's%. One property accounted for about 20% of the vacant units, Shadow Creek.

* 30% of the surveyed market rate properties reported to have a waiting list.

* The bedroom mix of the surveyed market rate properties is 28% 1BR; 61% 2BR and 11% 3BR.

* A survey of the conventional apartment market exhibited the following average, median and range of net rents, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Net Rents			
BR/Rent	Average	Median	Range
1BR/1b	\$541	\$504	\$375-\$660
2BR/1b	\$533	\$549	\$475-\$595
2BR/2b	\$699	\$680	\$609-\$785
3BR/2b	\$779	\$754	\$650-\$880

Source: Koontz & Salinger. March, 2007

* 50% of the surveyed market rate properties are presently offering concessions, either a reduced rent or reduced deposit.

* 30% of the surveyed market rate properties included water in the rent and 30% included trash and/or trash & water in the rent.

* Security deposits are either equal to one month's rent or range

between \$125 and \$500.

* A survey of the conventional apartment market exhibited the following average, median and range of size of units, by bedroom type, in the area competitive environment:

Market Rate Competitive Environment - Unit Size			
BR/Rent	Average	Median	Range
1BR/1b	701	737	550-850
2BR/1b	896	900	800-946
2BR/2b	1094	1056	1000-1200
3BR/2	1305	1094	1100-1450

Source: Koontz & Salinger. March, 2007

* In the area of unit size, by bedroom type, the subject will offer competitive unit sizes.

* Among the most comparable/competitive apartment properties in the PMA to the subject's net rents at both 50% and 60% of AMI are the Anderson LIHTC-family properties (excluding Hanover Ridge). The most comparable/competitive market rate properties are: Anderson Crossing, followed by Ashton Park, Brogan, The Hamptons and Shadow Creek. These properties were used in the rent adjustment process. The key adjustment factors analyzed were: (1) location, (2) unit size, (3) bathroom mix, (4) condition, (5) pool/tennis court, (6) balcony/patio, (7) age and condition, (8) ceiling fans, (9) storage units, (10) utilities and trash removal (11) enhanced amenity package and (12) non income restriction adjustment. The adjustments were made by income targeting and bedroom type. The resultant **adjusted** net rents, by bedroom type and income targeting are exhibited on page 53, the Reconciliation of net rents. These are the adjusted net rents exhibited in **Appendix C: Exhibit S-2**, of the market study.

Anderson HUD Section 8 Voucher Program

The Anderson Housing Authority manages the HUD Section 8 Voucher program for the City of Anderson. Currently, the program has 499 Section 8 vouchers in its portfolio, of which, all are in use. The waiting list was closed in 2004 and at present has approximately 150 applicants.

It was reported that the waiting list will very likely re-open in the near future and will increase in size to over 250 applicants very quickly. Source: Ms. Holmes, Executive Director, Anderson Housing Authority, (864) 260-5120.

Table 17, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed apartment properties in the Anderson PMA competitive environment.

Table 17 SURVEY OF ANDERSON APARTMENT COMPLEXES: PROJECT PARAMETERS											
Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	64	16	32	16	Na	\$400	\$465	\$540	780	1021	1188
Oak Place	56	--	40	16	2	--	\$475	\$550	--	986	1135
Rocky Creek	35	--	11	24	0	--	\$480-\$580	\$570-\$670	--	1300	1475
Park Mrkt	56	--	28	28	1	--	\$477	\$551	--	1120	1322
Hanover Ridge	151	10	128	13	35	\$325	\$335	\$475-\$525	470	630	1000-1100
Anderson C	152	80	72	--	0	\$495	\$595	--	640	860	--
Ashton Park	216	54	108	54	13	\$650	\$750-\$785	\$850	850	1100-1200	1450
Brogan	32	--	32	--	5	--	\$495	--	--	800	--
Dorr	12	--	6	6	0	--	\$650	\$700	--	1073	1250
Park Place	165	63	78	24	8	\$525	\$564-\$625	\$730	550	900	1100
Raintree	176	36	116	24	8	\$459-\$504	\$529-\$559	\$650	737-850	946-1000	1200-1300
Shadow Creek	192	36	132	24	16	\$630-\$660	\$700-\$730	\$855-\$880	804	1098	1224
Tanglewood	168	40	112	16	6	\$499-\$509	\$549-\$609	\$754	615	925	1150
The Hamptons	184	44	109	31	4	\$535-\$580	\$630-\$680	\$765	680-820	870-1000	1434
Wexford	127	14	99	14	5	\$635	\$715-\$765	\$865	802	1056-1156	1255
Total*	1,722	377	1071	274	102						

*- Excludes the subject property

3BR count includes 4BR units at Hanover Ridge

Source: Koontz and Salinger. March, 2007.

