



**A SENIOR RENTAL HOUSING
MARKET FEASIBILITY ANALYSIS
FOR**

BEAUFORT, SOUTH CAROLINA
(Lady's Island - Beaufort County)

Villas at Sea Pointe Apartments

*Ferry Road, east of Lady's Island Drive
Beaufort, South Carolina 29907*

March 3, 2017

Prepared for:

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Table of Contents

INTRODUCTION.....	1
EXECUTIVE SUMMARY	2
A. PROJECT DESCRIPTION	5
B. SITE DESCRIPTION.....	7
1. SITE VISIT DATE.....	7
2. SITE NEIGHBORHOOD AND OVERVIEW	7
3. NEARBY RETAIL	8
4. MEDICAL OFFICES AND HOSPITALS	8
5. OTHER PMA SERVICES	8
6. CRIME ASSESSMENT	18
7. ROAD/INFRASTRUCTURE IMPROVEMENTS.....	19
8. OVERALL SITE CONCLUSIONS	19
C. PRIMARY MARKET AREA DELINEATION.....	20
D. MARKET AREA ECONOMY	25
1. EMPLOYMENT BY INDUSTRY	25
2. COMMUTING PATTERNS	26
3. LARGEST EMPLOYERS	27
4. EMPLOYMENT AND UNEMPLOYMENT TRENDS	28
E. COMMUNITY DEMOGRAPHIC DATA.....	31
1. POPULATION TRENDS	31
2. HOUSEHOLD TRENDS	34
3. SENIOR-SPECIFIC DEMOGRAPHIC DATA.....	37
4. HOUSEHOLD INCOME TRENDS	41
F. DEMAND ANALYSIS.....	45
1. DEMAND FOR SENIOR TAX CREDIT RENTAL UNITS.....	45
2. CAPTURE AND ABSORPTION RATES.....	49
G. SUPPLY/COMPARABLE RENTAL ANALYSIS	50
1. BEAUFORT PMA RENTAL MARKET CHARACTERISTICS	50
2. COMPARABLE SENIOR RENTAL MARKET CHARACTERISTICS	51
3. COMPARABLE PIPELINE UNITS	52
4. IMPACT ON EXISTING TAX CREDIT PROPERTIES	52
6. MARKET RENT CALCULATIONS.....	63
H. INTERVIEWS	66
I. CONCLUSIONS/RECOMMENDATIONS.....	67
J. SIGNED STATEMENT REQUIREMENTS	68
K. SOURCES.....	69
L. RESUME.....	70

CERTIFICATE OF ACCURACY AND RELIABILITY

I hereby attest that this market study has been completed by an independent third-party market consultant with no fees received contingent upon the funding of this proposal. Furthermore, information contained within the following report obtained through other sources is considered to be trustworthy and reliable. As such, Shaw Research and Consulting does not guarantee the data nor assume any liability for any errors in fact, analysis, or judgment resulting from the use of this data.



Steven R. Shaw
SHAW RESEARCH & CONSULTING, LLC

Date: March 3, 2017

INTRODUCTION

Shaw Research & Consulting, LLC has prepared the following rental housing study to examine and analyze the Beaufort area as it pertains to the market feasibility of Villas at Sea Pointe Apartments, a proposed 49-unit affordable rental housing development targeted for low-income senior households. The subject proposal is to be located within the eastern edge of the city of Beaufort in a growing area on Lady's Island, approximately one mile east of the Beaufort River along the south side of Ferry Road. The site, which is less than one-eighth mile east of Lady's Island Drive (U.S. 21/NC 802) and approximately ¼ mile south of Sea Island Parkway (U.S. 21), is situated adjacent to a family tax credit development (Sea Pointe Apartments) within a relatively residential area (single-family and multi-family), along with a restaurant, retail, commercial, and vacant undeveloped property nearby.

The purpose of this report is to analyze the market feasibility of the subject proposal based on the project specifications and site location presented in the following section. Findings and conclusions will be based through an analytic evaluation of demographic trends, recent economic patterns, existing rental housing conditions, detailed fieldwork and site visit, and a demand forecast for rental housing within the Beaufort market area. All fieldwork and community data collection was conducted on February 13, 2017 by Steven Shaw. A phone survey of existing rental developments identified within the PMA, as well as site visits to those properties deemed most comparable to the subject, was also reviewed to further measure the potential market depth for the subject proposal.

This study assumes Low Income Housing Tax Credits (LIHTC) will be utilized in the development of the subject rental facility, along with the associated rent and income restrictions obtained from the South Carolina State Housing Finance and Development Authority (SCSHFDA). As a result, the proposed Villas at Sea Pointe Apartments will feature a total of 49 units (six one-bedroom and 43 two-bedroom units) restricted to households at 50 percent and 60 percent of the area median income (AMI). Furthermore, there are no unrestricted (market rate) or project-based rental assistance (PBRA) units proposed within the subject development.

EXECUTIVE SUMMARY

Based on the information collected and presented within this report, sufficient evidence has been introduced for the successful introduction and absorption of the subject proposal, as described in the following project description, within the Beaufort market area. As such, the following summary highlights the key findings and conclusions reached from this information:

- 1) The subject proposal is a 49-unit senior-only rental development targeting low-income senior households. The facility will consist of a mix of one and two bedroom units restricted to households at 50 and 60 percent of AMI.
- 2) Demand estimates for the proposed development show sufficient statistical support for the introduction and absorption of additional rental units within the Beaufort PMA. Capture rates are presented in Exhibit S-2 (following the executive summary), and are clearly reflective of the need for affordable senior rental housing locally.
- 3) Occupancy rates for affordable rental housing are quite positive throughout the local market area at the current time. As such, an overall occupancy rate of 97.5 percent was calculated among 21 properties (including three senior) included in a January/February 2017 survey of rental developments identified and contacted within the PMA.
- 4) There is only one senior tax credit development within the defined PMA – Laurel Hills Apartments is a 71-unit property constructed in 2005 in Port Royal. According to survey results, the project is 100 percent occupied with a waiting list of 20 persons.
- 5) There is a general lack of senior-only housing within the Beaufort area. Only three senior properties were identified (one LIHTC and two subsidized), with all three at 100 percent occupancy and each maintaining a waiting list ranging between 20 and 35 persons.
- 6) Based on U.S. Census figures and ESRI forecasts, senior demographic patterns throughout the Beaufort area have been quite positive since 2000. As such, the senior population (55 and over) within the PMA increased by 22 percent between 2010 and 2016, representing more than 2,300 additional senior residents during this time. Further, future projections indicate these gains will continue, with an additional increase of 15 percent anticipated between 2016 and 2021.
- 7) Considering the subject's proposed targeting, affordable rental rates, and competitive unit sizes and development features, the introduction of The Villas at Sea Pointe Apartments should prove successful. Based on extremely positive demographic patterns, and high occupancy levels throughout the local rental stock, especially among senior and affordable properties, a newly constructed senior-only rental option will undoubtedly be successful within the Beaufort PMA. As such, evidence presented within the market study suggests a normal lease-up period (between five and six months) should be anticipated based on project characteristics as proposed. Furthermore, the development of the subject proposal will not have any adverse effect on any other existing rental property – either affordable or market rate.

2017 EXHIBIT S-2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY

Development Name:	VILLAS AT SEA POINTE	Total # Units:	49
Location:	Ferry Road, Beaufort, South Carolina (Lady's Island) SC	# LIHTC Units:	49
PMA Boundary:	North - 5.5 miles; South - 4 miles; East - 2 miles; West - 7 miles		
Development Type:	Family 55+ Older Persons	Farthest Boundary Distance to Subject:	7 Miles

RENTAL HOUSING STOCK (found on page 53)

Type	# Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	21	2,424	60	97.5%
Market-Rate Housing	8	1,622	57	96.5%
Assisted/Subsidized Housing not to include LIHTC	3	143	3	97.9%
LIHTC (All that are stabilized)*	7	495	0	100.0%
Stabilized Comps**	7	495	0	100.0%
Non-stabilized Comps	0	0	0	NA

*Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).
 **Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.

Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
2	1 BR	1.0	828	\$544	\$863	\$1.12	36.9%	\$1,180	\$1.55
4	1 BR	1.0	828	\$555	\$863	\$1.12	35.7%	\$1,180	\$1.55
9	2 BR	2.0	966	\$600	\$975	\$0.91	38.5%	\$1,450	\$1.40
34	2 BR	2.0	966	\$600	\$975	\$0.91	38.5%	\$1,450	\$1.40
Gross Potential Rent Monthly*				\$29,108	\$47,119		38.22%		

*Market Advantage is calculated using the following formula: (Gross Adjusted Market Rent (minus) Gross Proposed Tenant Rent) (divided by) Gross Adjusted Market Rent. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.

