NEED AND DEMAND ANALYSIS

FOR THE BRIGHTON TRACE APARTMENTS

IN

BLUFFTON, SOUTH CAROLINA

Prepared for
The Taft-Mills Group
for submission to
the South Carolina State Housing Finance and Development Authority

May, 2026

T Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, NC 28814-0534

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INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the proposed Brighton Trace Apartments in Bluffton, South Carolina. A total of 45 units are to be developed: 17 one-bedroom units, 18 two-bedroom units, and ten three-bedroom units. The apartments will rent to households whose incomes qualify their apartments for tax credit status.

ASSUMPTIONS AND CONDITIONS

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

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

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

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings.

The site of the proposed apartments was visited (on April 25, 2026). In addition, interviews are held with persons with particular knowledge pertinent to the study.

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

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

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

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

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, North Carolina 28814-0534
(919) 612.5328
trb@tronaldbrown.com



Date:: May 5, 2026

EXECUTIVE SUMMARY

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

The proposed development will comprise the development of 45 units of low income tax credit financed housing. The apartments will rent to households whose incomes qualify their apartments for tax credit status, with units to be targeted to households at 30 percent, 50 percent, 60 percent, and 70 percent of the local area median income.

The proposed Brighton Trace Apartments are to be located on the north side of Bluffton Parkway, to the west of Soperton Drive, south of Enmarket Drive, to the east of Bluffton, in Beaufort County, in coastal Lowcountry South Carolina.

The market area for the proposed development is south-central Beaufort County, as defined by several census tracts.

In 2024, the most recent year for which annualized data are available, the Beaufort County labor force comprised an estimated 84,267 persons. Of this total, 81,047 were employed and 3,220, or 3.8 percent, were unemployed. Unemployment increased by 2,015 between 2019 and 2020 as a consequence of the COVID-19 pandemic (where unemployment reached 12.1 percent in April, 2020). Prior to 2020, employment grew quite consistently on an annual basis, and employment levels are now significantly above pre-COVID levels.

The population of the project market area increased from 52,777 in 2010, to 72,634 in 2020, and is projected to increase to 87,089 in 2025 and to 95,469 in 2028. The number of households grew from 21,544 in 2010 to 29,884 in 2020, and is projected to increase to 36,061 in 2025 and to 39,700 in 2028. There were 5,908 renter households in the market area in 2020: which is projected to increase to 7,140 by 2025, and to 7,861 by 2028.

There are several apartment complexes located throughout the Bluffton area. These include four properties that are financed through the use of Low Income Housing Tax Credits - and thus are potentially comparable to the proposed Brighton Trace complex. The various market rate properties include some that were originally financed with tax credits and have been renovated, and are now available at market rents, without income restrictions.

Occupancy in the stabilized market rate complexes is 92.8 percent, and occupancy at the tax credit property for which we have data, is 100 percent. The overall occupancy rate for these units is found to be 93.2 percent.

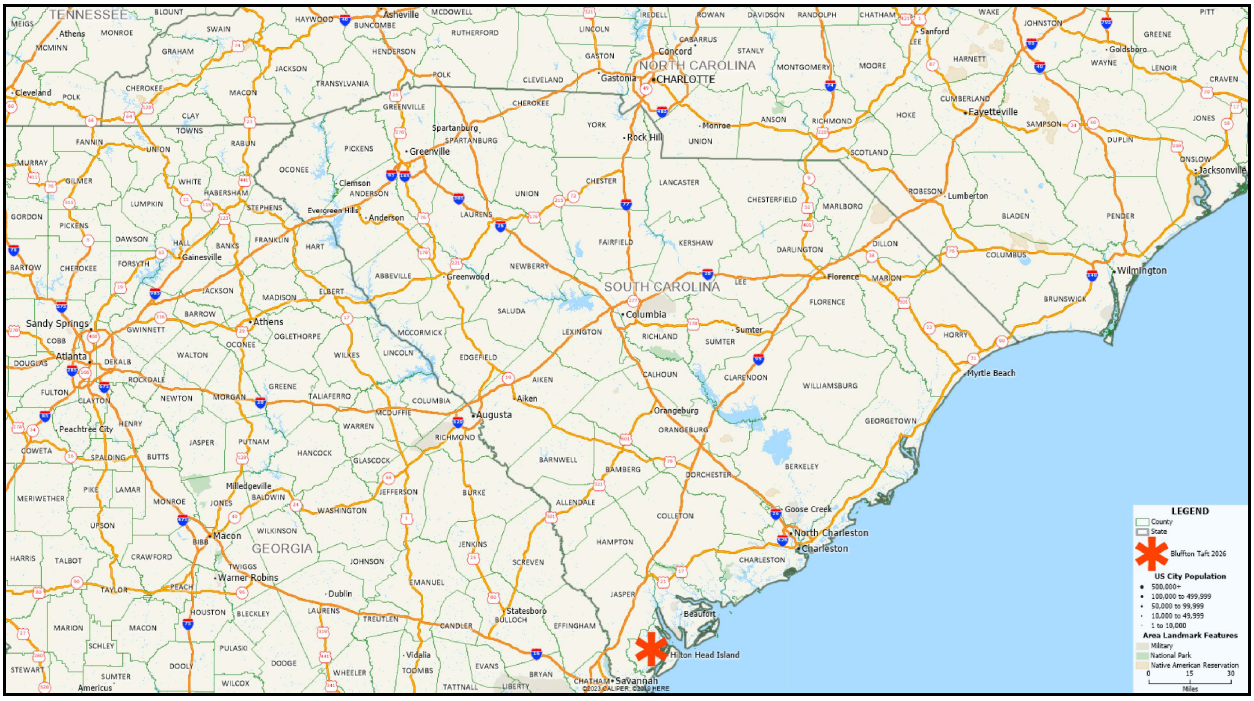
The total potential demand for tax credit units such as is proposed in the project market area by 2028 is calculated to be for 3,450 units. The net need is for 3,390 units. Given the calculated need, the proposed 45-unit development amounts to 1.3 percent of the total net need. The proposed development is considered very marketable, for project of its size, with four target income ranges.

Based on the above, the project could expect to lease-up over a period of up to four months, or so.

A. PROJECT DESCRIPTION

Project Location

The proposed Brighton Trace Apartments are to be located on the north side of Bluffton Parkway, to the west of Soperton Drive, south of Enmarket Drive, to the east of Bluffton, in Beaufort County, in coastal Lowcountry South Carolina.



Construction type: New construction

Occupancy type :Family

Target income group: 30 percent, 50 percent, 60 percent, and 70 percent of the local area median income.

Special population target: not applicable

The property will offer a total of 45 units: 17 one-bedroom units, 18 two-bedroom units, and ten three-bedroom units.

The complex will comprise two buildings - both will be three-story walk-up, garden, units. There will ne no elevators.

The one-bedroom units will be 750 to 774 square feet, the two-bedroom units will be 958 square feet, and the three-bedroom units are to be 1,101 square feet

Proposed unit mix, etc.

	Units	Rent	Utility Allowance	Targeting*
1 bedroom/1 bath	1	$335	$78	less than 30 percent
1 bedroom/1 bath	10	$950	$78	less than 50 percent
1 bedroom/1 bath	4	$1,050	$78	less than 60 percent
1 bedroom/1 bath	2	$1,150	$78	less than 70 percent
2 bedroom/ 2 bath	2	$390	$102	less than 30 percent
2 bedroom/ 2 bath	9	$1,050	$102	less than 50 percent
2 bedroom/ 2 bath	3	$1,150	$102	less than 60 percent
2 bedroom/ 2 bath	4	$1,250	$102	less than 70 percent
3 bedroom/ 2 bath	2	$445	$125	less than 30 percent
3 bedroom/ 2 bath	4	$1,200	$125	less than 50 percent
3 bedroom/ 2 bath	1	$1,350	$125	less than 60 percent
3 bedroom/ 2 bath	3	$1,450	$125	less than 70 percent

** percent of area median income*

With respect to utilities, the units will be all-electric. Each tenant will be responsible for heating, cooling and other electricity. The owner will responsible for water and sewer and trash collection. The utility allowance is $78 for a one-bedroom unit, $102 for a two-bedroom unit, and $125 for a three-bedroom unit.

The complex comprises two, three-story buildings. The project will feature a clubhouse , community room, fitness center, and computer room and a playground.

Unit amenities include a fully equipped kitchen, washer and dryer, ceiling fans and mini-blinds. The units will be centrally-heated and air conditioned, with carpet and vinyl flooring.

Information submitted by the developer suggests that construction would start in Spring 2027 with completion around 15 months thereafter.

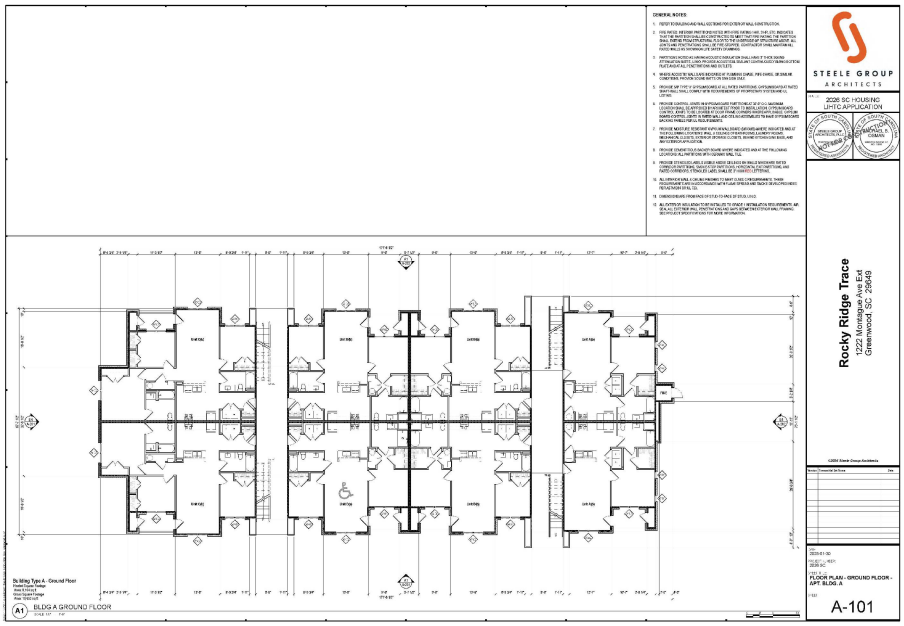
Representative architectural drawings/plans are set out on the following pages.