Table 18, exhibits the key amenities of the subject and the surveyed apartment properties. Overall, the subject is competitive to very competitive with all of the existing program assisted and most of market rate apartment properties in the market regarding the unit and development amenity package.

<p>Table 18</p> <p>SURVEY OF ANDERSON PMA APARTMENT COMPLEXES</p> <p>UNIT & PROJECT AMENITIES</p>													
Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x	x	x	x	x	x	x	x	x
Oak Place	x	x			x	x	x	x	x	x	x	x	x
Rocky Crk	x	x			x	x	x	x	x	x	x	x	x
Park on Mkt	x	x			x	x	x	x	x	x	x	x	x
Hanover R		x							x	x	x		
Anderson C	x	x				x	s	s	x	x	x		
Ashton Pl	x	x	x		x	x	x	x	x	x	x	x	x
Brogan						x		x	x	x			x
Dorr						x		x	x	x	x		x
Park Place	x	x	x		x	x		x	x	x	x	x	x
Raintree	x	x	x		x	x		x	x	x	x		x
Shadow C	x	x	x		x	x	x	x	x	x	x		
Tanglewood	x	x	x	x		x	x	x	x	x	x	x	x
Hamptons	x	x	x			x	x	x	x	x	x		x
Wexford	x		x		x	x	s	x	x	x		x	x

s - some

Source: Koontz and Salinger. March, 2007.

Key: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Reconciliation of Net Rents

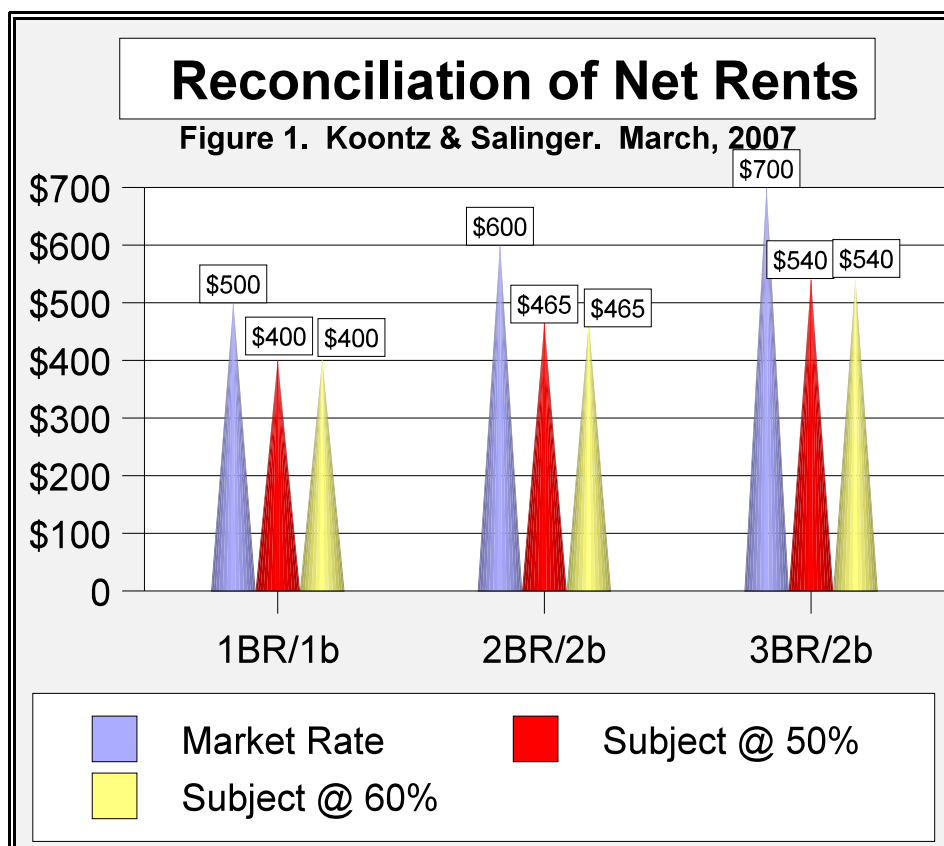
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median market rate net rents by bedroom type in relation to the proposed subject property net rents at 50% and 60% of AMI.