DEMOGRAPHIC DATA (found on page 31)

	2010		2016		2019	
Renter Households	1,416	20.9%	1,678	20.9%	1,808	20.9%
Income-Qualified Renter HHs (LIHTC)	350	24.7%	414	24.7%	446	24.7%
Income-Qualified Renter HHs (MR)	0	0.0%	0	0.0%	0	0.0%

TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 47)

Type of Demand	50%	60%	Market Rate	Other: _____	Other: _____	Overall
Renter Household Growth	16	31	--			32
Existing Households (Overburd + Substand)	82	155	--			160
Homeowner Conversion (Seniors)	13	22	--			22
Other:	--	--	--			--
Less Comparable/Competitive Supply	--	--	--			--
Net Income-Qualified Renter HHs	111	207	--	--	--	214

CAPTURE RATES (found on page 47)

Targeted Population	50%	60%	Market Rate	Other: _____	Other: _____	Overall
Capture Rate	9.9%	18.3%	--			22.9%

ABSORPTION RATE (found on page 49)

Absorption Period:	5 to 6 months
--------------------	---------------

2017 S-2 RENT CALCULATION WORKSHEET							
	# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Potential Tenant Rent	Adjusted Market Rent	Gross Potential Market Rent	Tax Credit Gross Rent Advantage
40%	--	0 BR	--	--	--	--	
50%	--	0 BR	--	--	--	--	
60%	--	0 BR	--	--	--	--	
40%	--	1 BR	\$0	\$0	\$863	\$0	
50%	2	1 BR	\$544	\$1,088	\$863	\$1,725	
60%	4	1 BR	\$555	\$2,220	\$863	\$3,450	
40%	--	2 BR	\$0	\$0	\$975	\$0	
50%	9	2 BR	\$600	\$5,400	\$975	\$8,779	
60%	34	2 BR	\$600	\$20,400	\$975	\$33,165	
40%	--	3 BR	--	--	--	--	
50%	--	3 BR	--	--	--	--	
60%	--	3 BR	--	--	--	--	
40%	--	4 BR	--	--	--	--	
50%	--	4 BR	--	--	--	--	
60%	--	4 BR	--	--	--	--	
	Totals	49		\$29,108		\$47,119	38.22%

A. PROJECT DESCRIPTION

According to project information supplied by the sponsor of the subject proposal, the analysis presented within this report is based on the following development configuration and assumptions:

Project Name:	VILLAS AT SEA POINTE								
Project Address:	Ferry Road								
Project City:	Beaufort, South Carolina (<i>Lady's Island</i>)								
County:	Beaufort County								
Total Units:	49								
Occupancy Type:	Older Persons (55+)								
Construction Type:	New Construction								
Income Targeting*:	<i>Overall - \$18,870 to \$32,220</i> <i>50% AMI - \$18,870 to \$26,850</i> <i>60% AMI - \$19,200 to \$32,220</i>								
Targeting/Mix	Number of Units	Unit Type	Number of Baths	Square Feet	Contract Rent	Utility Allow.	Gross Rent	Max. LIHTC Rent*	Incl. PBRA
One-Bedroom Units	6								
50% of Area Median Income	2	Apt	1.0	828	\$544	\$85	\$629	\$629	No
60% of Area Median Income	4	Apt	1.0	828	\$555	\$85	\$640	\$755	No
Two-Bedroom Units	43								
50% of Area Median Income	9	Apt	2.0	966	\$600	\$111	\$711	\$755	No
60% of Area Median Income	34	Apt	2.0	966	\$600	\$111	\$711	\$906	No

*Maximum LIHTC Rents and Income Limits are based on 2016 Income & Rent Limits (effective 3/28/2016) obtained from SCSHFDA website (www.schousing.com).

Project Description:

Development Location.....Beaufort, South Carolina
 Construction Type.....New construction
 Occupancy TypeOlder Persons (55+)
 Target Income Group.....100% LIHTC (50% and 60% AMI)
 Special Population GroupN/A
 Number of Units by Unit TypeSee previous page
 Unit SizesSee previous page
 Rents and Utility InformationSee previous page
 Proposed Rental Assistance (PBRA)None

Project Size:

Total Development Size.....49 units
 Number of Affordable Units.....49 units
 Number of Market Rate Units.....0 units
 Number of PBRA Units0 units
 Number of Employee Units0 units

Development Characteristics:

Number of Total Units49 units
 Number of Garden Apartments.....49 units
 Number of Townhouses0 units
 Number of Residential Buildings.....1 (*maximum three story*)
 Number of Community Buildings0
 Exterior Construction.....Minimum 70% Brick

Unit Amenities:

- Frost Free Refrigerator
- Oven/Range
- Dishwasher
- Garbage Disposal
- Microwave
- Ceiling Fan
- Washer/Dryer Hook-Up
- Mini-Blinds/Vertical Blinds
- Central Air Conditioning
- Walk-In Closet
- In-Unit Emergency Call System

Development Amenities:

- Multi-Purpose Room w/ Kitchenette
- Equipped Computer Center
- Equipped Exercise Room
- On-Site Management Office
- On-Site Laundry Facility
- Elevator
- Covered Gazebo w/ Picnic Tables

Additional Assumptions:

- Water, sewer, and trash removal will be included in the rent. Electricity (including electric heat pump), cable television, internet access, and telephone charges will be paid by the tenant;
- Market entry is scheduled for late 2018/early 2019

B. SITE DESCRIPTION

1. Site Visit Date

All fieldwork and community data collection was conducted on February 13, 2017 by Steven Shaw.

2. Site Neighborhood and Overview

The subject property is located in a growing area within the eastern edge of the city of Beaufort along the south side of Ferry Drive, approximately one mile east of the Beaufort River. As such, the site is situated on Lady's Island, and is approximately ¼ mile south of Sea Island Parkway (U.S. 21) and just east of Lady's Island Drive (U.S. 21/NC 802). Characteristics of the immediate neighborhood are somewhat mixed, but are largely residential (a mixture of single-family and multi-family), along with retail, commercial, a restaurant, and vacant undeveloped property nearby. A new family tax credit multi-family development (Sea Pointe Apartments) is located adjacent to the south of the subject property, while single-family homes are situated adjacent to the east. In addition, a restaurant (Brody's Bar and Grill) is adjacent to the west, and a newly constructed Publix Supermarket can be found directly to the north of the site.

The subject property consists of approximately 2.7 acres of generally flat, undeveloped, and densely-wooded property. Situated within Census Tract 9.03 of Beaufort County, the site is currently zoned as General Commercial (which allows for the development of multi-family units). Based on current usages, current zoning throughout the neighborhood should not impede or negatively affect the viability of the subject proposal. As such, adjacent land usage is as follows:

- North:** New retail/commercial (*Publix Supermarket – in excellent condition*)
- South:** New multi-family (*Sea Pointe Apartments – in excellent condition*)
- West:** Restaurant (*Brody's Bar and Grill – in good condition*)
- East:** Single-family homes (*fair to good condition*)

Access to the site will be from Ferry Drive, a lightly-traveled secondary residential street providing access to Lady's Island Drive to the west, and Sea Island Parkway to the northeast. Overall, the subject property's location along a seemingly quiet residential street provides a generally positive curb appeal for seniors, with no visible traffic congestion and most nearby

properties (residential or otherwise) in good condition. Although the site does not have good visibility from a well-traveled roadway, its location is within ¼ mile of two popular thoroughfares offering abundant retail opportunities and should be considered a positive attribute and suitable for multi-family housing.

3. Nearby Retail

The subject property is situated within walking distance to various retail opportunities. As such, the site is within ½ mile of several shopping centers – including Publix Supermarket and Pharmacy, Food Lion, Dollar General, Walgreens, and Rite-Aid. Located approximately ¼ mile north of the site, Sea Island Parkway represents one of the foremost retail/commercial corridors on Lady’s Island, and also provides a direct route to downtown Beaufort (approximately two miles northwest of the site). In addition to various retail opportunities near the downtown area, other retail areas in the southern portion of Beaufort can be accessed via Lady’s Island Drive (just west of the site).

4. Medical Offices and Hospitals

Numerous medical services and physician offices can be found throughout the immediate area as well. The nearest full-service hospital to the subject property is Beaufort Memorial Hospital, which is situated west of the Beaufort River along Ribaut Road and south of the downtown area (approximately 4¼ miles west of the site). In addition, the Beaufort Medical Plaza and Hospital Medical Park are adjacent to the hospital, offering various medical services and specialty offices. Closer to the site, three medical offices can be found less than ½ mile from the subject, including Lowcountry Urgent Care (at the southwest corner of Ferry Road and Sea Island Parkway), Primecare Health Center (along Lady’s Island Drive), and Sea Island Medical Practice (also along Lady’s Island Drive).