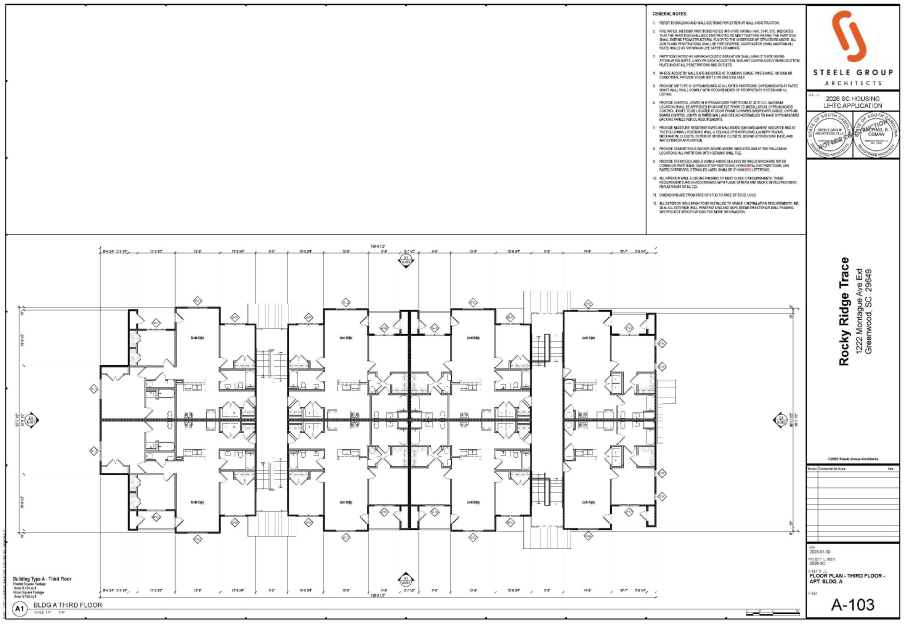
Rehabilitation information: n/a

Site plan

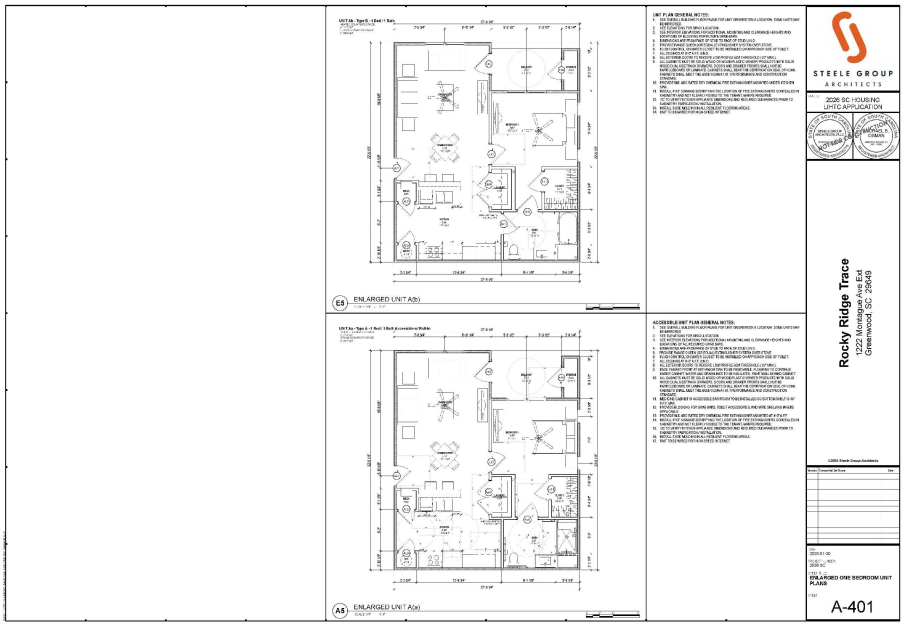

STEELE GROUP
ARCHITECTS
Preliminary
Not For Construction
Brighton Trace
48/39 Bluffton Parkway
Bluffton, SC 29910
PRELIMINARY SITE PLAN
AS-101
PRELIMINARY SITE PLAN
ENMARKET DRIVE
BLUFFTON PARKWAY
Dumpster Enclosure
Amenity Space on Ground Floor
Playground
Unit Mix
1 Bedroom 17
2 Bedroom 18
3 Bedroom 10
Total 45

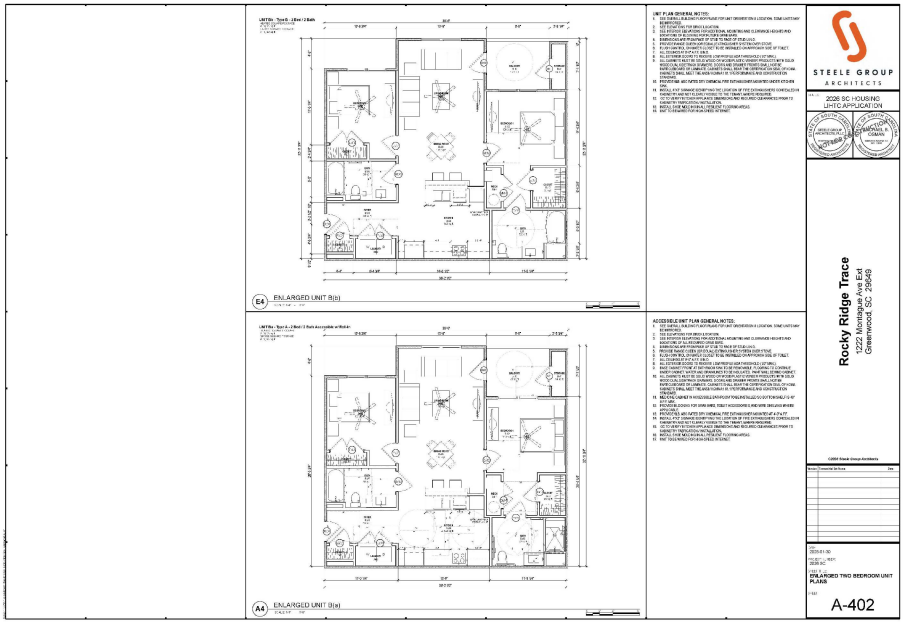
Floor plans

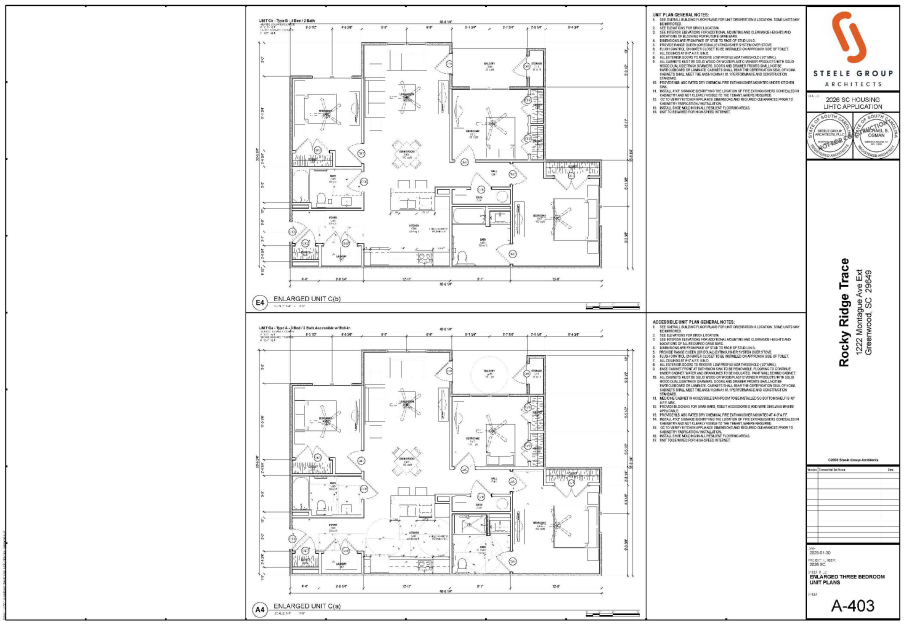

STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
FLOOR PLAN - GROUND FLOOR - APT. BLDG. A
A-101
BLDG A GROUND FLOOR


STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
FLOOR PLAN - THIRD FLOOR - APT. BLDG. A
A-103
BLDG A THIRD FLOOR

Unit plans

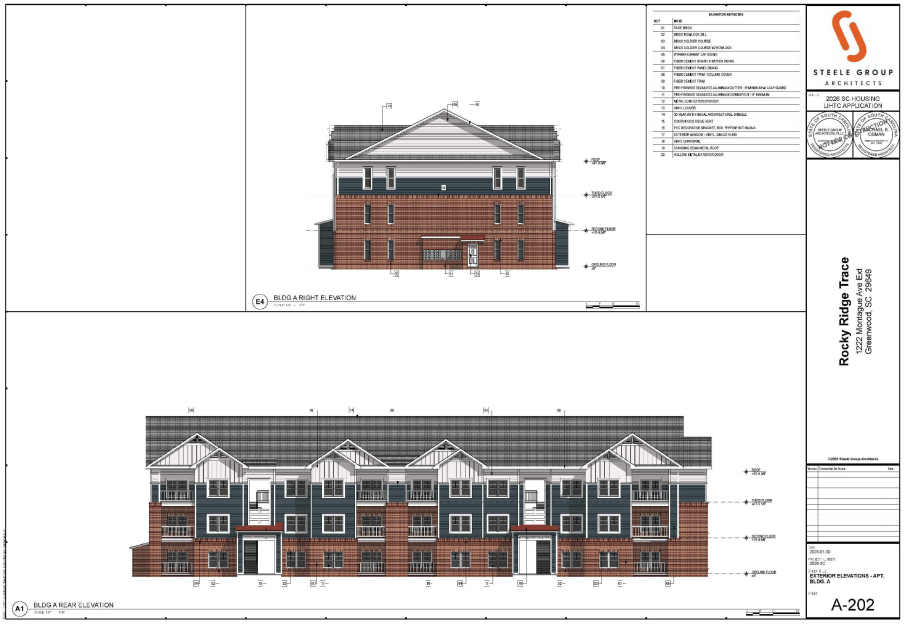

STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
ENLARGED ONE BEDROOM UNIT PLANS
A-401


STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
ENLARGED TWO BEDROOM UNIT PLANS
A-402


STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
E4 ENLARGED UNIT C(b)
A4 ENLARGED UNIT C(a)
FHA ARGED THREE BEDROOM
UNIT PLANS
A-403

Elevations


STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
BLDG A LEFT ELEVATION
BLDG A FRONT ELEVATION
EXTERIOR ELEVATIONS - APT. BLDG. A
A-201


STEELE GROUP
ARCHITECTS
2026 SC HOUSING
LIHTC APPLICATION
Rocky Ridge Trace
1222 Montague Ave Ext
Greenwood, SC 29649
BLDG A RIGHT ELEVATION
BLDG A REAR ELEVATION
EXTERIOR ELEVATIONS - APT. BLDG. A
A-202

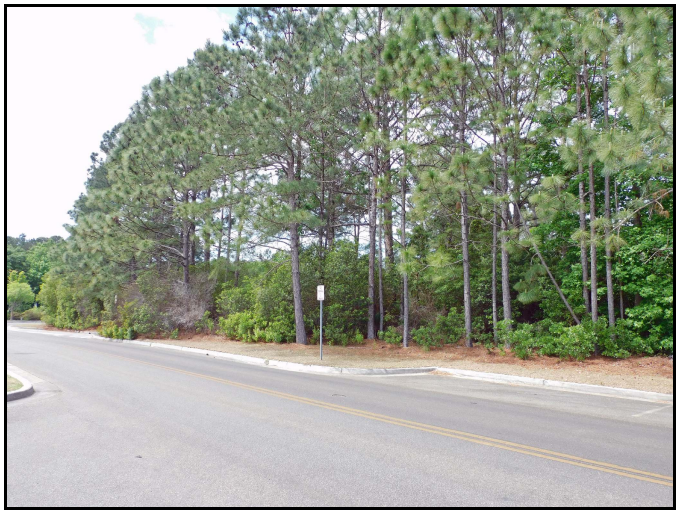
B. SITE DESCRIPTION

The proposed Brighton Trace Apartments are to be located on the north side of Bluffton Parkway, to the west of Soperton Drive, south of Enmarket Drive, to the east of Bluffton, in Beaufort County, in coastal Lowcountry South Carolina.

Adjacent properties include the Beaufort County Government center, various businesses, and undeveloped land.



The site is flat and is mostly wooded. There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.



View across Soperton Dr., to site



View on property



View on property



View south on Soperton Dr., at site



View north on Soperton Dr., at site



View onto site at Soperton Dr. at Enmarket Dr.



Bluffton Road at Bluffton Parkway



Beaufort County Government Center

The following distances are from the site to various local services and amenities.