Data Set

<u>Bedroom Type</u>	<u>Market Estimate*</u>	<u>Subject Rents at</u>	
		<u>50% AMI</u>	<u>60% AMI</u>
1BR/1b	\$500	\$400	\$400
2BR/2b	\$600	\$465	\$465
3BR/2b	\$700	\$540	\$540

* net rent - for comparable units
(Based on Rent Adjustment Analysis)

Figure 1, reveals that the proposed subject 1BR/1b net rent at 50% and 60% AMI are approximately 20% less than the comparable/competitive 1BR/1b net rent. The proposed subject 2BR/2b net rent at 50% and 60% AMI are approximately 23% less than the comparable/competitive 2BR/2b net rent. The proposed subject 3BR/2b net rent at 50% and 60% AMI are approximately 23% less, than the comparable/competitive 3BR/2b net rent.



The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed program assisted properties is provided on page 73. A map showing the location of the surveyed market rate properties is provided on page 74.

Survey of the Competitive Environment-Program Assisted

1. Oak Place Apartments, 100 Duvall Way

(864) 261-3666

Contact: Kamie Williams, (3/15/07)

Date Built: 2004

Contact Type: Telephone interview

Type: LIHTC fm (50%&60% AMI)

Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1.5b	40	\$475	986	0
3BR/2b	16	\$550	1135	2
Total	56			2

Typical Occupancy Rate: 99%

Security Deposit: 1 month to \$200

Utilities Included: trash

Waiting List: Yes (6)

Concessions: No

Turnover: 1 or 2 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: Two story walk-up

Remarks: 10 existing tenants have Section 8 vouchers; most of the existing tenants came from the Anderson area



2. Rocky Creek Village, 104 Gamewell Court, (864) 260-9011

Contact: Sharon Carter, (3/15/07)
Date Built: 2005
Contact Type: Telephone interview

Type: LIHTC fm (50%&60% AMI)
Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	11	\$480-\$580	1300	0
3BR/2b	24	\$570-\$670	1475	0
Total	35			0

Typical Occupancy Rate: 95%-97%
Security Deposit: 1 month rent
Utilities Included: None

Waiting List: Yes (13)
Concessions: No
Turnover: 1 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Microwave	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Tennis	No
Comm Rm	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Project Design: one story (single-family homes)

Remarks: 13 existing tenants have Section 8 vouchers; very Good demand for 3BR units



3. The Park on Market Apartments, 101 Darby Lane (864) 964-9551

Contact: Mike Schultz, (3/19/07)
or Intermark (803) 744-9251

Type: LIHTC fm
(50% & 60% AMI)

Date Built: 2006

Condition: Excellent

Contact Type: Telephone Interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/2b	28	\$477	1120	1
3BR/2b	28	\$551	1322	0
Total	56			1

Typical Occupancy Rate: mid 90's

Waiting List: Yes (2)

Security Deposit: \$150

Concessions: No

Utilities Included: trash removal

Turnover: 2 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Tennis	No
Clubhouse	Yes	Recreation Area	Yes
Storage	No	Picnic Area	No

Project Design: 3 story walk-up

Additional Info: took 7 months to attain 95% occupancy; about 15 to 20 of the existing units are occupied by a Section 8 voucher holder; tenants came from a countywide area



4. Hanover Ridge Apartments, 1103 Dooley St

(864) 225-6100

Contact: Phoebe Thornhill, (3/19/07)
or Intermark (803) 744-9251

Type: LIHTC fm (60% AMI)

Date Built: 1949 rehabed in 1999

Condition: Good to Fair

Contact Type: Telephone Interview

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	10	\$325	470	7
2BR/1b	128	\$335	630	19
3BR/1.5b	12	\$475	1000	9
4BR/2b	1	\$525	1100	0
Total	151			35

Typical Occupancy Rate: 70%-75%

Waiting List: No

Security Deposit: \$200

Concessions: No

Utilities Included: water, sewer, trash

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	No
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	Yes	Tennis	No
Comm Rm	No	Recreation Area	No
Storage	No	Picnic Area	No

Project Design: one story

Remarks: very old property that lacks amenities; 13 existing tenants have a Section 8 voucher