5. Other PMA Services

Additional services of note within the market area include a library, YMCA, and several parks and recreational facilities. The Beaufort County Library is located approximately two miles from the site in downtown Beaufort, while the Wardle Family YMCA can be found roughly 3½ miles from the site in Port Royal, offering activities and services for all ages.

Bus/transit services are provided locally through Palmetto Breeze Transit, which offers fixed-route and dial-a-ride services throughout Allendale, Beaufort, Colleton, Hampton, and Jasper Counties. As such, the nearest fixed bus routes are within walking distance of the site along both Lady’s Island Drive and Sea Island Parkway.

The following identifies pertinent locations and features within the Beaufort market area, and can be found on the following map by the number next to the corresponding description (*all distances are estimated by paved roadway*):

Retail

- 1. Publix Supermarket.....adjacent to north
- 2. Food Lion grocery.....0.3 miles northeast
- 3. Dollar General.....0.3 miles northeast
- 4. Walgreens pharmacy.....0.3 miles north
- 5. Island Square shopping center0.4 miles northwest
(includes Rite-Aid Pharmacy, Island Meat Market, and Grayco Hardware)
- 6. Dollar Tree0.6 miles northwest
- 7. Piggly Wiggly/Sears Home Store/Maxway3.1 miles southwest
- 8. Cross Creek Plaza shopping center6.4 miles northwest
(includes Belk, JC Penney, Best Buy, TJ Maxx, PetSmart, Hibbett Sports, Radio Shack, Rue21, Cato Fashions, The Shoe Dept, Rent-A-Center, UPS Store)
- 9. Walmart Supercenter6.5 miles northwest

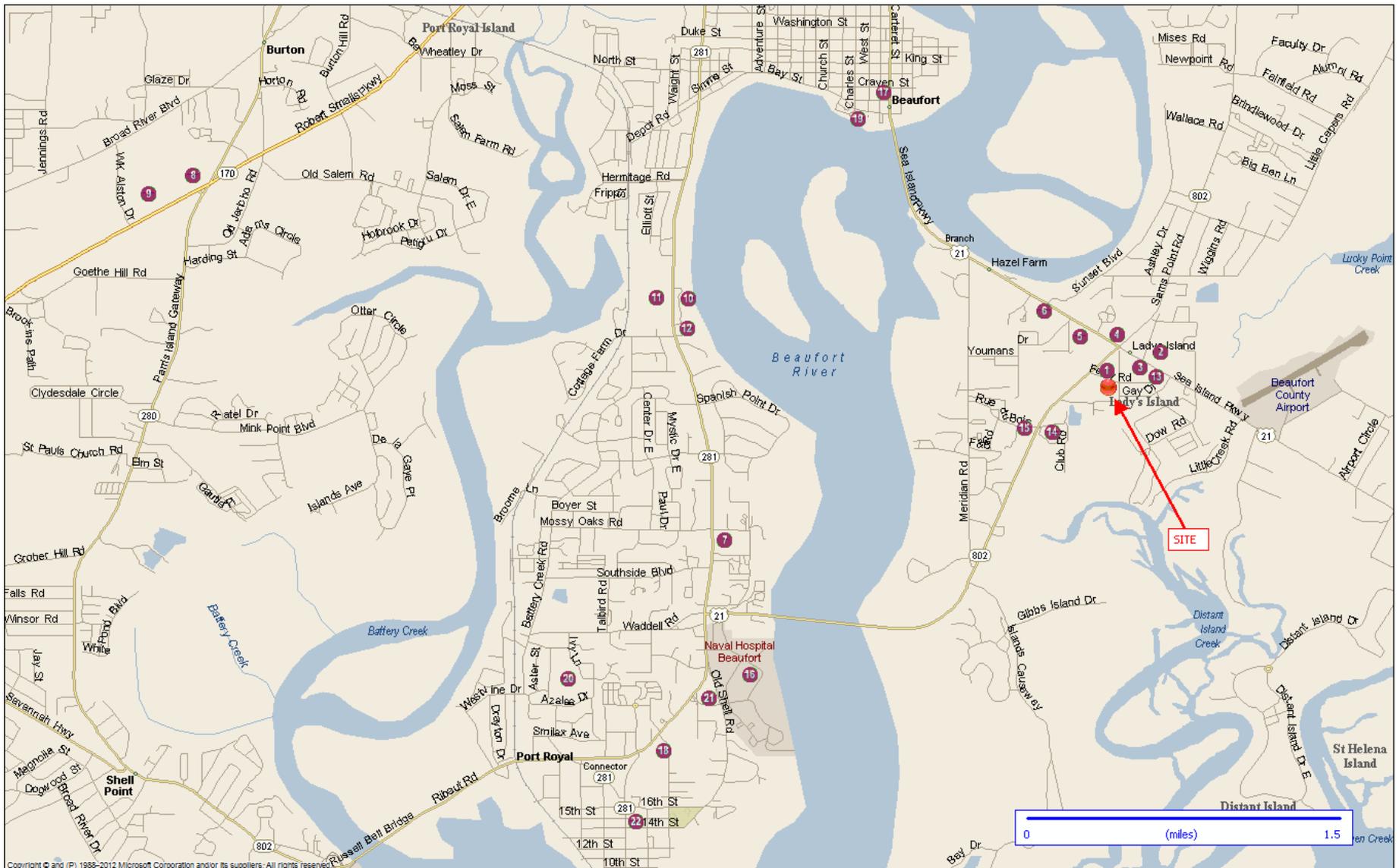
Medical

- 10. Beaufort Memorial Hospital4.3 miles west
- 11. Hospital Medical Park.....4.3 miles west
- 12. Beaufort Medical Plaza.....4.2 miles west
- 13. Lowcountry Urgent Care0.3 miles northeast
- 14. Primecare Health Center0.4 miles southwest
- 15. Sea Island Medical Practice0.4 miles southwest
- 16. U.S. Naval Hospital – Beaufort2.9 miles southwest