Category	Neighborhood/Community Amenity	Distance (miles)
Highways	Bluffton Parkway	adjacent
	Bluffton Road	0.2
	US 278 (Fording Island Road)	0.9
	Interstate 95	14.5
Retail - Grocery	Kroger	1.6
	Publix	3.1
Retail - Other	Target	0.8
	Wal-mart	0.9
	Dollar Tree	1.6
Drugstores*	CVS	0.7
	Bluffton Pharmacy	0.8
	Walgreens	1.8
Medical	Hilton Head Hospital	10.2
	Coastal Carolina Hospital	14.4
Recreation	Buckwalter Recreation Center	4.5
Schools	Riley Elementary School	1.9
	Bluffton Middle School	2.3
	Bluffton High School	3.8
Post Office	Bluffton	0.7
Government	Bluffton Town Hall	1.6
Library	Bluffton	0.9

** excluding those in grocery stores, etc.*

Access from the site to major thoroughfares, sources of employment, shopping, schools, and other services is good.

The site is located on the Bluffton Parkway - a significant east-west route serving the area. The site is within one- fourth of a mile of the Bluffton Road - a significant north-south route. The site is within one mile of Fording Island Road (US 278) - another major route serving the Bluffton area. The site is approximately 15 miles east of Interstate 95.

The site is within easy reach of the many retail and other services located along Fording Island Road - such as a Publix supermarket, a Wal mart Supercenter, a Target store, and CVS and Walgreens pharmacies - all within two miles of the site.

The site of the proposed apartments is quite well-located with respect to local schools. The Riley Elementary School, the Bluffton Middle School, and the Beaufort High School are within two- to four miles of the site.

The Buckwalter Recreation Center is within four and one-half miles of the site.

The Hilton Head Hospital and associated medical services is around ten miles from the site of the proposed apartments, and the Coastal Carolina Hospital is located around 14 miles from the site, in Hardeeville.

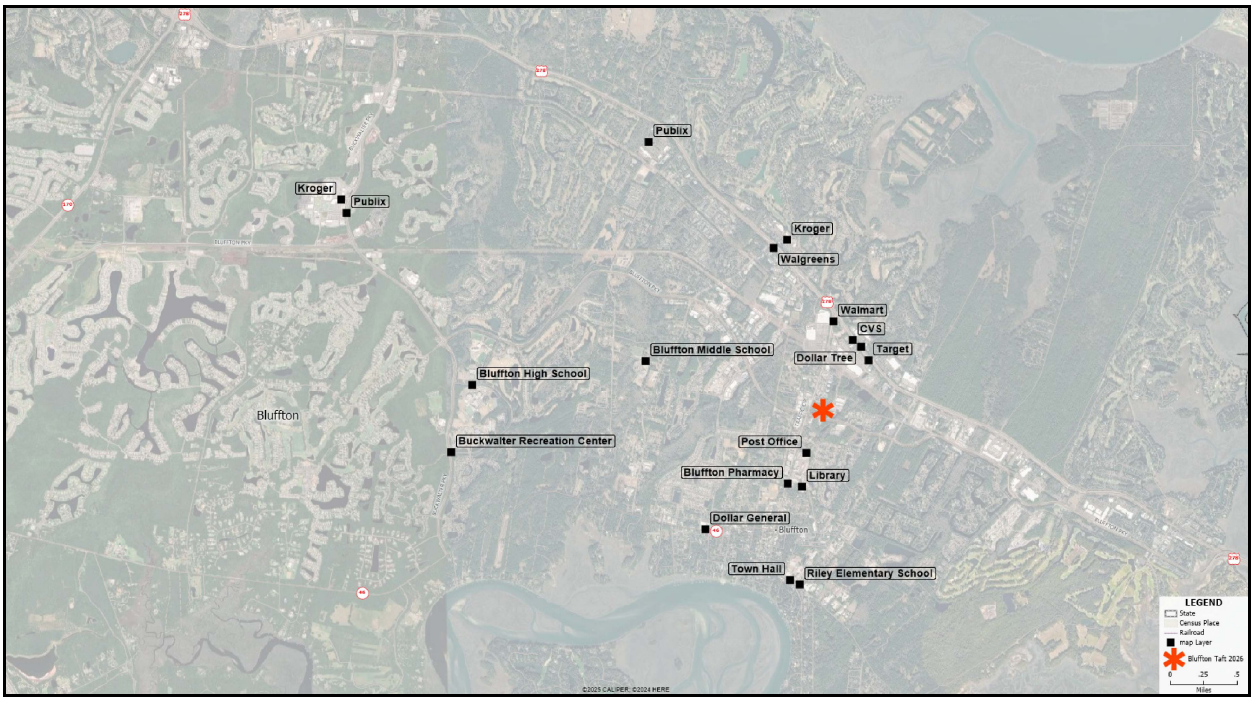
The site is within two miles of the government, shopping, and other services located in the Bluffton Old Town/downtown.

It is understood that there are no significant road or other infrastructure projects under way or planned for this immediate area.

Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area, would impact the project's marketability - nonetheless, as is prudent, security should be considered in the design and marketing of the project.

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

The locations of various amenities relative to the site of the proposed development are mapped, below.



C. MARKET AREA

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

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

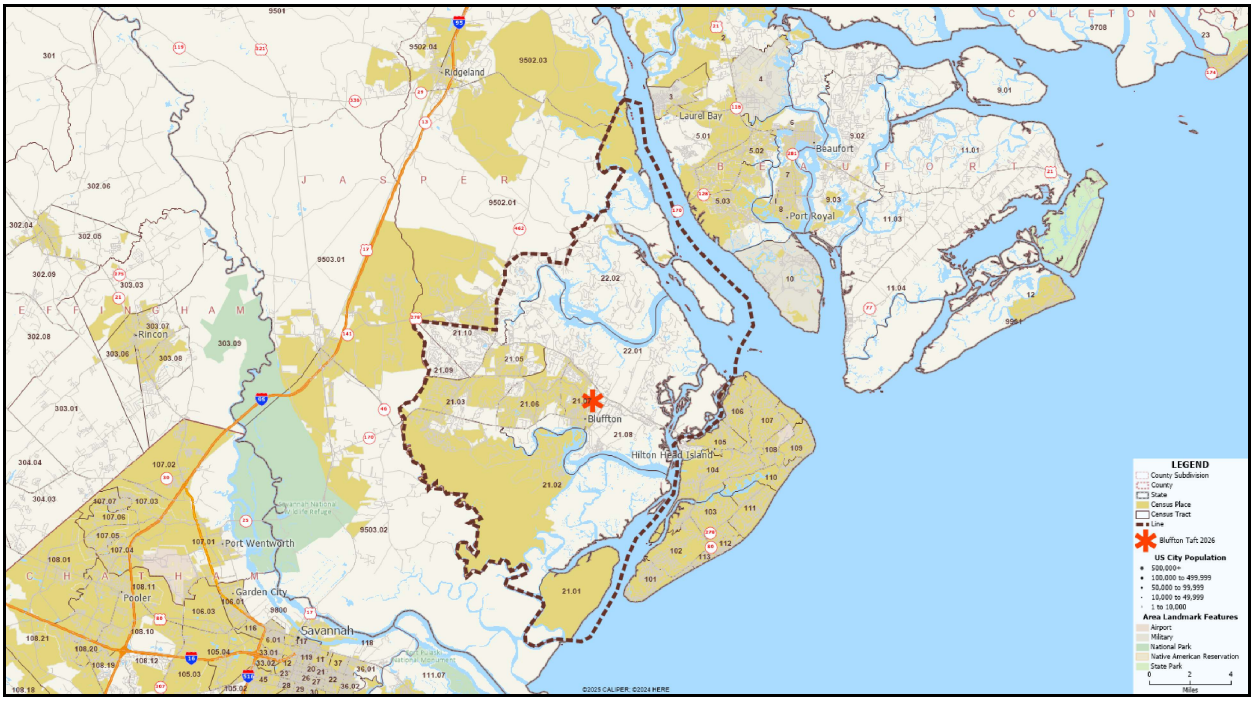
Bluffton is located in southern Beaufort County in coastal South Carolina. The market area for the proposed development is south-central Beaufort County, as defined by several census tracts[1]. This area is roughly centered on the site of the proposed development and extends up to an approximately six - to 14 mile hinterland.

The market area is irregularly-shaped and is defined by portions of the New River and the Beaufort/jasper County line to the south, the Beaufort/Jasper County line and portions of US 278 and SC 170, and two creeks to the west, and the Broad River, Skull Creek, and a portion of the Intracoastal Waterway on the coast, to the east.

The area is focused on Bluffton, and excludes neighboring and potentially competing communities, such as Ridgeland, Hardeeville, Beaufort, Port Royal, and Hilton Head Island. The area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar characteristics, and with residents, or potential residents, likely to be interested in the project.

[1] Census tracts: 21.01, 21.02, 21.03, 21.04, 21.05, 21.06, 21.07, 21.08, 22.01 and 22.02 in Beaufort County.

Market area map



D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the project market area is set out in Table 1, below. This information is from the 2020 to 2024 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest sources of employment are education, health care, and social assistance, and arts, entertainment, recreation, accommodation and food services (essentially tourism-related jobs) which account for 18.2 percent and 16.2 percent of the total, respectively.

Table 1 - Employment by Industry, Market Area

	number	percent
Agriculture, etc	194	0.6
Construction	3,158	9.5
Manufacturing	1,927	5.8
Wholesale Trade	565	1.7
Retail Trade	4,360	13.1
Transportation, Warehousing, Utilities	1,498	4.5
Information	891	2.7
Finance, Insurance, Real Estate	2,776	8.3
Professional, scientific, management	4,494	13.5
Educational Services, Health care, Social Assistance	6,072	18.2
Arts, Entertainment, Recreation, Accommodation, Food Service	5,401	16.2
Other services	1,398	4.2
Public Administration	610	1.8

Source: 2020 to 2024 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major employers in Beaufort County are listed in Table 2, below. From this table it is seen that the largest employers include the local hospital, local government, the military, and various retailers and tourist-oriented firms.