Survey of the Competitive Environment-Market Rate

1. Anderson Crossing Apartments, 320 E Beltline Dr (864) 224-8304

Contact: Jackie, Manager (3/15/07)

Date Built: 1984

Contact Type: Telephone interview

Type: Conventional

Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	80	\$495	640	0
2BR/1b	72	\$595	860	0
Total	152			0

Typical Occupancy Rate: 95%+

Security Deposit: \$250-\$275

Utilities Included: water, trash

Waiting List: Yes (4)

Concessions: No

Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes (some)	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes (some)	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Tennis Court	No
Clubhouse	No	Fitness Room	No
Storage	No	Picnic/Grill Area	No

Project Design: 2 story walk-up

Additional Info: "just moved 11 people out and filled the units very fast from the waiting list, cited that the property has a good location"



2. Ashton Park Apartments, 50 Braeburn Dr

(864) 222-6735

Contact: Miranda, Manager (3/14/07)

Date Built: 2005

Contact Type: Telephone

Type: Conventional

Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	54	\$650	850	3
2BR/2b	108	\$750-\$785	1100-1200	3
3BR/2b	54	\$850	1450	7
Total	216			13

Typical Occupancy Rate: still in rent-up **Waiting List:** Yes (1BR's)

Security Deposit: \$150

Concessions: Yes

Utilities Included: trash

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	Yes
Laundry Room	Yes	Pool	Yes
Tennis Court	No	Recreation Area	Yes
Fitness Center	Yes	Business Center	Yes

Design: three story walk-up

Remarks: property is still in rent-up; offering 1 month free rent on 2BR & 3BR units



3. Brogan Apartments, 100 Reeves Pl

(864) 353-9330

Contact: Fred, Manager (3/14/07)

Date Built: 2005

Contact Type: Telephone

Type: Conventional

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	32	\$495	800	5
Total	32			5

Typical Occupancy Rate: mid 80's

Security Deposit: \$300

Utilities Included: None

Waiting List: No

Concessions: Yes

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	No
Washer/Dryer	No	Microwave	Yes
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Clubhouse	No
Laundry Room	No	Pool	No
Tennis Court	No	Recreation Area	No

Design: two story walk-up

Remarks: recent change in management; move-in specials



4. Cornelia Road Apartments, Cornelia Rd

(864) 231-8393

Contact: Angie (3/14/07)

Date Built: 1985

Contact Type: Telephone

Type: Conventional

Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	20	\$375	600-750	0
2BR/1.5b	14	\$475	1050	0
Total	34			0

Typical Occupancy Rate: 95%+

Security Deposit: \$200-\$300

Utilities Included: None

Waiting List: No

Concessions: No

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes (some)	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Clubhouse	No
Laundry Room	No	Pool	No
Tennis Court	No	Storage	No

Design: one story

Remarks:



5. Country Club Apartments, 200 Country Club Ln (864) 225-3283

Contact: Ansley, Manager (3/14/07)
Date Built: 1967
Contact Type: Telephone

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	34	\$447-\$462	806-816	0
2BR/1.5-2b	128	\$557-\$562	1056-1184	11
3BR/2.5b	18	\$692	1300	0
Total	180			11

Typical Occupancy Rate: low to mid 90's
Security Deposit: 1 month
Utilities Included: trash
Waiting List: No
Concessions: Yes

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes (some)	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	No
Laundry Room	Yes	Pool	Yes
Tennis Court	Yes	Picnic Area	Yes

Design: two story walk-up

Remarks: offering reduced rents as a concession with a 12-month lease



6. Dorr Commons Apartments, Black Bear Trail

(864) 260-9799

Contact: Kit (3/14/07)
Date Built: 1998-1999
Contact Type: Telephone

Type: Conventional
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/2b	6	\$650	1073	0
3BR/2b	6	\$700	1250	0
Total	12			0

Typical Occupancy Rate: 99%
Security Deposit: \$500
Utilities Included: None

Waiting List: Yes (4-months)
Concessions: No

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	No	Clubhouse	No
Laundry Room	No	Pool	No
Tennis Court	No	Picnic Area	No

Design: one story

Remarks: no Section 8 tenants



7. Park Place Apartments, 153 Civic Center Blvd (864) 222-2333

Contact: Andrew, Assistant Mgr (3/14/07)