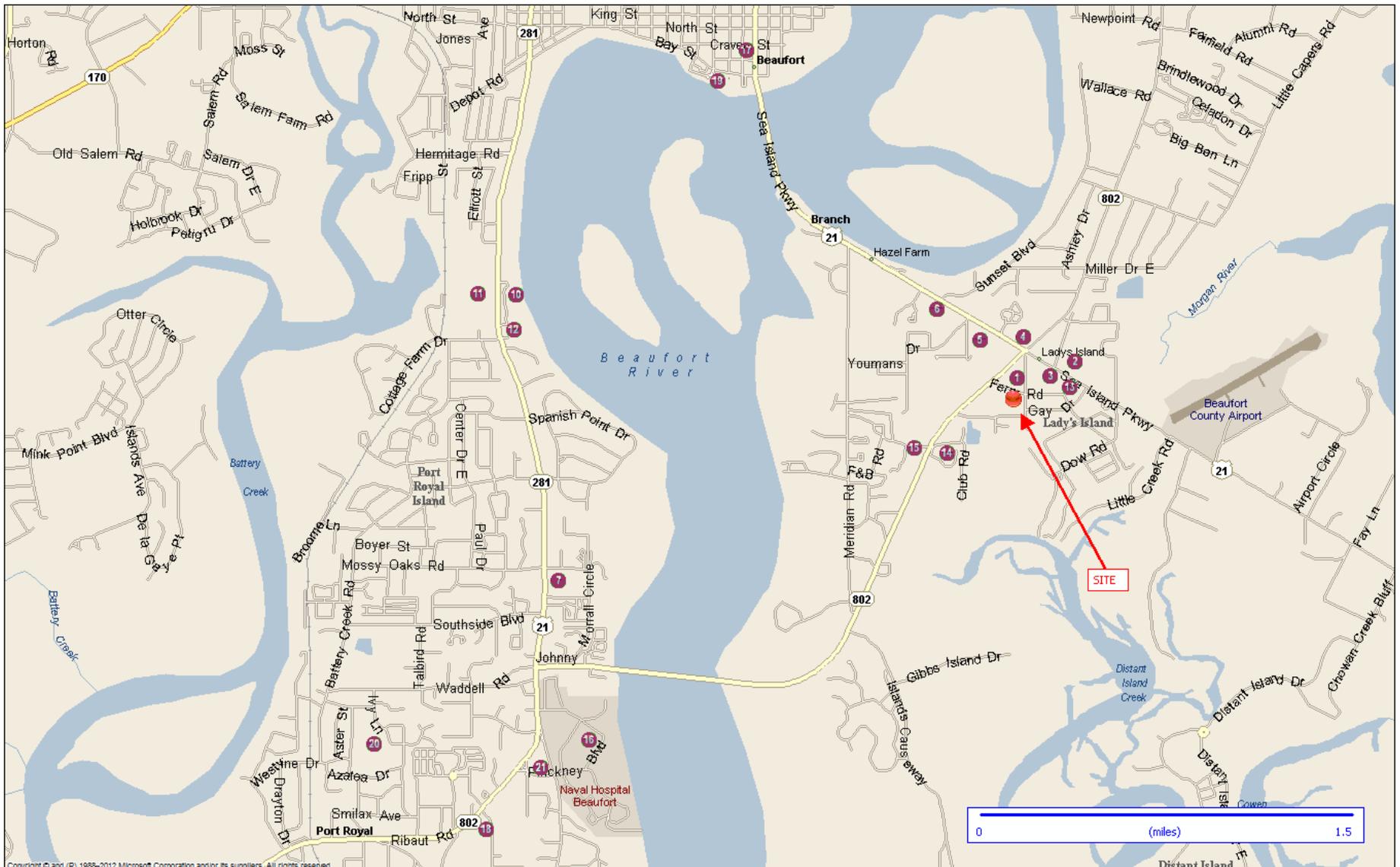
Recreation/Other

- 17. Beaufort County Library.....2.1 miles northwest
- 18. Wardle Family YMCA3.5 miles southwest
- 19. Chambers Waterfront Park2.1 miles northwest
- 20. Arthur Horne Nature Park.....3.6 miles southwest
- 21. Naval Heritage Park w/ Farmers Market3.1 miles southwest
- 22. Senior Services of Beaufort3.9 miles southwest

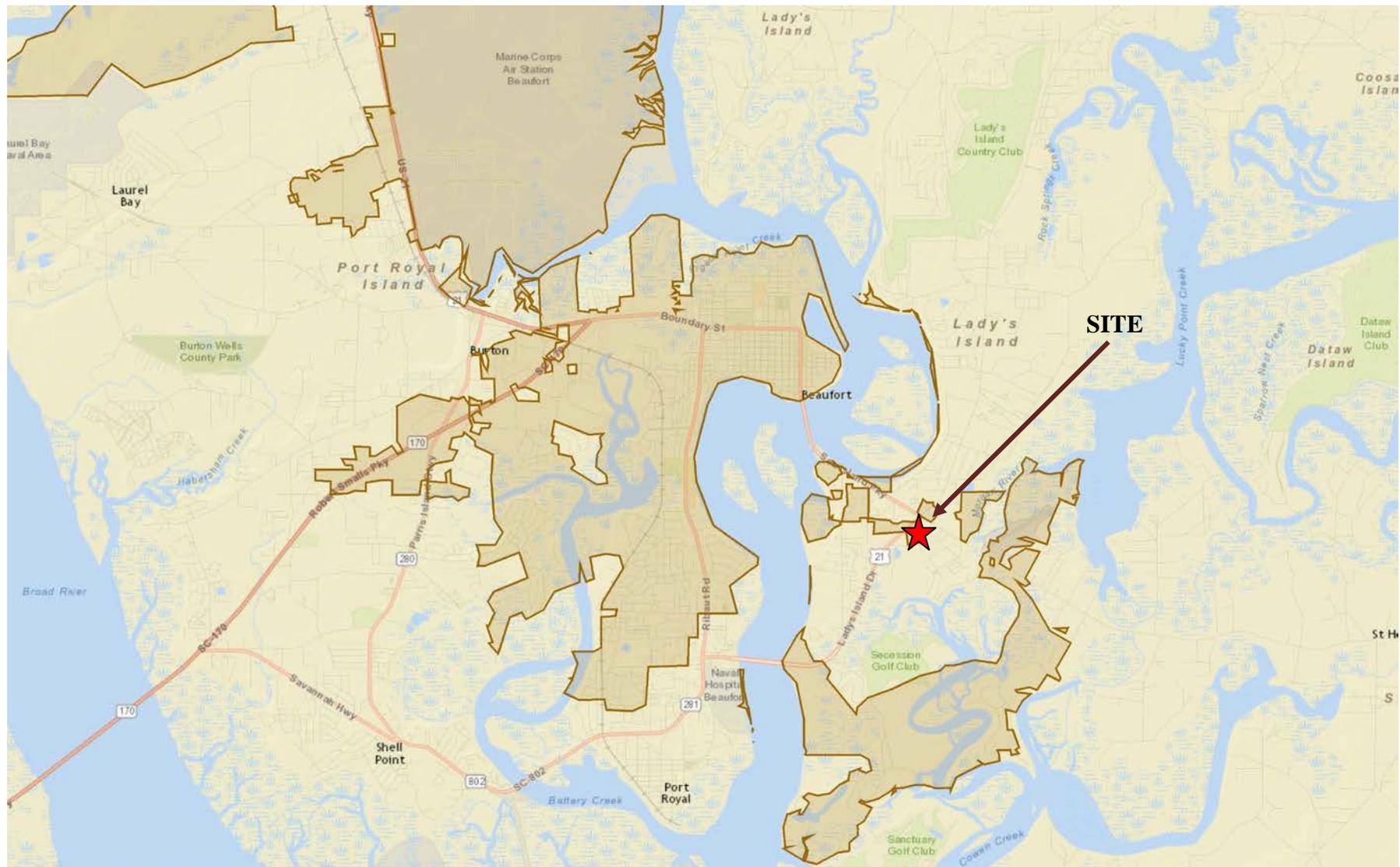
Map 1: Local Features/Amenities – Beaufort/Beaufort Area



Map 2: Local Features/Amenities – Close View

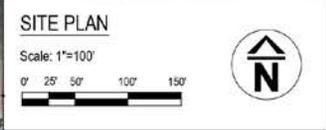


Map 3: Site Location – City of Beaufort



NOTE: Shaded area is city of Beaufort

Map 4: Site Location - Aerial Photo



NOTES:

- 48 UNITS -
- 1 X 3 STORY 48 UNIT BUILDING.
- 1BED = 6 UNITS (13%)
- 2BED = 42 UNITS (87%)
- PARKING:
- PROVIDED 90 PARKING (INCLUDING

Single-family homes

Unit Summary

Name	Unit Type	# of Units	Heated Area	Total Heated
A1	1Bed/1Bath	6	810	4,860
B1	2Bed/2Bath	30	960	28,800
B2	2Bed/2Bath	6	970	5,820
B3	2Bed/2Bath	6	990	5,940
Total		48		45,420

Buildings Summary

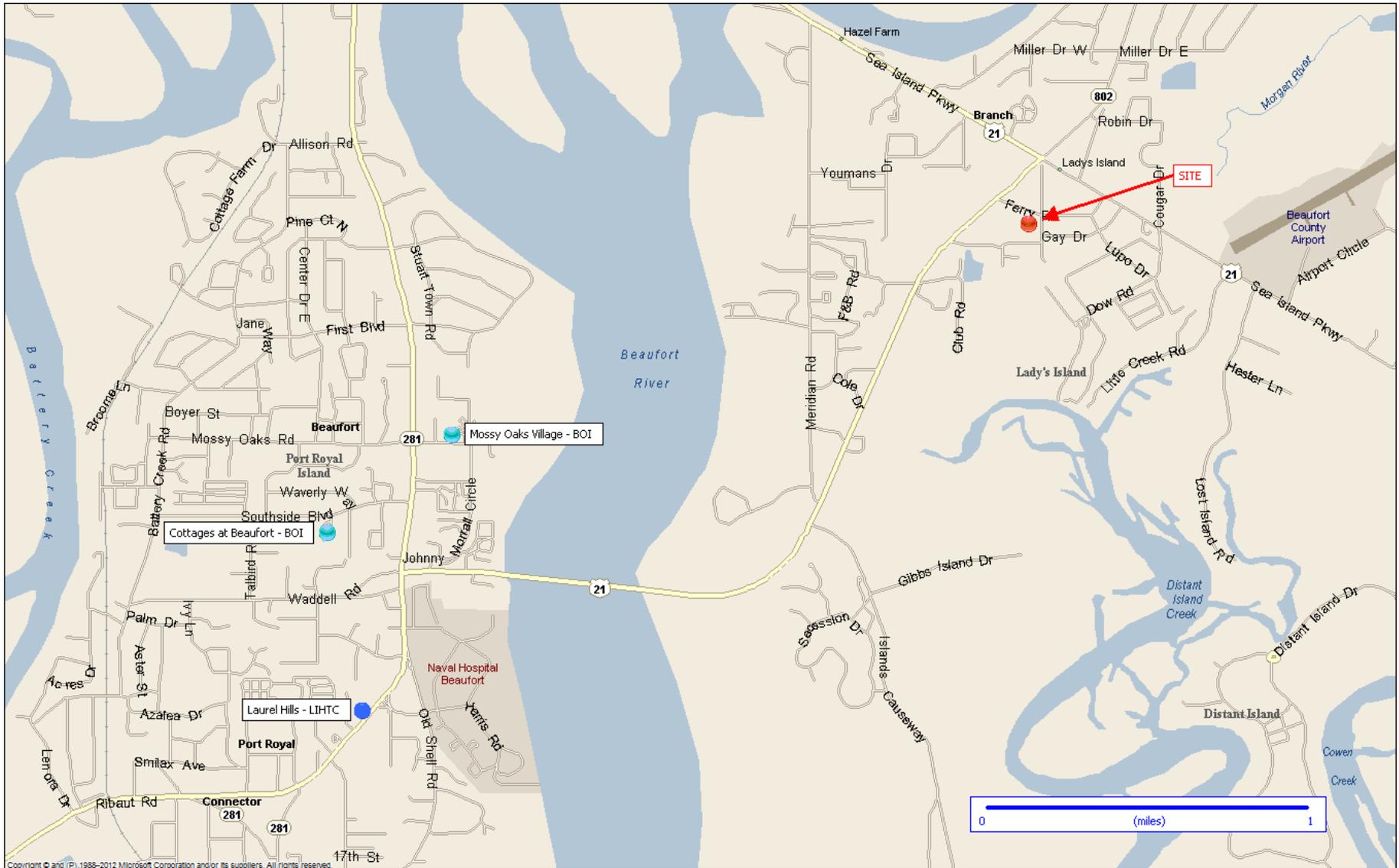
48 Unit Building Summary	Total Residential Heated SF	Total Non-Residential Heated SF	Total Heated	Total Gross
	45,420	11,780	57,200	62,600
GrandTotals	45,420	11,780	57,200	62,600