Table 2 - Major Employers

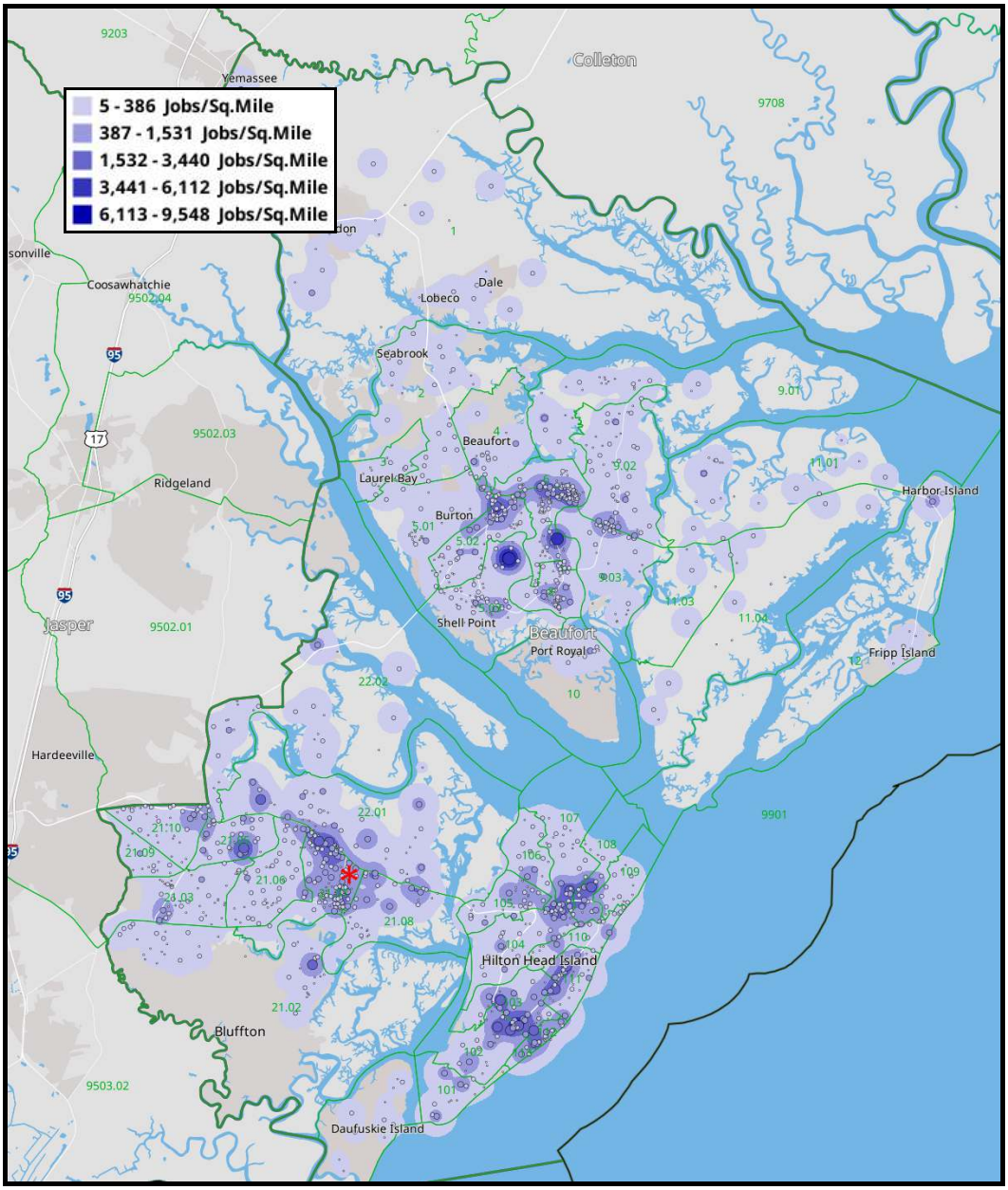
Employer Name
Atlantic Personnel
Beaufort County School District
Beaufort Memorial Hospital
Carecore National
County of Beaufort
Cypress Club
US Department of Defense
Hargray Communications Group
Lowes Home Centers
Marine Corps Community Services
Marriott Resorts
Montague Hotels and Resorts
Publix Supermarkets
Sonesta International Hotels
Technical College of the Low Country
Tenet Physician Services of Hilton Head
University of South Carolina
Wal-Mart Associates

Source: Beaufort Regional Chamber of Commerce

Information from the South Carolina Department of Commerce shows that since the start of 2024 there has been two firms announcing new plans in Beaufort County - creating 48 new jobs over five years.

SC WARN notices show that in from 2024 and to 2026, to date, there has been two announced closures and three announced layoffs in Beaufort County - with the loss of a total of 238 jobs.

Based on information from the Census, the location of the site relative to the distribution of employment in the wider Bluffton area is illustrated in the map, below. Here it is seen that many persons work in Beaufort, along the US 276 corridor, and on Hilton Head Island.

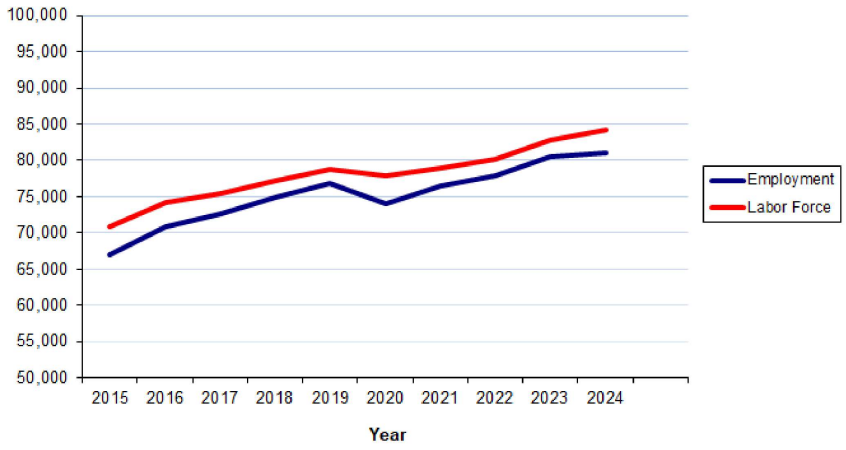


LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2024, the most recent year for which annualized data are available, the Beaufort County labor force comprised an estimated 84,267 persons. Of this total, 81,047 were employed and 3,220, or 3.8 percent, were unemployed. Unemployment increased by 2,015 between 2019 and 2020 as a consequence of the COVID-19 pandemic (where unemployment reached 12.1 percent in April, 2020). Prior to 2020, employment grew quite consistently on an annual basis, and employment levels are now significantly above pre-COVID levels.

Table 3 - Beaufort County Labor Force and Employment

	Labor Force	Employment	Unemployment Total	Unemployment Rate
2015	70,768	66,940	3,828	5.4
2016	74,140	70,876	3,264	4.4
2017	75,491	72,667	2,824	3.7
2018	77,096	74,823	2,273	2.9
2019	78,724	76,820	1,904	2.4
2020	77,864	73,945	3,919	5.0
2021	78,994	76,437	2,557	3.2
2022	80,218	77,865	2,353	2.9
2023	82,717	80,501	2,216	2.7
2024	84,267	81,047	3,220	3.8



Source: US Department of Labor

COMMUTING

Based on data from the American Community Survey, 37.3 percent of workers resident in Bluffton were employed in Bluffton, with 84.2 percent employed in Beaufort County as a whole. The average driving time to work for residents of Bluffton was 28.3 minutes, compared with 25.6 minutes for South Carolina as a whole.

Table 4 - Commuting Data

	number	percent
Total Workers	15,591	100.0
Worked in Place of residence	5,815	37.3
Worked in County of residence	13,128	84.2
Worked outside Place of residence	9,776	62.7
Worked outside County of residence	2,463	15.8
Mean travel time to work (minutes)	28.3	

Source: 2020 to 2024 American Community Survey; T Ronald Brown: Research & Analysis

Commuting patterns data are no longer provided in the Decennial Census. Here, data are obtained from the LEHD Origin-Destination Statistics program available from the Census Bureau's OnTheMap application. These data, on commuting patterns for persons who live and/or work in Beaufort County are set out, below.

Here it is seen that many persons who live in Beaufort County commute to work in Charleston County (almost 3,000 persons), and, to a lesser extent, Chatham County, Georgia (the Savannah area) and jasper County. Likewise, significant numbers of persons employed in Beaufort County commute to work there from the adjacent Jasper County.

Table 5 - Commuting Patterns

Working in Beaufort County	41,534
Where Beaufort County residents are commuting to:	
Charleston County, SC	2,909
Chatham County, GA	2,849
Jasper County, SC	2,664
Richland County, SC	1,612
Greenville County, SC	1,214
Lexington County, SC	868
Horry County, SC	676
Berkeley County, SC	549
Spartanburg County, SC	495
Elsewhere	6,472
Where Beaufort County workers are commuting from:	
Jasper County, SC	4,105
Chatham County, GA	1,901
Charleston County, SC	1,708
Dorchester County, SC	1,129
Hampton County, SC	901
Berkeley County, SC	858
Colleton County, SC	801
Orangeburg County, SC	706
Richland County, SC	693
Elsewhere	7,665

Source: LEHD Origin-Destination Statistics program/OnTheMap; T.Ronald Brown: Research & Analysis

The local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2010, the population of Beaufort County was 162,233, and in 2020 the population was recorded as 187,117. Population projections for Beaufort County are provided by the South Carolina Revenue and Fiscal Affairs Health and Demographics Section. Based on these data, the population of the county is projected to be 204,781 by 2025, and to be 213,411 by 2028.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2010 to 2020, corrected for the county projections. The projection is that in 2025 the project market area will have a population of around 87,089, and around 95,469 in 2028.

Information on population trends and changes between 2010 and 2028 are set out in Table 6, below.

Table 6 - Population Trends

	Bluffton	Market Area	Beaufort County
2010	12,530	52,777	162,233
2020	27,716	72,634	187,117
2025	n/a	87,089	204,781
2028	n/a	95,469	213,411
absolute change			
2010-2020	15,186	19,857	24,884
2020-2025	n/a	14,455	17,664
2025-2028	n/a	8,380	8,630
annual change			
2010-2020	1,519	1,986	2,488
2020-2025	n/a	2,891	3,533
2025-2028	n/a	2,793	2,877

Source: 2010 Census, 2020 Census; SC Revenue and Fiscal Affairs; T Ronald Brown: Research & Analysis

AGE

The distribution of the population, by age, for Bluffton, the Bluffton market area, and for Beaufort County are set out in Table 7, below. These data are from the 2020 Census and show that the presence of students at the USC Beaufort campus show a significant number of young adults in Bluffton in particular. Around 31 percent of the market area is aged 65 and over - reflecting the presence of a significant number of retirees in the area.

Table 7 - Age Distribution

	Bluffton		Market Area		Beaufort County	
	number	percent	number	percent	number	percent
Under 5 years	1,636	5.9	3,254	4.5	8,719	4.7
5 to 9 years	1,938	7.0	3,951	5.4	9,703	5.2
10 to 14 years	2,053	7.4	4,147	5.7	10,290	5.5
15 to 19 years	1,770	6.4	4,027	5.5	12,668	6.8
20 to 24 years	1,077	3.9	3,249	4.5	11,498	6.1
25 to 29 years	1,399	5.0	3,144	4.3	9,498	5.1
30 to 34 years	1,747	6.3	3,556	4.9	9,168	4.9
35 to 39 years	2,028	7.3	3,896	5.4	9,144	4.9
40 to 44 years	2,060	7.4	4,001	5.5	8,857	4.7
45 to 49 years	1,704	6.1	3,655	5.0	9,007	4.8
50 to 54 years	1,571	5.7	3,674	5.1	9,710	5.2
55 to 59 years	1,659	6.0	4,287	5.9	12,169	6.5
60 to 64 years	1,815	6.5	4,971	6.8	13,608	7.3
65 to 69 years	1,912	6.9	6,109	8.4	15,091	8.1
70 to 74 years	1,781	6.4	7,129	9.8	15,906	8.5
75 to 79 years	877	3.2	5,302	7.3	11,256	6.0
80 to 84 years	371	1.3	2,637	3.6	6,087	3.3
85 years and over	318	1.1	1,645	2.3	4,738	2.5
55 and older	8,733	31.5	32,080	44.2	78,855	42.1
65 and older	5,259	19.0	22,822	31.4	53,078	28.4
Total	27,716		72,634		187,117	

Source: 2020 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD TRENDS AND PROJECTIONS

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

The projection is that in 2025 the project market area will have around 36,061 households, and around 39,700 in 2028. In 2020, there were 29,884 households in the market area.

Table 8 - Household Trends

	Bluffton	Market Area	Beaufort County
2010	4,883	21,544	64,945
2020	10,211	29,884	76,373
2025	n/a	36,061	84,731
2028	n/a	39,700	88,967
absolute change			
2010-2020	5,328	8,340	11,428
2020-2025	n/a	6,177	8,358
2025-2028	n/a	3,639	4,236
annual change			
2010-2020	533	834	1,143
2020-2025	n/a	1,235	1,672
2025-2028	n/a	1,213	1,412

Source: 2010 Census and 2020 Census; T Ronald Brown: Research & Analysis

TENURE

Table 9, below, sets out the number and proportion of owner and renter households for Bluffton, the Bluffton market area, and for Beaufort County. In the years beyond 2020, the tenure proportions are based on 2020 tenure levels. In 2020, 19.8 percent of households in the market area were renters, compared with 18.8 percent in Bluffton, and 25.3 percent in the county.