Date Built: 1996

Contact Type: Telephone

Type: Conventional

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	63	\$525	550	4
2BR/1-2b	78	\$564-\$625	900	2
3BR/2b	24	\$730	1100	2
Total	165			8

Typical Occupancy Rate: 95%

Security Deposit: \$250+

Utilities Included: None

Waiting List: No

Concessions: Yes

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	Yes
Laundry Room	Yes	Pool	Yes
Tennis Court	No	Recreation Area	Yes

Design: three story walk-up

Remarks: 1 free month for 1BR rents only



8. Raintree Apartments, 2420 Marchbanks Ave (864) 222-2859

Contact: Cathy & Maria. Mgmt (3/14/07)

Type: Conventional

Date Built: 1972

Condition: Good

Contact Type: Telephone

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	36	\$459-\$504	737-850	2
2BR/1-1.5b	116	\$529-\$559	946-1000	2
3BR/2b	24	\$650	1200-1300	4
Total	176			8

Typical Occupancy Rate: low 90's

Waiting List: No

Security Deposit: 1 month

Concessions: Yes

Utilities Included: water

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	Yes	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	No
Laundry Room	Yes	Pool	Yes
Tennis Court	No	Recreation Area	Yes

Design: two story walk-up

Remarks: above rents are the special recently reduced rents; \$20 premium for a fireplace; \$75 premium for a garage



9. River Oak Apartments, 170 River Oak Dr

(864) 964-0500

Contact: Peggy (3/15/07)

Date Built: 1950 (Rehab in 1999)

Contact Type: Telephone

Type: Conventional

Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
2BR/1b	96	\$439	900	7
Total	96			7

Typical Occupancy Rate: low 90's

Security Deposit: \$125

Utilities Included: water, sewer

Waiting List: No

Concessions: Yes

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	Yes (some)	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Clubhouse	No
Laundry Room	No	Pool	No
Tennis Court	No	Recreation Area	Yes

Design: two story walk-up; gated entry

Remarks: above rent is the special recently reduced rent



10.Shadow Creek Apartments, 100 Shadow Creek Ln (864) 224-8803

Contact: Karen (3/14/07)
Date Built: 1999
Contact Type: Telephone

Type: Conventional
Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	36	\$630-\$660	804	4
2BR/2b	132	\$700-\$730	1098	12
3BR/2b	24	\$855-\$880	1224	0
Total	192			16

Typical Occupancy Rate: low 90's
Security Deposit: \$300
Utilities Included: None

Waiting List: No
Concessions: Yes

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	No
Laundry Room	Yes	Pool	Yes
Tennis Court	No	Recreation Area	Yes

Design: three story walk-up

Remarks: 1 free month with a 12 month lease (1Br & 2BR units only)



11.Springbrook Apartments, 104 Springbrook Dr (864) 225-2892

Contact: Laurie (3/14/07)
Date Built: 1986
Contact Type: Telephone

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
0BR/1b	28	\$454	399	2
1BR/1b	56	\$634	625	0
2BR/1-2b	8	\$649	900-925	0
Total	92			2

Typical Occupancy Rate: low to mid 90's
Security Deposit: \$125
Utilities Included: None

Waiting List: No
Concessions: No

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes (some)	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes (some)	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	No
Laundry Room	Yes	Pool	No
Tennis Court	No	Recreation Area	No

Design: one story

Remarks:



12. Tanglewood Apartments, 2418 Marchbanks Ave (864) 226-5254

Contact: Mary Frances, Mgr (3/14/07)
Date Built: 1980
Contact Type: Telephone

Type: Conventional
Condition: Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	40	\$499-\$509	615	2
2BR/1.5b	112	\$549-\$609	925	4
3BR/2b	16	\$754	1150	0
Total	168			6

Typical Occupancy Rate: mid 90's
Security Deposit: \$300
Utilities Included: water

Waiting List: Yes (3BR)
Concessions: No

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	Yes
Laundry Room	Yes	Pool	Yes
Tennis Court	Yes	Recreation Area	No

Design: two story walk-up

Remarks: no Section 8 voucher holders



13.The Hamptons Apartments, 100 Hudson Cir

(864) 224-6811

Contact: Jennifer (3/14/07)

Date Built: 2003

Contact Type: Telephone

Type: Conventional

Condition: Excellent

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	44	\$535-\$580	680-820	0
2BR/2b	109	\$630-\$680	870-1000	3
3BR/2b	31	\$765	1434	1
Total	184			4