 Progress Design Studio, PLLC
ARCHITECTURE PLANNING VISUALIZATION
marketing@progressdesignstudio.com

VILLAS AT SEA POINTE
Location: Sea Pointe, SC
Bradley Beaufort, LLC

PDS - 16202 - 03/04/2016.
This document is intended to be used for presentation purposes only. Refer to surveys and civil drawings for technical information and measurements.

Map 5: Senior Affordable Rental Housing – Beaufort Area



Site/Neighborhood Photos



**SITE – Villas at Sea Pointe Apartments
Beaufort, SC
Facing north from Sea Pointe Apartments**



**SITE – Villas at Sea Pointe Apartments
Beaufort, SC
Facing east from entrance drive to Sea Pointe Apts**



**SITE – Villas at Sea Pointe Apartments
Beaufort, SC
Facing west from Hazel Farm Road**



**SITE – Villas at Sea Pointe Apartments
Beaufort, SC
Facing south from Ferry Road**



**New Publix Supermarket adjacent to north of site
Facing north from Ferry Drive**



**Sea Pointe Apartments adjacent to south of site
Facing south from subject property**



**Restaurant adjacent to west of site
Facing west from entrance drive to Sea Pointe Apts**



**Single-family home adjacent to east of site
Facing east from Hazel Farm Road**



Facing west along Ferry Drive from Hazel Farm Road
Site is on left, Publix is on right



Facing south along entrance drive to Sea Pointe Apts
from Ferry Drive
Site is on left, restaurant is on right



Facing north along Hazel Farm Road
Site is on left



Facing south along Hazel Farm Road from Ferry
Drive
Site is on right

6. Crime Assessment

According to crime data by zip code, the overall crime index within the immediate area is comparable to state norms, but somewhat above national levels. According to data obtained from CLResearch.com, which provides demographic and lifestyle statistics by zip code, the area in which the subject property is situated (zip code 29907) had a Total Crime Risk index of 115 – as compared to 130 for the state (whereas an index of 100 is the national average). According to index values, Larceny Risk was the highest (at 179) followed closely by Rape Risk (172). Conversely, Robbery Risk and Automotive Theft Risk (at 36 and 46, respectively) were the lowest of all factors, and also well below state and national averages. Overall, five of the seven risk factors for the neighborhood are below state norms, while two are below national averages. As such, considering these factors as well as information gathered during the site visit, there does not appear to be any noticeable security concerns within the immediate neighborhood surrounding the site, or community as a whole.

Table 1: Crime Risk Index

	Zip: 29907 Index*	State Index*	National Index*
Total Crime Risk Index	115	130	100
Personal Crime Index	128	165	100
Murder Risk	116	138	100
Rape Risk	172	138	100
Robbery Risk	36	95	100
Assault Risk	117	200	100
Property Crime Index	127	124	100
Burglary Risk	131	137	100
Larceny Risk	179	125	100
Automotive Theft Risk	46	91	100
*Values are represented as an index, where the value 100 represents the national average. Source: HomeFair.com - Data by Zip Code			

7. Road/Infrastructure Improvements

Based on the site visit and evaluation of the local market area, no significant road work and/or infrastructure improvements were observed near the site that would have any impact (positive or negative) on the marketability or absorption of the subject proposal.

8. Overall Site Conclusions

Overall, the majority of necessary services are situated within a short distance of the site, with several retail centers (with a Publix, Food Lion, Dollar General, Walgreens, and Rite Aid Pharmacy all within ½ mile), medical offices, parks, and other various services all located within the immediate area. Based on a site visit conducted February 13, 2017, overall site characteristics can be viewed as mostly positive, with no significant visible nuances that can have a potentially negative effect on the marketability or absorption of the subject property. In addition, the subject property's location is readily accessible to Lady's Island Drive (U.S. 21/NC 802) and Sea Island Parkway (U.S. 21), offering easy access to downtown Beaufort and most local retail/commercial areas. The subject property has a generally positive curb appeal, with no visible traffic congestion and most nearby properties (residential or otherwise) in fair to good condition.

C. PRIMARY MARKET AREA DELINEATION

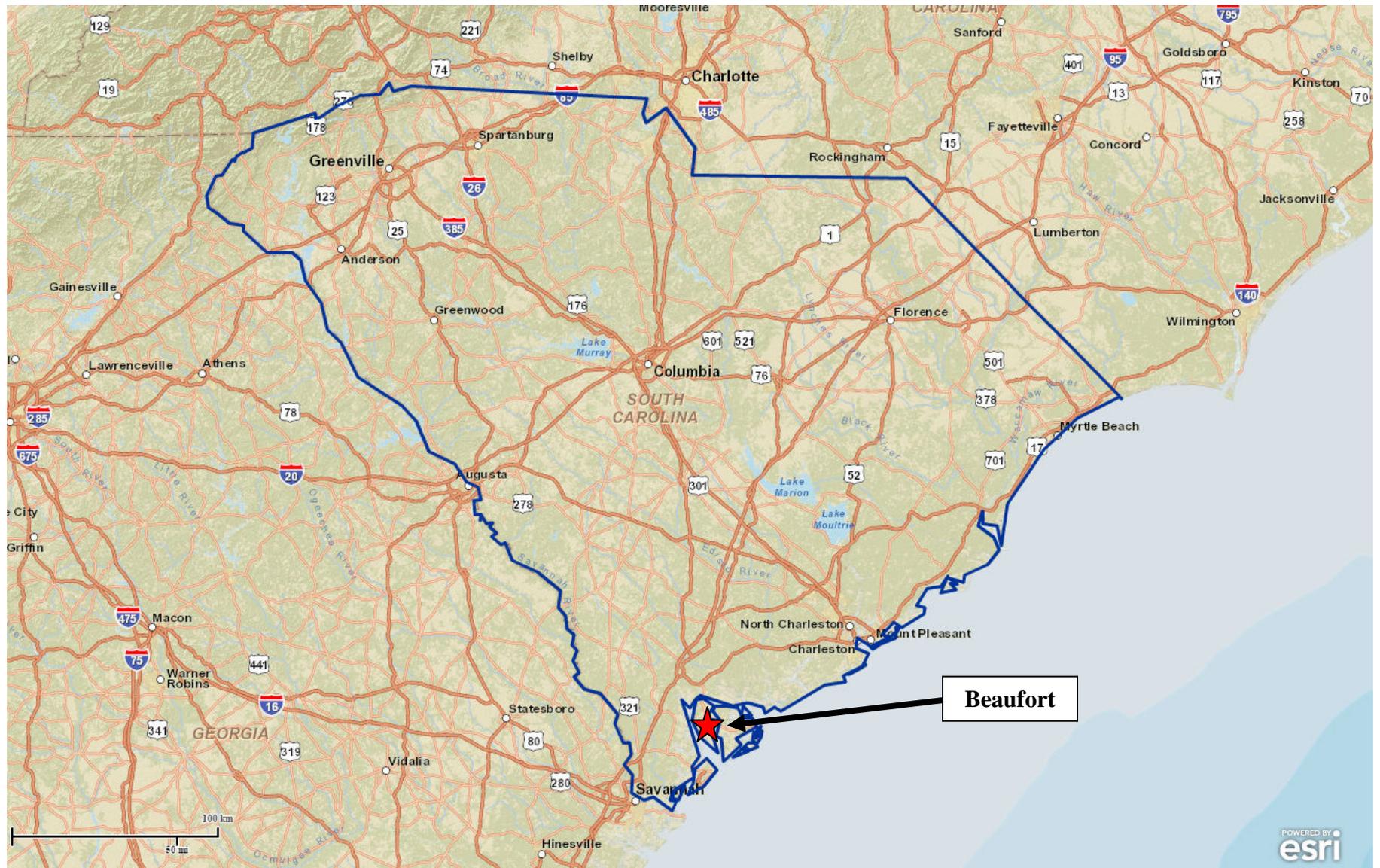
The Primary Market Area (PMA) is defined as the geographic area from which the subject property (either proposed or existing) is expected to draw the *majority* of its residents. For the purpose of this report, the Beaufort PMA consists of Beaufort and the immediate surrounding area, and also includes the community of Port Royal. More specifically, the PMA is comprised of a total of nine census tracts within central Beaufort County, reaching approximately two miles to the east of the site, 5½ miles to the north, four miles to the south, and roughly seven miles to the west. As such, the aforementioned primary market area delineation can be considered as a realistic indication of the potential draw of the subject proposal based on the characteristics of the Beaufort area as well as the site's location less than ¼ mile from Lady's Island Drive (U.S. 21/NC 802) and Sea Island Parkway (U.S. 21) – each providing relatively convenient transportation throughout the region.