Table 9 - Tenure

Bluffton	population	households	persons per household	Owner-occupied number	Owner-occupied percent	Renter-occupied number	Renter-occupied percent
2010	12,530	4,883	2.57	3,760	77.0	1,123	23.0
2020	27,716	10,211	2.71	8,292	81.2	1,919	18.8
2025	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2028	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area	**population**	**households**	**persons per household**	**Owner-occupied number**	**Owner-occupied percent**	**Renter-occupied number**	**Renter-occupied percent**
2010	52,777	21,544	2.45	16,815	78.0	4,729	22.0
2020	72,634	29,884	2.43	23,976	80.2	5,908	19.8
2025	87,089	36,061	2.42	28,921	80.2	7,140	19.8
2028	95,469	39,700	2.42	31,839	80.2	7,861	19.8
Beaufort County	**population**	**households**	**persons per household**	**Owner-occupied number**	**Owner-occupied percent**	**Renter-occupied number**	**Renter-occupied percent**
2010	162,233	64,945	2.50	45,868	70.6	19,077	29.4
2020	187,117	76,373	2.45	57,076	74.7	19,297	25.3
2025	204,781	84,731	2.42	63,322	74.7	21,409	25.3
2028	213,411	88,967	2.40	66,488	74.7	22,479	25.3

Source: 2010 Census and 2020 Census; T Ronald Brown: Research & Analysis

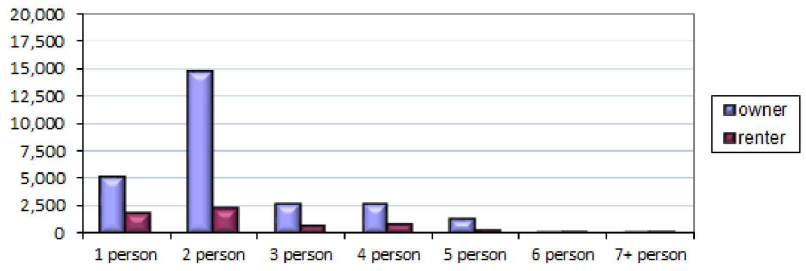
HOUSEHOLD SIZE

Table 10 below, sets out household size, by tenure, for households in Bluffton, the project market area, and Beaufort County.

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

Table 10 - Household Size, by Tenure

	Bluffton		Market Area		Beaufort County	
	owner	renter	owner	renter	owner	renter
1 person	1,559	533	5,174	1,822	14,510	6,730
2 person	5,415	722	14,759	2,208	32,080	6,075
3 person	1,507	425	2,682	662	7,801	3,031
4 person	1,473	421	2,709	776	5,227	2,172
5 person	732	57	1,360	265	2,214	1,103
6 person	732	0	155	19	444	388
7+ person	72	0	77	44	251	307



Source: 2020 to 2024 American Community Survey; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME

The distribution of household incomes for Bluffton, the market area, and for Beaufort County are set out in Table 11, below. These figures are taken from the 2020 to 2024 American Community Survey, and as such are subject to the limitations imposed by this source.

Here, it is seen that the median household income in Bluffton was $111,281 and that for Beaufort County as a whole was seen to be $86,573. The median income for the market area is estimated to be around $98,076.

The median income for the census tract in which the site of the proposed development is located is estimated to be around $78,341 - based on the American Community Survey data.

Table 11 - Household Income

	Bluffton		Market area		Beaufort County	
	number	percent	number	percent	number	percent
less than $10,000	408	3.1	912	2.8	3,009	3.7
$10,000 to $14,999	134	1.0	488	1.5	1,909	2.3
$15,000 to $19,999	123	0.9	647	2.0	1,790	2.2
$20,000 to $24,999	139	1.1	472	1.4	2,212	2.7
$25,000 to $29,999	198	1.5	471	1.4	2,145	2.6
$30,000 to $34,999	141	1.1	563	1.7	2,393	2.9
$35,000 to $39,999	257	2.0	882	2.7	2,523	3.1
$40,000 to $44,999	122	0.9	828	2.5	2,228	2.7
$45,000 to $49,999	472	3.6	1,240	3.8	3,145	3.8
$50,000 to $59,999	537	4.1	1,960	6.0	5,134	6.2
$60,000 to $74,999	964	7.4	3,177	9.7	8,699	10.6
$75,000 to $99,999	2,152	16.6	5,119	15.6	11,386	13.8
$100,000 to $124,999	1,866	14.4	3,785	11.6	8,708	10.6
$125,000 to $149,999	1,429	11.0	3,149	9.6	6,630	8.1
$150,000 to $199,999	1,444	11.1	3,551	10.9	7,948	9.7
$200,000 or more	2,601	20.0	5,468	16.7	12,474	15.2
median income	$111,281		$98,076 *		$86,573	

** estimate*

Source: 2020 to 2024 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Bluffton, the market area, and Beaufort County set out in Table 12, below. These figures are also taken from the 2020 to 2024 American Community Survey.

Here, it is seen that the median renter household income in Bluffton was $94,018, and that for Beaufort County as a whole was seen to be $56,462. The median income for renters in the market area is estimated to be around $63,676.

The median renter income for the census tract in which the site of the proposed development is located is estimated to be around $51,587 - based on the American Community Survey data.

Table 12 - Household Income, Renter Households

	Bluffton		Market area		Beaufort County	
	number	percent	number	percent	number	percent
less than $10,000	192	8.9	238	4.1	1,195	6.0
$10,000 to $19,999	136	6.3	396	6.8	1,438	7.3
$20,000 to $34,999	111	5.1	571	9.9	2,946	14.9
$35,000 to $49,999	112	5.2	700	12.1	3,284	16.6
$50,000 to $74,999	312	14.5	1,182	20.4	4,237	21.4
$75,000 to $99,999	330	15.3	900	15.5	2,356	11.9
$100,000 or more	965	44.7	1,809	31.2	4,350	22.0
median income	$94,018		$63,676 *		$56,462	

** estimate*

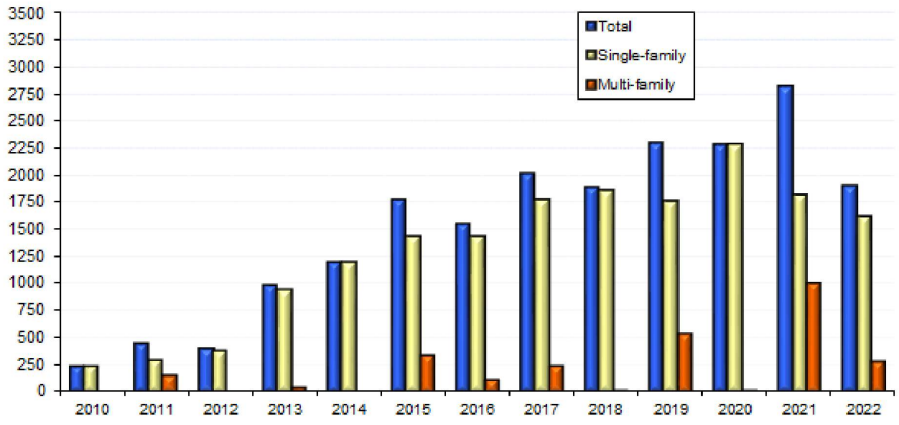
Source: 2020 to 2024 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2010

Table 13 below gives details of residential construction in Beaufort County since 2010. Here it can be seen that a total of 23,129 units were added in Beaufort County, with 10,445 units added in the City of Bluffton (since 2012) of which only 854 were multi-family units. No data are available for the market area.

Table 13 - Residential Construction Since 2010

	Beaufort County			Bluffton		
	Total	single-family	multi-family	Total	single-family	multi-family
2010	244	244	0			
2011	455	299	156			
2012	391	391	0	26	26	0
2013	998	952	46	391	391	0
2014	1,197	1,197	0	585	585	0
2015	1,783	1,441	342	810	810	0
2016	1,551	1,442	109	891	891	0
2017	2,020	1,779	241	1,036	1,036	0
2018	1,889	1,865	24	1,167	1,167	0
2019	2,311	1,771	540	1,190	1,190	0
2020	2,287	2,285	2	1,500	1,500	0
2021	2,827	1,822	1,005	1,245	821	424
2022	1,904	1,624	280	841	417	424
2023	1,634	1,354	280	426	426	0
2024	1,638	1,030	608	337	331	6
Total	23,129	19,496	3,633	10,445	9,591	854



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

F. PROJECT SPECIFIC DEMAND ANALYSIS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 45 units proposed, five will be targeted to households with incomes up to 30 percent of the median, 23 units targeted to households with incomes up to 50 percent of the median, eight units targeted at 60 percent of the median, and nine units targeted at the 70 percent level, and therefore qualify the apartments for low income housing tax credit status. There will be a mix of one-, two-, and three- bedroom units.

Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied. Here, the average target income, overall, cannot exceed 60 percent of the median, and the average targeted income for any bedroom type cannot exceed 60 percent of the median.

The income limits for a site in Beaufort County are set out below, along with maximum housing expenses. The maximum housing expenses for the proposed units are based on these income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities).

Table 14 - Income Limits and Maximum Housing Costs

Income Limits	30 percent	50 percent	60 percent	70 percent
1 person	$23,160	$38,600	$46,320	$54,040
2 person	$26,460	$44,100	$52,920	$61,740
3 person	$29,760	$49,600	$59,520	$69,440
4 person	$33,060	$55,100	$66,120	$77,140
5 person	$35,700	$59,500	$71,400	$83,300
6 person	$38,370	$63,950	$76,740	$89,530
Maximum Housing Costs				
	30 percent	50 percent	60 percent	70 percent
1 bedroom	$620	$1,034	$1,241	$1,447
2 bedroom	$744	$1,240	$1,488	$1,736
3 bedroom	$860	$1,433	$1,719	$2,006

Source: HUD

The median income for Beaufort County in 2025 is $112,500 - having been $106,400 in 2024, and $68,900 in 2015. This represents a 5.7 percent increase over the previous year, and a 63.3 percent increase over the last decade (or an average of 5.03 percent per year).

Information as to rents and income targeting, and qualifying income ranges are set out in Table 15, below

Table 15 - Rents and Income Targeting

income targeting

	30 percent	50 percent	60 percent	70 percent	Total
1 bedroom	1	10	4	2	17
2 bedroom	2	9	3	4	18
3 bedroom	2	4	1	3	10
Total	5	23	8	9	45

proposed rents

	30 percent	50 percent	60 percent	70 percent
1 bedroom	$335	$950	$1,050	$1,150
2 bedroom	$390	$1,050	$1,150	$1,250
3 bedroom	$445	$1,200	$1,350	$1,450

proposed rents as a proportion (%) of maximum

	30 percent *	50 percent	60 percent	70 percent
1 bedroom	99.9	99.4	90.3	84.0
2 bedroom	99.0	92.3	83.0	76.5
3 bedroom	99.3	91.8	84.7	77.1

* based on 20 percent

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are $78, $102, and $125 for the one-, two-, and three bedroom units, respectively.

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent level (based on 20 percent incomes). Those units targeted at the 50 percent level are seen to be between 92 and 99 percent of the maximum, and those at the 60 percent level are between 83 and 90 percent of the maximum. Those units targeted at the 70 percent level are seen to be between 77 and 84 percent of the maximum allowable.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. It is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom.

Table 16 - Qualifying Income Ranges

	30 percent lower	30 percent upper
1 bedroom	$14,177	$24,810
2 bedroom	$17,006	$29,760
3 bedroom	$19,646	$34,380
	50 percent lower	**50 percent upper**
1 bedroom	$35,246	$41,350
2 bedroom	$39,497	$49,600
3 bedroom	$45,429	$57,300
	60 percent lower	**60 percent upper**
1 bedroom	$38,674	$49,620
2 bedroom	$42,926	$59,520
3 bedroom	$50,571	$68,760
	70 percent lower	**70 percent upper**
1 bedroom	$42,103	$57,890
2 bedroom	$46,354	$69,440
3 bedroom	$54,000	$80,220

Source: Applicant; T Ronald Brown: Research & Analysis

Incomes for households qualifying for the proposed project are seen to range from $14,177 to $80,220, reflecting the target incomes used.