Typical Occupancy Rate: low to mid 90's

Waiting List: No

Security Deposit: \$200-\$300

Concessions: No

Utilities Included: trash

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	No
Laundry Room	Yes	Pool	Yes
Tennis Court	No	Recreation Area	No

Design: three story walk-up

Remarks: security gate; movie theater, car care center



14.Wexford Apartments, 100 Wexford Dr

(864) 224-8300

Contact: Ms Delaine (3/15/07)

Date Built: 1998

Contact Type: Telephone

Type: Conventional

Condition: Very Good

<u>Unit Type</u>	<u>Number</u>	<u>Rent</u>	<u>Size sf</u>	<u>Vacant</u>
1BR/1b	14	\$635	802	2
2BR/2b	99	\$715-\$765	1056-1156	2
3BR/2b	14	\$865	1255	1
Total	127*			5

*there are 220-units (93 or 43% are owner-occupied condos)

Typical Occupancy Rate: low 90's

Security Deposit: 1 month

Utilities Included: None

Waiting List: No

Concessions: No

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes (some)	Window Treatment	No
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Clubhouse	Yes
Laundry Room	No	Pool	Yes
Tennis Court	No	Recreation Area	Yes

Design: three story walk-up

Remarks: \$75 premium for a garage; business center



LIHTC-Family Properties



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MN (5.6° W)



Data Zoom 13-1

Surveyed Market Rate Properties



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SECTION I

INTERVIEWS

The following are observations and comments relating to the subject properties. They were obtained via a survey of local contacts interviewed during the course of the market research.

All of the sources that were interviewed were made aware of the fact that two competing family applications and one elderly application were under consideration for placement in the City of Anderson. The project parameters of the applications were presented to the source, in particular: the proposed project size, bedroom mix, income targeting and rents. Application # 1 was identified as The Pointe at Bayhill and the site location was revealed. Application # 2 was identified as the Pecan Apartments the site location was revealed. Application # 3 was identified as Kingston Pointe II Apartments, and the site location was revealed and it was characterized as a potential new construction elderly development. The following statements were made:

(1) - The manager of the Oak Place LIHTC-family complex was interviewed, Ms. Kamie Williams, (864) 261-3666. At the time of the interview Ms. Williams stated that the Anderson market could easily accommodate another LIHTC family development. In particular, she was of the opinion that both the LIHTC single-family for rent and the LIHTC elderly developments would do particularly well in the market. She was less enthusiastic about another traditional LIHTC garden style apartment development, such as the Pecan application.

(2) - Mr. Jeff Ricketson, Planning Director for Anderson County was contacted, (864) 260-4043. At the time of the interview Mr. Ricketson expressed strong support for additional LIHTC housing that targets the area low to moderate income population. Mr. Ricketson was aware of the applications and site locations. In addition, the city and county is very supportive of preserving existing housing that targets the low to moderate income population, such as, the proposed Pendleton Gardens application.

(3) - Ms. Holmes, Executive Director of the Anderson Public Housing Authority was interviewed, (864) 260-5120. Ms. Holmes stated that "there is need" for additional affordable housing, both elderly and non elderly housing, targeting low to moderate income households in Anderson. However, her biggest concern is that some of the proposed LIHTC applications are located outside the city limits, in the county, yet very close to the city limits. These properties once developed remain in the county and her vouchers then become incorporated within the Laurens County Section 8 office which serves the county and not the city. This in turn is very harmful to her budget.

(4) - The manager of the Rocky Creek LIHTC-family complex was interviewed, Ms. Sharon Carter, (864) 260-9011. Ms. Carter thought that if one of the family applications was built in Anderson it might hurt her property in the short run, but not in the long run.

(5) - Neither manager at the existing LIHTC elderly properties (Kingston Pointe I and Heatherwood) were concerned with another elderly development being introduced into the Anderson Market.

SECTION J

**CONCLUSIONS &
RECOMMENDATION**

As proposed in Section B of this study, it is of the opinion of the analyst, based on the findings in the market study and in accordance with the South Carolina State Housing Finance & Development Authority's Market Study Guidelines, that the proposed preliminary application **proceed**

forward on the basis of market findings:

Detailed Support of Recommendation

1. Project Size - The target group is large enough to absorb the proposed product development of **64** units.

The **Capture Rates for the total project, by bedroom type and by Income Segment** are considered to be **acceptable**.