Factors such as socio-economic conditions and patterns, local roadway infrastructure, commuting patterns, physical boundaries, and personal experience were utilized when defining the primary market area. As such, the PMA is comprised of the following census tracts (*all are in Beaufort County*):

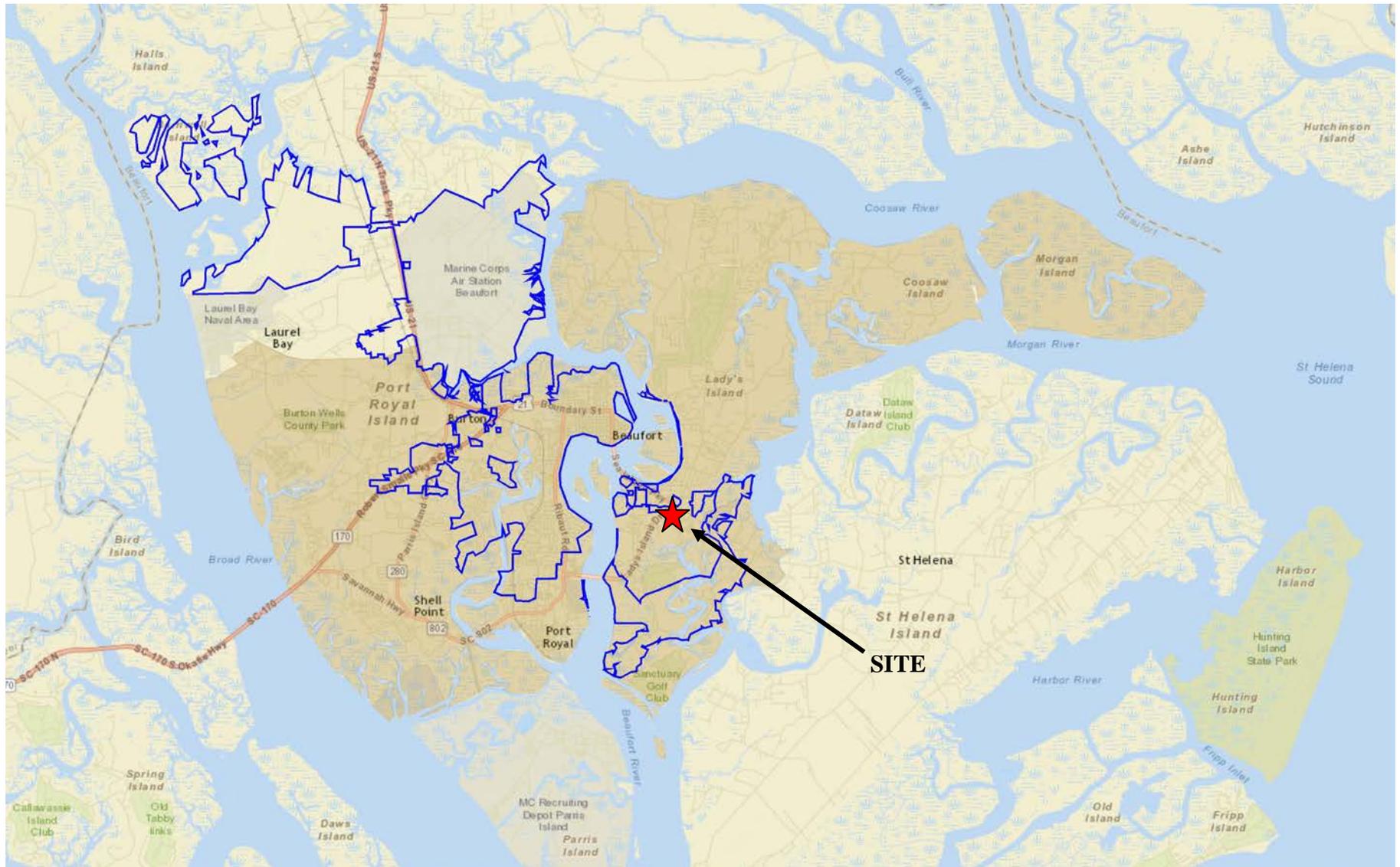
- Tract 5.01
- Tract 5.02
- Tract 5.03
- Tract 6.00
- Tract 7.00
- Tract 8.00
- Tract 9.01
- Tract 9.02
- Tract 9.03*