Any gaps between the target income ranges (and any overlaps between them) will be taken into consideration in our calculations.

Projections of need and demand are based upon a 2025 to 2028 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 9, 721 new rental units are needed between 2025 and 2028 - of which 357 would be eligible for the proposed development.

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

Our calculations show that there will be a total of 3,895 renter households in the qualifying income ranges in the project market area. This figure has to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, as many as 81.3 percent of renters qualifying for units at the 30 percent level are rent overburdened, with 86.4 percent at the 50 percent level being over-burdened, with 78.9 percent and 73.3 percent at the 60 percent and 70 percent levels, respectively, being over-burdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This based on an annual average rate of 0.6 percent of the rental housing stock. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 71 units.

Total demand is therefore seen to amount to 3,450 units: 1,201 qualifying for units at the 30 percent level, and 1,780 and 2,161 qualifying for units at the 50 and 60 percent levels, with 1,987 qualifying at 70 percent of the median.

These figures are based on a 2025 to 2028 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. One potentially comparable project has been funded - the 120-unit Livewell Terrace Apartments which is not yet under construction. No other comparable projects have been funded or are under construction. Therefore, the 60 units that are comparable to the proposed development suggests a net need for 3,390 units

The preceding calculations are summarized in the table on the following page.

Table 17 - Demand Calculations

	30 percent	50 percent	60 percent	70 percent	Total*
(i) income eligible new renter households	119	168	220	216	357
(ii) income eligible existing renter households	1,301	1,828	2,405	2,358	3,895
(iii) existing households, likely to move	1,058	1,579	1,897	1,728	3,023
(iv) need from obsolete housing	24	33	44	43	71
Total demand *(i)+(iii)+(iv)*	1,201	1,780	2,161	1,987	3,450
Supply	0	0	60	0	60
Net demand	1,201	1,780	2,101	1,987	3,390

** excludes gap/overlap*

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 26 percent of the total, two-bedroom units should account for 43 percent of the total, and three-bedroom units should account for 24 percent of the total with four- or more bedroom units accounting for 8 percent. Here, it is important to note that the need and demand for three- bedroom units (which account for 22.2 percent of the 45-unit total) is based on renter household size - with a focus on four-or-more person households.

Capture rates are illustrated in the table on the following page.

Table 18 - Capture Rates

	30 percent	50 percent	60 percent	70 percent	Total*
Total demand					
1 bedroom	306	454	551	506	879
2 bedroom	511	757	919	845	1,467
3 bedroom	287	425	516	474	824
4 bedroom	97	144	175	161	280
Total	1,201	1,780	2,161	1,987	3,450
Supply					
1 bedroom	0	0	15	0	15
2 bedroom	0	0	30	0	30
3 bedroom	0	0	15	0	15
4 bedroom	0	0	0	0	0
Total	0	0	60	0	60
Net demand					
1 bedroom	306	454	536	506	864
2 bedroom	511	757	889	845	1,437
3 bedroom	287	425	501	474	809
4 bedroom	97	144	175	161	280
Total	1,201	1,780	2,101	1,987	3,390
Units proposed					
1 bedroom	1	10	4	2	17
2 bedroom	2	9	3	4	18
3 bedroom	2	4	1	3	10
4 bedroom	0	0	0	0	0
Total	5	23	8	9	45
Capture rates					
1 bedroom	0.3%	2.2%	0.7%	0.4%	2.0%
2 bedroom	0.4%	1.2%	0.3%	0.5%	1.3%
3 bedroom	0.7%	0.9%	0.2%	0.6%	1.2%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.4%	1.3%	0.4%	0.5%	1.3%

** excludes gap/overlap*

Source: T. Ronald Brown: Research & Analysis

Given the calculated demand, the proposed 45-unit development amounts to 1.3 percent of the total net demand.

The capture rate for the five units targeted at 30 percent of the median being 0.4 percent, with that for the 23 units targeted at the 50 percent level being 1.3 percent. The capture rate for the eight units targeted at 60 percent of the median determined to be 0.4 percent, with that for the nine units targeted at 70 percent being 0.5 percent.

The capture rates, by bedroom, are determined to be 2.0 percent for the 17 one-bedroom units, 1.3 percent for the 18 two-bedroom units, and 1.2 percent for the ten three-bedroom units.

These capture rates are considered to be realistic for community of its size, with four target income ranges.

The proposed project is considered marketable.

ABSORPTION RATES

As noted, the capture rates presented above are considered realistic - and reflect the impact of the size of the project, with four target income ranges. Were the project to be developed as proposed it would expect to lease-up over a period of four months, or so.

G. EXISTING RENTAL UNITS

There are several apartment complexes located throughout the Bluffton area. These include four properties that are financed through the use of Low Income Housing Tax Credits - and thus are potentially comparable to the proposed Brighton Trace complex. The various market rate properties include some that were originally financed with tax credits and have been renovated, and are now available at market rents, without income restrictions. There no properties that are subsidized for low and very low income renters, either through the USDA/Rural Development Rural Rental Housing program, and/or through HUD. Information on the tax credit properties and market rate properties is presented below.

The Vista View Apartments provide 72 tax credit units that were developed in 1998, and the Hallmark Homes at Malphrus offer 32 tax credit units, developed in 2008. These two complexes are managed by the same entity - a representative from that entity chose not to provide information to us.

Another tax credit property in this market is the three-phase May River Village Apartments, which were developed between 2010 and 2023. The first and second phases of this community provide 108 one-, two-, and three-bedroom units targeted at 50 percent and 60 percent of the local area median income - with rents between $934 and $1,568. The new 24-unit third phase provides a mix of studio, one-, two- and three-bedroom units, targeted at 30 percent, 50 percent, and 60 percent of the median income. Here, rents range from $847 to $1,505. The May River Village project reports a 100 percent occupancy rate, with a waiting list.

The newest tax credit complex is Livewell Terrace - a 120-unit property that will offer one-, two-, and three-bedroom units targeted at the 40 percent, 60 percent, and 80 percent levels. Construction has yet to begin at the site on Buckwalter Parkway.

There are eleven market rate properties in the Bluffton area for which we were able to obtain useful information. These properties date from 1977 to 2024. The newest complex is the 331-unit Waterside at Pepper Hall Apartments, which are currently in lease-up and are reported to be 83.1 percent occupied. Advertized rents at this property range from $1,869 for a one-bedroom, to $2,299 for a two-bedroom model.

The closest complex to the site of the proposed development is Bluestone - a 360-unit complex which dates from 2004. Rents at this complex range from $1,550 for a one-bedroom unit, to $1,660 for a two-bedroom unit, to $2,205 for a three-bedroom unit. Occupancy is reported at 95.8 percent.

It is seen that two existing market rate projects - Emerson Isles and Grays at Old Town - were originally developed as tax credit properties. These properties have undergone renovation. Emerson Isles is reported to be 94.1 percent occupied, with rents between $1,750 and $2,179, and Grays at Old Town is 94.4 percent occupied, with rents in the $1,870 to $2,159 range.

Occupancy in the stabilized market rate complexes is 92.8 percent, and occupancy at the tax credit property for which we have data, is 100 percent. The overall occupancy rate for these units is found to be 93.2 percent.

Details of the various properties surveyed are summarized as follows:

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
29 Edgewater	Bluffton	Conventional	1977	300	23	92.3
Bluestone	Bluffton	Conventional	2004	360	15	95.8
Bristol at New Riverside	Bluffton	Conventional	2023	166	10	94.0
Crowne at 170	Bluffton	Conventional	2020	250	15	94.0
Emerson Isles	Bluffton	Conventional	1996-1998	372	22	94.1
Enclave at Bluffton Park	Bluffton	Conventional	2020	110	11	90.0
Grays at Old Town	Bluffton	Conventional	2007	72	4	94.4
Hallmark Homes at Malphrus	**Bluffton**	**LIHTC**	**2008**	**32**	**n/a**	**n/a**
Livewell Terrace	**Bluffton**	**LIHTC**	**2027**	**120**	**n/a**	**n/a**
May River Village (I-III)	**Bluffton**	**LIHTC**	**2010-2023**	**132**	**0**	**100.0**
Mystic Bluff	Bluffton	Conventional	2018	248	n/a	n/a
Oldfield Mews	Bluffton	Conventional	2008-2018	348	25	92.8
One Hampton Lake	Bluffton	Conventional	2017	306	44	85.6
Residences at Old Carolina	Bluffton	Conventional	2010	199	10	95.0
Venture at Okatie Bluffs	Bluffton	Conventional	2026	150	n/a	n/a
Vista View	**Bluffton**	**LIHTC**	**1998**	**72**	**n/a**	**n/a**
Waterside at Pepper Hall	Okatie	Conventional	2024	331	n/a	n/a

	0 br/1ba			1 br/1ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Brighton Trace				17	750-774	$335-1,150
29 Edgewater				84	750	$1,399
Bluestone				n/a	728	$1,550-1,785
Bristol at New Riverside				96	745-788	$1,695-1,715
Crowne at 170				80	728-814	$1,751-1,776
Emerson Isles				88	773-989	$1,750-2,000
Enclave at Bluffton Park				22	797	$1,825
Grays at Old Town						
Hallmark Homes at Malphrus						
Livewell Terrace				30	755	$690-1,265
May River Village (I-III)	4	524	$847-1,033	46	714-850	$505-1,141
Mystic Bluff				108	507-986	$1,539-1,679
Oldfield Mews				28	800-911	$1,305-1,450
One Hampton Lake				128	799-936	$1,746-2,509
Residences at Old Carolina				56	838-928	$1,805
Venture at Okatie Bluffs				48	831-973	$2,150-2,300
Vista View						
Waterside at Pepper Hall				n/a	762-897	$1,869-2,074

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Brighton Trace				18	958	$390-1,250
29 Edgewater				160	1,000-1,145	$1,699-2,094
Bluestone				n/a	1,105	$1,660-2,019
Bristol at New Riverside				70	1,186	$2,285
Crowne at 170				121	1,116-1,222	$1,898-1,983
Emerson Isles				286	996-1,364	$1,925-2,300
Enclave at Bluffton Park				65	1,005-1,106	$1,999-2,027
Grays at Old Town				52	1,008	$1,870
Hallmark Homes at Malphrus				16	1,150	n/a
Livewell Terrace				60	915	$815-1,540
May River Village (I-III)				46	983-1.100	$595-1,362
Mystic Bluff				124	1,062-1,240	$1,839-2,139
Oldfield Mews				256	1,182-1,424	$1,690-1,788
One Hampton Lake				154	1,049-1,214	$1,931-2,281
Residences at Old Carolina				111	1,134-1,271	$2,040
Venture at Okatie Bluffs				90	1,030-1,157	$2,425-2,575
Vista View						
Waterside at Pepper Hall				n/a	941-1,031	$2,069-2,299

	3 br/1-1½ ba			3 br/2+ ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Brighton Trace				9	1,101	$445-1,450
29 Edgewater				56	1,428	$2,189
Bluestone				n/a	1,510	$2,205-2,334
Bristol at New Riverside						
Crowne at 170				29	1,380-1,697	$2,286
Emerson Isles				3	1,090-1,410	$1,998-2,179
Enclave at Bluffton Park				22	1,361-1,384	$2,312
Grays at Old Town				20	1,204	$2,159
Hallmark Homes at Malphrus				16	1,250	n/a
Livewell Terrace				30	1,171	$920-1,725
May River Village (I-III)				36	1,207-1,284	$1,229-1,678
Mystic Bluff				16	1,294	$2,349-2,699
Oldfield Mews				64	1,260-1,726	$1,871-2,243
One Hampton Lake				24	1,378	$2,357
Residences at Old Carolina				32	1,417-1,441	$2,300-2,400
Venture at Okatie Bluffs				12	1,200	$2,915
Vista View				72	1,205	n/a
Waterside at Pepper Hall						

A map showing the locations of these properties, relative to the site of the proposed apartments is provided, below.