2. Assessment of rents - The proposed net rents, by bedroom type, will be competitive within the PMA apartment market at both the 50% and 60% AMI target income segments.
3. The current PMA apartment market is **not** representative of an over saturated market.
4. The proposed complex unit amenity package is considered to be very competitive within the PMA apartment market.
5. Bedroom Mix - The subject will offer 1BR, 2BR and 3BR units. Based upon market findings and capture rate analysis, the subject bedroom mix is considered to be appropriate as proposed.
6. The project is expected to be absorbed within 9 to 12 months of availability, contingent upon an attractive product, professional management, a strong marketing and pre-leasing program.
7. Stabilized occupancy, subsequent to initial lease-up, is forecasted to be 93% or higher.

SECTION K
ANALYST QUALIFICATIONS

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental

agencies.

JERRY M. KOONTZ

EDUCATION: M.A. Geography 1982 Florida Atlantic Un.
B.A. Economics 1980 Florida Atlantic Un.
A.A. Urban Studies 1978 Prince George Comm. Coll.

PROFESSIONAL: 1985-Present, Principal, Koontz and Salinger, a Real Estate Market Research firm. Raleigh, NC

1983-1985, Market Research Staff Consultant, Stephens Associates, an consulting firm in real estate development and planning. Raleigh, NC

1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.

1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

AREAS OF EXPERIENCE: Real Estate Market Analysis: Residential Properties and Commercial Properties

WORK PRODUCT: Over last 24+ years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d) (4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

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SECTION L
IDENTITY OF INTEREST

I affirm that I have made a physical inspection of the market and surrounding area and the information obtained in the field has been used to determine the need and demand for new rental units. I understand that any misrepresentation of this statement may result in the denial of further participation in the South Carolina State Housing Finance & 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. The 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.

CERTIFICATION

Koontz and Salinger
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Real Estate Market Analyst
(919) 362-9085

Date

2007 EXHIBIT S – 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY: (APPENDIX C)

Development Name:	<u>Pecan Apartments</u>	Total # Units:	<u>64</u>
Location:	<u>E Shockley Ferry Road, Anderson, SC</u>	# LIHTC Units:	<u>64</u>
PMA Boundary:	<u>Census Tract's 1-11, 110-113, 117-120 and CT 122 in Anderson County</u>		
Farthest Boundary Distance to Subject:			
			<u>20 miles</u>

RENTAL HOUSING STOCK (found on pages 55-72)

Type	# Properties	Total Units	Vacant Units	Average Occupancy*
All Rental Housing	18	2,124	120	94.3%
Market-Rate Housing	14	1,826	85	95.3%
Assisted/Subsidized Housing not to include LIHTC	0			
LIHTC (All that are stabilized)**	3	147	3	98.0%
Stabilized Comps***	8	787	41	94.8%
Non-stabilized Comps	0			

* Average Occupancy percentages will be determined by using the 2nd and 4th quarter rates reported for 2006, plus current is **94% for LIHTC comps**.

** Stabilized occupancy of at least 93%. (see page 48)

*** 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	
Bedrooms	Baths	Size (SF)	Proposed Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
1	1	780	\$400	\$500	\$.68	20%	\$650	\$.77
2	2	1021	\$465	\$600	\$.57	23%	\$785	\$.65
3	2	1188	\$540	\$700	\$.64	23%	\$850	\$.59
Total						%		

DEMOGRAPHIC DATA (found on pages 23-37)

	2000		2006		2009	
Renter Households	10,077	28.1%	10,577	27.5%	10,785	27.25%
Income-Qualified Renter HHs (LIHTC)	3,023	30.0%	3,279	31.0%	3,505	32.5%
Income-Qualified Renter HHs (MR)	Na	Na	Na	Na	Na	Na

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 43)

Type of Demand	50%	60%	Market-rate	Other:	Other:	Overall
Renter Household Growth	28	40				68
Existing Households (Overburd + Substand)	522	538				1,060
Homeowner conversion (Seniors)						
Other:						
Less Comparable/Competitive Supply	28	28				56
Net Income-qualified Renter HHs	522	546				1,068

CAPTURE RATES (found on page 44)

Targeted Population	50%	60%	Market-rate	Other:	Other:	Overall
Capture Rate	3.1%	8.9%				6.0%

ABSORPTION RATE (found on page 46)

Absorption Rate	9 to 12 months
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