* Site is located in Census Tract 9.03

Map 6: State of South Carolina



Map 7: Beaufort PMA



NOTE: Shaded area is PMA; Blue outline is city of Beaufort

Map 8: Primary Market Area – Census Tracts

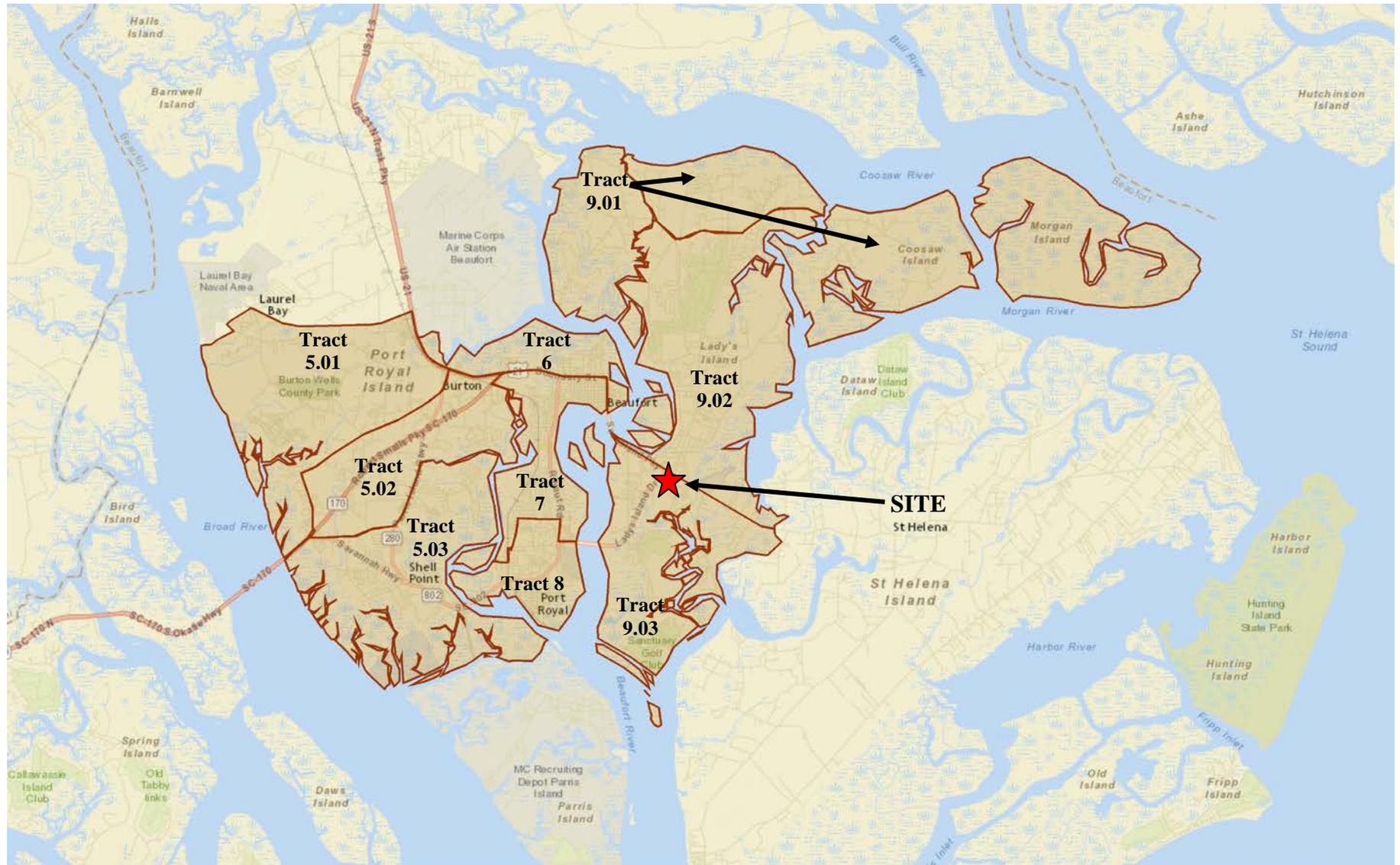


Table 2: Race Distribution (2010)

Census Tract 9.03 - Beaufort County, SC		
	<u>Number</u>	<u>Percent</u>
Total Population (all races)	1,778	100.0%
White*	1,250	70.3%
Black or African American*	447	25.1%
American Indian/Alaska Native*	9	0.5%
Asian*	34	1.9%
Native Hawaiian/Pacific Islander*	0	0.0%
Other Race*	58	3.3%

*NOTE: Race figures are "alone or in combination" - which allows persons to report their racial makeup as more than one race. As such, the sum of individual races may add up to more than the total population.

SOURCE: U.S. Census - 2010 - Table QT-P6

D. MARKET AREA ECONOMY

1. Employment by Industry

According to information from the South Carolina Department of Employment and Workforce, the largest individual employment industry within the private sector in Beaufort County was accommodation/food services (20 percent of all jobs), followed by persons employed in retail trade (16 percent), and health care/social assistance (14 percent). Based on a comparison of employment by industry from 2011, the majority of industries experienced a net gain over the past five years. Health care/social assistance had the largest growth (1,566 new jobs), followed by retail trade (1,109 jobs) and arts/entertainment/recreation (757 jobs). In contrast, industries experiencing the greatest declines between 2011 and 2016 include information (263 fewer jobs) and manufacturing (113 fewer jobs).

Table 3: Employment by Industry – Beaufort County (2Q 2016)

<u>Industry</u>	<u>2Q 2016</u>		<u>2Q 2011</u>		<u>Change (2011-2016)</u>	
	<u>Number Employed</u>	<u>Percent</u>	<u>Number Employed</u>	<u>Percent</u>	<u>Number Employed</u>	<u>Percent</u>
Total, All Industries	64,724	100.0%	58,707	100.0%	6,017	10%
Agriculture, forestry, fishing and hunting	673	1.0%	*	*	*	*
Mining	*	*	*	*	*	*
Utilities	347	0.5%	335	0.6%	12	4%
Construction	3,472	5.4%	2,914	5.1%	558	19%
Manufacturing	627	1.0%	740	1.3%	(113)	(15%)
Wholesale trade	590	0.9%	572	1.0%	18	3%
Retail trade	10,206	15.8%	9,097	15.8%	1,109	12%
Transportation and warehousing	953	1.5%	769	1.3%	184	24%
Information	445	0.7%	708	1.2%	(263)	(37%)
Finance and insurance	1,592	2.5%	1,435	2.5%	157	11%
Real estate and rental and leasing	2,275	3.5%	2,152	3.7%	123	6%
Professional and technical services	2,562	4.0%	2,149	3.7%	413	19%
Management of companies and enterprises	918	1.4%	*	*	*	*
Administrative and waste services	4,254	6.6%	3,938	6.8%	316	8%
Educational services	4,148	6.4%	4,009	7.0%	139	3%
Health care and social assistance	9,292	14.4%	7,726	13.4%	1,566	20%
Arts, entertainment, and recreation	2,749	4.2%	1,992	3.5%	757	38%
Accommodation and food services	12,829	19.8%	12,117	21.0%	712	6%
Other services, exc. public administration	3,463	5.4%	3,539	6.1%	(76)	(2%)
Public administration	3,328	5.1%	3,379	5.9%	(51)	(2%)
Unclassified	*	*	*	*	*	*

* - Data Not Available

Source: South Carolina Department of Employment & Workforce - Beaufort County

2. Commuting Patterns

Based on an economy dependent largely on the tourism industry, far more workers commute to Beaufort County than commute away from the county for employment, according to U.S. Census information. Overall, the vast majority of PMA residents stay within the county to work. Based on place of employment (using 2015 American Community Survey data), 93 percent of PMA residents are employed within Beaufort County, while just seven percent work outside of the county (most of which commute to Jasper and Chatham Counties).

An overwhelming majority of workers throughout Beaufort County traveled alone to their place of employment, whether it was within the county or commuting outside of the area. According to ACS data, approximately 82 percent of workers within the PMA drove alone to their place of employment, while nine percent carpooled in some manner. Only a very small number (five percent) utilized public transportation, walked, or used some other means to get to work.

Table 4: Place of Work/ Means of Transportation (2015)

EMPLOYMENT BY PLACE OF WORK						
	City of Beaufort		Beaufort PMA		Beaufort County	
Total	6,111	100.0%	19,852	100.0%	74,380	100.0%
Worked in State of Residence	6,014	98.4%	19,405	97.7%	71,092	95.6%
Worked in County of Residence	5,660	92.6%	18,511	93.2%	67,816	91.2%
Worked Outside County of Residence	354	5.8%	894	4.5%	3,276	4.4%
Worked Outside State of Residence	97	1.6%	447	2.3%	3,288	4.4%
MEANS OF TRANSPORTATION TO WORK						
	City of Beaufort		Beaufort PMA		Beaufort County	
Total	6,111	100.0%	19,852	100.0%	71,565	100.0%
Drove Alone - Car, Truck, or Van	4,567	74.7%	16,259	81.9%	53,366	74.6%
Carpooled - Car, Truck, or Van	756	12.4%	1,822	9.2%	8,577	12.0%
Public Transportation	0	0.0%	78	0.4%	362	0.5%
Walked	228	3.7%	385	1.9%	2,023	2.8%
Other Means	260	4.3%	533	2.7%	2,093	2.9%
Worked at Home	300	4.9%	775	3.9%	5,144	7.2%
Source: U.S. Census Bureau; American Community Survey						

Table 5: Employment Commuting Patterns (2010)

Persons Commuting TO Beaufort County		Persons Commuting FROM Beaufort County	
Commuters Living In:	Number	Commuters Working In :	Number
Jasper County, SC	3,787	Jasper County, SC	1,756
Hampton County, SC	1,398	Chatham County, GA	1,608
Chatham County, GA	1,373	Charleston County, SC	194
Colleton County, SC	734	Hampton County, SC	186
Effingham County, GA	323	Richland County, SC	175
Source: U.S. Census Bureau - 2010			

3. Largest Employers

Below is a chart depicting the largest employers within Beaufort County, according to information obtained through the South Carolina Department of Employment and Workforce.

Beaufort County Top Employers <i>(Listed Alphabetically)</i>	
Atlantic Personnel, Inc.	Beaufort County School District
Beaufort Memorial Hospital	BiLo LLC
Carecore National, LLC	County of Beaufort
Cypress Club, Inc.	Department of Defense
Hargray Communications Group, Inc.	LFC Agricultural Services Inc.
Lowes Home Centers, Inc.	Marine Corps Community Services
Marriott Resorts Hospitality Corp.	Montage Hotels and Resorts LLC
Publix Supermarkets, Inc.	Sea Pines Resort LLC
Technical College of the Lowcountry	Tenet Physician Services of Hilton Head
The Greenery, Inc.	Wal-Mart Associates, Inc.
Source: SC Department of Employment & Workforce – 2016 Q2	

4. Employment and Unemployment Trends

The overall economy throughout Beaufort County has demonstrated improvement in recent years, with employment increases in each of the last seven years and an unemployment rate typically below the state average. As such, Beaufort County recorded an overall gain of approximately 10,150 jobs between 2010 and 2016, representing an increase of 17 percent (an average annual increase of 2.8 percent). In addition, the annual unemployment rate for 2016 was calculated at 4.8 percent, improving from 5.4 percent in 2015 and the representing the county’s lowest rate since 2007. In comparison, the county’s 2016 rate was slightly lower than both the state and national unemployment rates (at 5.1 and 4.9 percent, respectively).