Several market rate apartment developments in the project market area can be used in the determination of market rents. Here, complexes were selected on the basis of location and bedroom mix. Information for the one-, two- and three--bedroom units at these properties are summarized below.

Table 19 - Market Rate Properties

Property	Year built	One-bedroom rents	Two-bedroom Rents	Three-bedroom rents
Bluestone	2004	$1550-1,785	$1,660-2,019	$2,205-2,334
Crowne at 170	2020	$1,751-1,776	$1,898-1,983	$2,286
Enclave at Bluffton Park	2020	$1,825	$1,999-2,027	$2,312
Mystic Bluff	2018	$1,539-1,679	$1,839-2,139	$2,349-2,699
One Hampton Lake	2017	$1,746-2,509	$1,931-2,281	$2,359
Residences at Old Carolina	2010	$1,805	$2,040	$2,300-2,400

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

The location, rent levels, unit size, age, features, and amenities at these properties were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around $1,690 to $1,695 (depending on unit size) for a one-bedroom unit, $1,855 for a two-bedroom unit, and $2,231 for a three-bedroom unit.

Based on the proposed rents at the proposed development, this rent is found to be well below the gross adjusted market rent (45.06 percent less).

Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Adjusted Market Rent	Gross Adjusted Market Rent	Tax Credit Gross Rent Advantage
	0 BR					
	0 BR					
	1 BR					
1	1 BR	$335	$335	$1,690	$1,690	
10	1 BR	$950	$9,500	$1,690	$16,900	
4	1 BR	$1,050	$4,200	$1,695	$6,779	
2	1 BR	$1,150	$2,300	$1,695	$3,390	
	2 BR					
2	2 BR	$390	$780	$1,855	$3,711	
9	2 BR	$1,050	$9,450	$1,855	$16,699	
3	2 BR	$1,150	$3,450	$1,855	$5,566	
4	2 BR	$1,250	$5,000	$1,855	$7,422	
	3 BR					
2	3 BR	$445	$890	$2,231	$4,461	
4	3 BR	$1,200	$4,800	$2,231	$8,922	
1	3 BR	$1,350	$1,350	$2,231	$2,231	
3	4 BR	$1,450	$4,350	$2,231	$6,692	
	4 BR					
Totals	45		$46,405		$84,463	45.06%

The relationship between the proposed rents and the HUD Fair Market Rents (FMRs), as per the S-2 Exhibit, are set out, below.

Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Adjusted FMR	Gross Adjusted FMR	Tax Credit Gross Rent Advantage
	0 BR					
	0 BR					
	1 BR					
1	1 BR	$335	$335	$1,657	$1,657	
10	1 BR	$950	$9,500	$1,657	$16,570	
4	1 BR	$1,050	$4,200	$1,657	$6,628	
2	1 BR	$1,150	$2,300	$1,657	$3,314	
	2 BR					
2	2 BR	$390	$780	$1,816	$3,632	
9	2 BR	$1,050	$9,450	$1,816	$16,344	
3	2 BR	$1,150	$3,450	$1,816	$5,448	
4	2 BR	$1,250	$5,000	$1,816	$7,264	
	3 BR					
2	3 BR	$445	$890	$2,177	$4,354	
4	3 BR	$1,200	$4,800	$2,177	$8,708	
1	3 BR	$1,350	$1,350	$2,177	$2,177	
3	4 BR	$1,450	$4,350	$2,177	$6,531	
	4 BR					
Totals	45		$46,405		$82,627	43.84%



29 Edgewater

Location: 29 Edgewater Circle
Bluffton

Financing: Conventional
Year Built: 1977
Total Units: 300
Vacant units: 23 92.3% occupied

Telephone: 888.464.5830
Management: Makor Capital
[4/6]

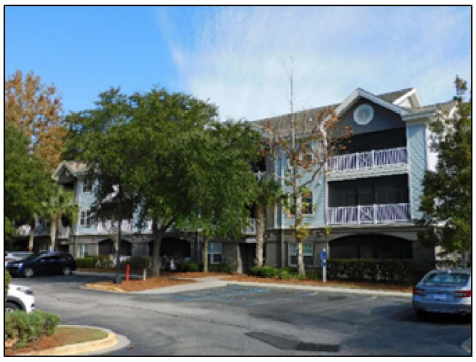
Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	84	750	$1,399	$1.87
2/2	120	1,000	$1,699	$1.70
2/2	40	1,145	$2,094	$1.83
3/2	56	1,428	$2,189	$1.53

move-in specials

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	●
9' Ceilings	
High-end kitchen	
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	
Pool	●
Playground	●
Controlled access/gated	
Elevator	
Garages	●
Storage	●
Laundry	



Bluestone

Location: 4921 Bluffton Parkway
Bluffton

Financing: Conventional
Year Built: 2004
Total Units: 360
Vacant units: 15 95.8% occupied*

Telephone: 855.560.2778
Management: Continental Realty Corporation
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	n/a	728	$1,550-1,785	$2.29
2/2	n/a	1,105	$1,660-2,019	$1.66
3/2	n/a	1,510	$2,205-2,334	$1.50

complex does not disclose - from website
move-in specials

Utilities in Rent
Water
Sewer
Trash

Unit Amenities

Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	●
High-end kitchen	●
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities

Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	



Bristol at New Riverside

Location: 200 New Riverside Road
Bluffton

Financing: Conventional
Year Built: 2023
Total Units: 166
Vacant units: 10 94.0% occupied

Telephone: 843.790.1220
Management: Continental Realty Corporation
[4/9]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	54	745	$1,695	$2.28
1/1	42	788	$1,715	$2.18
2/2	70	1,186	$2,285	$1.93

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	●
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	



Crowne at 170

Location: 1 Crowne Commons Drive
Bluffton

Financing: Conventional
Year Built: 2020
Total Units: 250
Vacant units: 15 94.0% occupied

Telephone: 843.757.2060
Management: Crowne Partners
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	9	728	n/a	n/a
1/1	67	784	$1,751	$2.23
1/1	4	814	$1,776	$2.18
2/2	45	1,116	$1,898	$1.70
2/2	57	1,146	n/a	n/a
2/2	13	1,199	$1,983	$1.65
2/2	6	1,222	n/a	n/a
3/2	18	1,380	$2,286	$1.66
3/2½	11	1,697	n/a	n/a

Utilities in Rent
Water
Sewer
Trash

Unit Amenities

Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	●
High-end kitchen	●
Wood/style floors	
Fireplaces	●
Patios/balconies	●

Community Amenities

Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	●
Garages	●
Storage	●
Laundry	



Emerson Isles

Location: 20 Simmonsville Road
Bluffton

Financing: Conventional
Year Built: 1996-1998
Total Units: 372
Vacant units: 22 94.1% occupied

Telephone: 843.507.4650
Management: Aspen Square
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	3	773-989	$1,750-2,000	$2.13
2/2	177	996-1,364	$1,925-2,300	$1.79
3/2	192	1,090-1,410	$1,998-2,179	$1.67

move-in specials

Originally the Bluffton House and Simmons Cay LIHTC apartments

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	
Wood/style floors	
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	
Pool	●
Playground	
Controlled access/gated	
Elevator	●
Garages	
Storage	●
Laundry	



Enclave at Bluffton Park

Location: 12 Wilkinson Way
Bluffton

Financing: Conventional
Year Built: 2020
Total Units: 110
Vacant units: 11 90.0% occupied

Telephone: 843.865.6757
Management: Fortis Property Management
[4/7]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	22	797	$1,825	$2.29
2/2	35	1,005	$1,999	$1.99
2/2	30	1,106	$2,027	$1.83
3/2	10	1,361	n/a	n/a
3/2	12	1,384	$2,312	$1.67

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	●
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	●
Storage	●
Laundry	



Grays at Old Town

Location: 102 Haigler Road
Bluffton

Financing: Conventional
Year Built: 2007
Total Units: 72
Vacant units: 4 94.4% occupied*

Telephone: 843.508.2047
Management: Aspen Square
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
2/2	52	1,008	$1,870	$1.86
3/2	20	1,204	$2,159	$1.79

move-in specials
complex does not disclose - from website

Originally the Hallmark at White Oak LIHTC apartments

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	
Wood/style floors	
Fireplaces	
Patios/balconies	

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	●



Hallmark Homes at Malphrus

Location: 120 Malphrus Road
Bluffton

Financing: LIHTC
Year Built: 2008
Total Units: 32
Vacant units: n/a n/a occupied

Telephone: 843.836.2505
Management: United Management Services

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft
2/2	9	1,150	50%	n/a	n/a	n/a
2/2	7	1,150	60%	n/a	n/a	n/a
3/2	10	1,250	50%	n/a	n/a	n/a
3/2	6	1,250	60%	n/a	n/a	n/a

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	
Washer/dryer hook-up	●
9' Ceilings	
High-end kitchen	
Wood/style floors	
Fireplaces	
Patios/balconies	

Community Amenities	
Clubhouse/community room	●
Fitness center	
Business center	
Pool	
Playground	●
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	●



May River Village (I-III)

Location: 5736 Patriot lane
Bluffton

Financing: LIHTC
Year Built: 2010-2023
Total Units: 132
Vacant units: 0 100.0% occupied (waiting list)

Telephone: 843.837.9400
Management: TB & HE Management Company
[11/7]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft
0/1	1	524	50%*	$847	$63	$1.62
0/1	3	524	60%*	$1,033	$63	$1.97
1/1	9	714-726	50%	$934	$86	$1.30
1/1	25	714-726	60%	$1,141	$86	$1.58
1/1	3	850	30%*	$505	$86	$0.59
1/1	9	850	60%*	$1,101	$86	$1.30
2/2	11	983-1,069	50%	$1,114	$112	$1.09
2/2	33	983-1,069	60%	$1,362	$112	$1.33
2/2	1	1,100	30%*	$595	$112	$0.54
2/2	1	1,100	60%*	$1,311	$112	$1.19
3/2	7	1,207-1,284	50%	$1,281	$137	$1.03
3/2	23	1,207-1,284	60%	$1,568	$137	$1.26
3/2	1	1,250	30%*	$1,678	$137	$1.34
3/2	1	1,250	50%*	$1,229	$137	$0.98
3/2	4	1,250	60%*	$1,505	$137	$1.20

Utilities in Rent
Water
Sewer
Trash

* - May River III (2023)

Unit Amenities

Microwave	●
Dishwasher	●
Washer/dryer	
Washer/dryer hook-up	●
9' Ceilings	
High-end kitchen	
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities

Clubhouse/community room	●
Fitness center	
Business center	●
Pool	
Playground	●
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	●



Mystic Bluff

Location: 103 Inspiration Avenue
Bluffton

Financing: Conventional
Year Built: 2018
Total Units: 248
Vacant units: n/a does not disclose

Telephone: 843.606.1386
Management: Forty2 LLC
[4/7]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	108	507-986	$1,539-1,679	$2.16
2/2	124	1,062-1,240	$1,839-2,139	$1.73
3/2	16	1,294	$2,349-2,699	$1.95

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	●
Wood/style floors	
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	



Oldfield Mews

Location: 116 Old Towne Road
Bluffton

Financing: Conventional
Year Built: 2008-2018
Total Units: 348
Vacant units: 25 92.8% occupied

Telephone: 843.645.3700
Management: Palms Associates
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	28	800-911	$1,305-1,450	$1.61
2/2	22	1,085	$1,751	$1.61
2/2½	234	1,182-1,424	$1,690-1,788	$1.33
3/2	22	1,260-1,384	$1,871-1,916	$1.43
3/2½	42	1,491-1,668	$2,099-2,243	$1.37

Utilities in Rent
Water
Sewer
Trash

Unit Amenities

Microwave	●
Dishwasher	●
Washer/dryer	
Washer/dryer hook-up	●
9' Ceilings	●
High-end kitchen	●
Wood/style floors	
Fireplaces	
Patios/balconies	

Community Amenities

Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	●
Controlled access/gated	
Elevator	●
Garages	
Storage	●
Laundry	



One Hampton Lake

Location: 11 Parklands Drive
Bluffton

Financing: Conventional
Year Built: 2017
Total Units: 306
Vacant units: 44 85.6% occupied*

Telephone: 843.628.0515
Management: Greystar
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	128	799-936	$1,746-2,509	$2.45
2/2	12	1,049	n/a	n/a
2/2½	142	1,149-1,214	$1,931-2,281	$1.78
3/2	24	1,378	$2,357	$1.71

*complex does not disclose - from website move-in specials

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	●
High-end kitchen	●
Wood/style floors	
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	
Pool	●
Playground	
Controlled access/gated	●
Elevator	
Garages	●
Storage	
Laundry	



Residences at Old Carolina

Location: 66 Buck Island Road
Bluffton

Financing: Conventional
Year Built: 2010
Total Units: 199
Vacant units: 10 95.0% occupied

Telephone: 843.706.2169
Management: Rangewater
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	56	838-928	$1,805	$2.04
2/2	111	1,134-1,271	$2,040	$1.70
3/2	32	1,417-1,441	$2,300-2,400	$1.64

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	●
High-end kitchen	●
Wood/style floors	●
Fireplaces	●
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	●
Storage	
Laundry	●



Venture at Okatie Bluffs

Location: 314 Gibbet Road
Bluffton

Financing: Conventional
Year Built: 2026 Telephone: 843.351.1070
Total Units: 150 Management: ZRS
Vacant units: n/a n/a occupied - final stgaes of construction [4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	48	831-973	$2,150-2,300*	$2.47
2/2	90	1,030-1,157	$2,425-2,575*	$2.29
3/2	12	1,200	$2,915*	$2.43

* base rent

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	●
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	



Vista View

Location: 39 Haigler Boulevard
Bluffton

Financing: LIHTC
Year Built: 1998
Total Units: 72
Vacant units: n/a n/a occupied

Telephone: 843.706.3560
Management: United Management Services

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft
3/2	72	1,205	n/a	n/a	n/a	n/a

Management chose not to respond

Utilities in Rent
Water
Sewer
Trash

Unit Amenities	
Microwave	●
Dishwasher	●
Washer/dryer	
Washer/dryer hook-up	●
9' Ceilings	
High-end kitchen	
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities	
Clubhouse/community room	●
Fitness center	
Business center	
Pool	
Playground	●
Controlled access/gated	
Elevator	
Garages	
Storage	●
Laundry	●



Waterside at Pepper Hall

Location: 91 Wilton's Way
Okatie

Financing: Conventional
Year Built: 2024
Total Units: 331
Vacant units: 56 83.1% occupied - in lease-up

Telephone: 843.351.1070
Management: ZRS
[4/6]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1		762-897	$1,869-2,074	$2.38
2/2		941-1,031	$2,069-2,299	$2.22

Utilities in Rent

Water	
Sewer	
Trash	●

Unit Amenities

Microwave	●
Dishwasher	●
Washer/dryer	●
Washer/dryer hook-up	
9' Ceilings	
High-end kitchen	●
Wood/style floors	●
Fireplaces	
Patios/balconies	●

Community Amenities

Clubhouse/community room	●
Fitness center	●
Business center	●
Pool	●
Playground	
Controlled access/gated	
Elevator	
Garages	
Storage	
Laundry	

H. INTERVIEWS

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. The proposed development will offer and attractive, new, apartment complex - to be leased subject to the provisions of the Low Income Housing Tax Credit program. Property managers of existing complexes and/or other representatives of management companies were a potential source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages).

The manager at the May River project notes that a new tax credit complex would absolutely be well-received..

I. RECOMMENDATIONS

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

J. SIGNED STATEMENT

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



Market Analyst

Date: May 5, 2026

ANALYST QUALIFICATIONS

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

The President of the firm is T. Ronald Brown. He has more than 40 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced more than 2,500 studies in at least 20 states, predominantly in the Southeast.

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

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

Mr. Brown is a member of several groups that promote housing in general and affordable housing in particular. These include the North Carolina Housing Coalition, Preservation North Carolina, the Virginia Housing Alliance, and the National Council of Housing Market Analysts.

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

NCHMA MEMBER CERTIFICATION

This market study has been prepared by T. Ronald Brown: Research & Analysis, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms used in Market Studies*, and *Model Content Standards for the Content of Market Studies.* These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and the by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts .

T.Ronald Brown: Research & Analysis is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principal participates in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. T.Ronald Brown: Research and Analysis is an independent market analyst. No principle or employee of T. Ronald Brown: Research & Analysis has any financial interest whatsoever in the development for which this analysis has been undertaken.

Attested by:



T. Ronald Brown

MARKET STUDY TERMINOLOGY

The following presents the accepted definitions of various terms typically found in real estate market studies. These definitions are typically followed unless reviewing agency requirements differ.

Absorption period - the period of time necessary for a newly constructed or renovated property to achieve the *stabilized level of occupancy*. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the *stabilized level of occupancy* has a signed lease. Assumes a typical premarketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.

Absorption rate - the average number of unites rented each month during the *absorption period*.

Acceptable rent burden - the rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.

Achievable rents - *See Market Rent, Achievable Restricted Rent.*

Affordable housing - housing affordable to low or very low-income tenants.

Amenity - tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.

Annual demand - the total estimated demand present to the market in any one year for the type of units proposed.

Assisted housing - housing where federal, state or other programs *subsidize* the monthly costs to the tenants.

Bias - a proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.

Capture rate - the percentage of age, size, and income qualified renter households in the *primary market area* that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The *Capture Rate* is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the *primary market area.* See also: penetration rate.

Comparable property - a property that is representative of the rental housing choices of the subject's *primary market area* and that is similar in construction, size, amenities, location, and/or age. Comparable and *competitive* properties are generally used to derive market rent and to evaluate the subject's position in the market.

Competitive property - a property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.

Comprehensive market study - NCHMA (the National Council of Housing Market Analysts) defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'

Concession - discount given to a prospective tenant to induce the tenant to sign a least. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).

Demand - the total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Effective rents - contract rent less concessions.

Household trends - changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.e. at marriage or separation), changes in average household size, and net *migration*.

Income band - the range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined *acceptable rent burden* percentage and the maximum typically7 is pre-defined by specific program requirements or by general market parameters.

Infrastructure - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Market advantage - the difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. (*market rent - proposed rent*) / *market rent * 100*

Market analysis - a study of real estate market conditions for a specific type of property.

Market area - *See primary market area.*

Market demand - the total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.

Market rent - the rent that an apartment, without rent or income restrictions or rent subsidies, would command in the *primary market area* considering its location, features and amenities. Market rent should be adjusted for *concessions* and owner paid utilities included in the rent.

Market study - a comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.

Marketability - the manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

Market vacancy rate, economic - percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.

Market vacancy rate, physical - average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

Migration - the movement of households into or out of an area, especially a *primary market area*.

Mixed income property - an apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50%, and 60%).

Mobility - the ease with which people move from one location to another.

Move-up demand - an estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to new tax credit properties.

Multi-family - structures that contain more than two housing units.

Neighborhood - an area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

Net rent (also referred to as contract rent or lease rent) - Gross rent less *tenant paid utilities.*

Penetration rate - The percentage of age and income qualified renter households in the *primary market area* that all existing and proposed properties, to be completed with six months of the subject, and which are competitively priced to the subject that must be captured to achieve the *stabilized level of occupancy*. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100, see also: capture rate.

Pent-up demand - a market in which there is a scarcity of supply and vacancy rates are very low.

Population trends - changes in population levels for a particular area over a specific period of time – which is a function of the level of births, deaths, and net *migration*.

Primary market area - a geographic area from which a property is expected to draw the majority of its residents.

Programmatic rents - See *restricted rents.*

Project based rent assistance - rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment - the redesign or rehabilitation of existing properties.

Rent burden - gross rent divided by adjusted monthly household income.

Rent burdened households - households with *rent burden* above the level determined by the lender, investor, or public program to be an acceptable rent-to-income.

Restricted rent - the rent charged under the restrictions of a specific housing program or subsidy.

Restricted rent, achievable - the rents that the project can attain taking into account both market conditions and rent in the *primary market area* and income restrictions.

Saturation - the point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.

Secondary market area - the portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.

Special needs population - specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs population include: substance abusers, visually impaired person or persons with mobility limitations.

Stabilized level of occupancy - the underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.

Subsidy - monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's *contract rent* and the amount paid by the tenant toward rent.

Substandard conditions - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.

Target income band - the *income band* from which the subject property will draw tenants.

Target population - the market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

Tenant paid utilities - the cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.

Turnover period - 1. An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. Housing units with new occupants / housing units * 100 2. The percent of occupants in a given apartment complex that move in one year.

Unmet housing need - new units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.

Unrestricted rents - rents that are not subject to *restriction*.

Unrestricted units - units that are not subject to any income or rent restrictions.

Vacancy period - the amount of time that an apartment remains vacant and available for rent.

Vacancy rate-economic vacancy rate - physical - maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

The following terms are also to be found in professional market studies - here, this information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

Area Median Income (AMI) - 1005 of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Basic rent - the maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate program (BMIR) - Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.

Census tract - a small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Condominium - a form of join ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract rent - 1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Difficult Development Area (DDA) - an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Elder or senior housing - housing where (1) all units in the property are restricted for occupancy by persons 62 years of age order or (2) at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

Extremely low income - person or household with income below 30% of the Area Median Income adjusted for household size.

Fair Market Rent (FMR) - the estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally set FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents.

Garden apartments - apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.

Gross rent - the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.

High-rise - a residential building having more than ten stories.

Household - one or more people who occupy a housing unit as their usual place of residence.

Housing unit - house, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

Housing Choice Voucher (Section 8 Program) - federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible households in the use of the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.

Housing Finance Agency (FHA) - state or local agencies responsible for financing housing and administering assisted housing programs.

HUD Section 8 Program - federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the contract rent and a specified percentage of tenants' adjusted income.

HUD Section 202 Program - federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

HUD Section 811 Program - federal program which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.

HUD Section 236 Program - federal program which provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

Income limits - maximum household income by county or Metropolitan Statistical Area, adjusted for household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes income limits each year for 30% median. Very low income (50%), and low income (80%), for households with 1 through 8 people.

Low income - person or household with gross household income below 80% of Area Median Income adjusted for household size.

Low income housing tax credit - a program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.

Low rise building - a building with one to three stories.

Metropolitan Statistical Area (MSA) - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities have a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise - a building with four to ten stories.

Moderate income - person or household with gross household income between 80 and 120 percent of area median income adjusted for household size.

Public Housing or Low Income Conventional Public Housing - HUD program administered by local (or regional) Housing Authorities which serves low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

Qualified Census Tract (QCT) - any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of households have an income less than 60% of the area median income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credit may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.

Rural Development (RD) market rent - a monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. The rent is the maximum rent that a tenant can pay at an RD Property.

Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program) - federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.

Single-family housing - a dwelling unit, either attached or detached, designed for use by one household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

State Data Center (SDC) - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.

Tenant - one who rents real property from another.

Tenure - the distinction between owner-occupied and renter-occupied housing units.

Townhouse (or Row House) - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.

Very low income - person or household whose gross household income does not exceed 50% of Area Median Income adjusted for household size.

Zoning - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.