Table 6: Historical Employment Trends

Year	Beaufort County				Employment Annual Change			Unemployment Rate		
	Labor Force	Number Employed	Annual Change	Percent Change	Beaufort County	South Carolina	United States	Beaufort County	South Carolina	United States
2005	61,574	58,579	---	---	---	1.9%	1.8%	4.9%	6.7%	5.1%
2006	62,868	59,859	1,280	2.2%	2.2%	2.3%	1.9%	4.8%	6.4%	4.6%
2007	63,906	61,117	1,258	2.1%	2.1%	1.6%	1.1%	4.4%	5.7%	4.6%
2008	63,741	60,361	(756)	-1.2%	-1.2%	-0.5%	-0.5%	5.3%	6.8%	5.8%
2009	62,884	57,398	(2,963)	-4.9%	-4.9%	-4.3%	-3.8%	8.7%	11.2%	9.3%
2010	65,338	59,686	2,288	4.0%	4.0%	0.2%	-0.6%	8.7%	11.2%	9.6%
2011	65,471	59,779	93	0.2%	0.2%	1.6%	0.6%	8.7%	10.6%	8.9%
2012	65,840	60,876	1,097	1.8%	1.8%	1.9%	1.9%	7.5%	9.2%	8.1%
2013	67,196	62,910	2,034	3.3%	3.3%	2.0%	1.0%	6.4%	7.6%	7.4%
2014	69,251	65,329	2,419	3.8%	3.8%	2.6%	1.7%	5.7%	6.4%	6.2%
2015	71,344	67,467	2,138	3.3%	3.3%	2.3%	1.7%	5.4%	6.0%	5.3%
2016	73,327	69,839	2,372	3.5%	3.5%	2.9%	1.7%	4.8%	5.1%	4.9%

Beaufort County				South Carolina		
	Number	Percent	Ann. Avg.		Percent	Ann. Avg.
Change (2005-Present):	11,260	19.2%	1.7%	Change (2005-Present):	13.2%	1.2%
Change (2010-Present):	10,153	17.0%	2.8%	Change (2010-Present):	14.0%	2.3%
Change (2015-Present):	2,372	3.5%	3.5%	Change (2015-Present):	2.9%	2.9%
Change (2005-2010):	1,107	1.9%	0.4%	Change (2005-2010):	-0.7%	-0.1%
Change (2010-2015):	7,781	13.0%	2.6%	Change (2010-2015):	10.8%	2.2%

*Monthly data not seasonally adjusted

Figure 1: Employment Growth

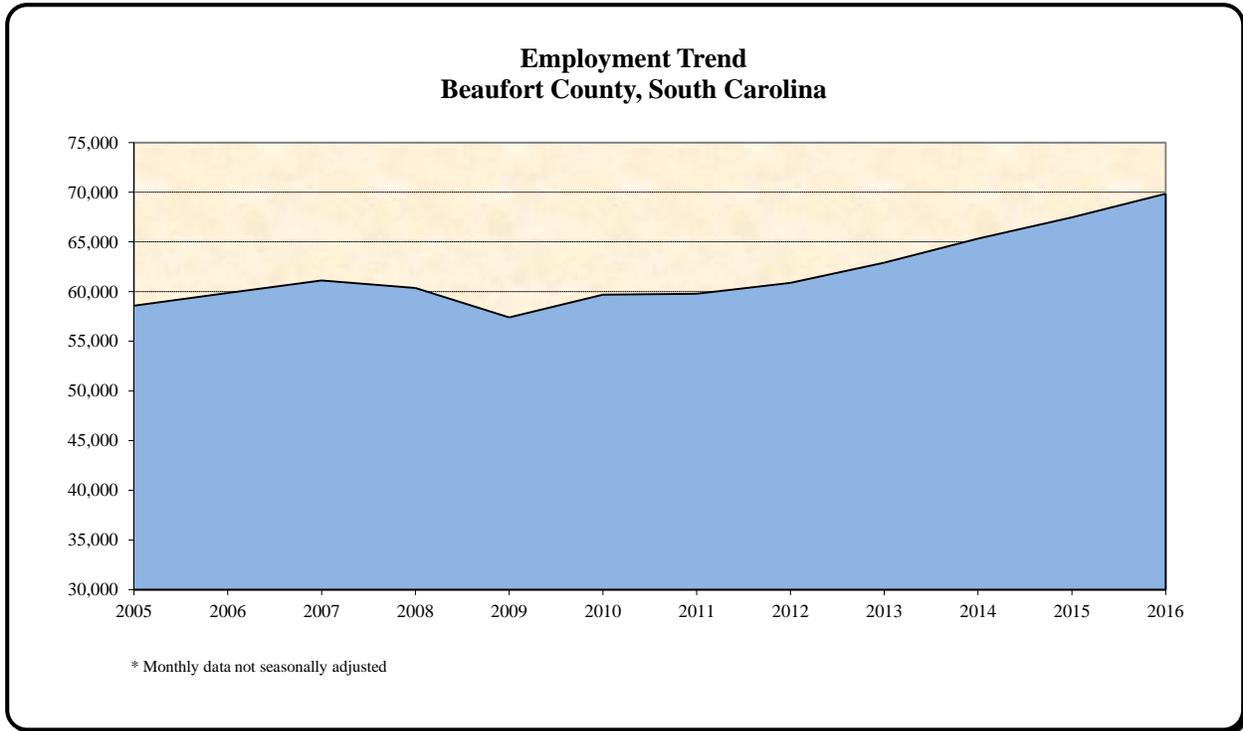
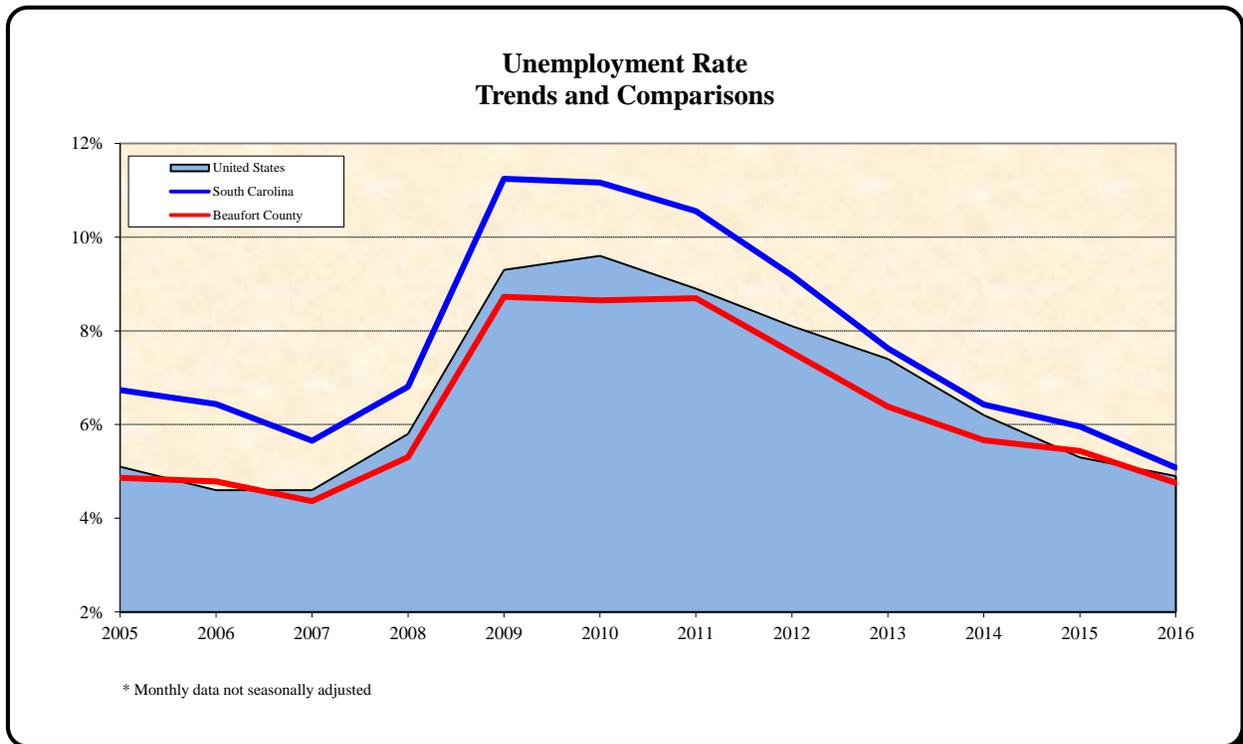
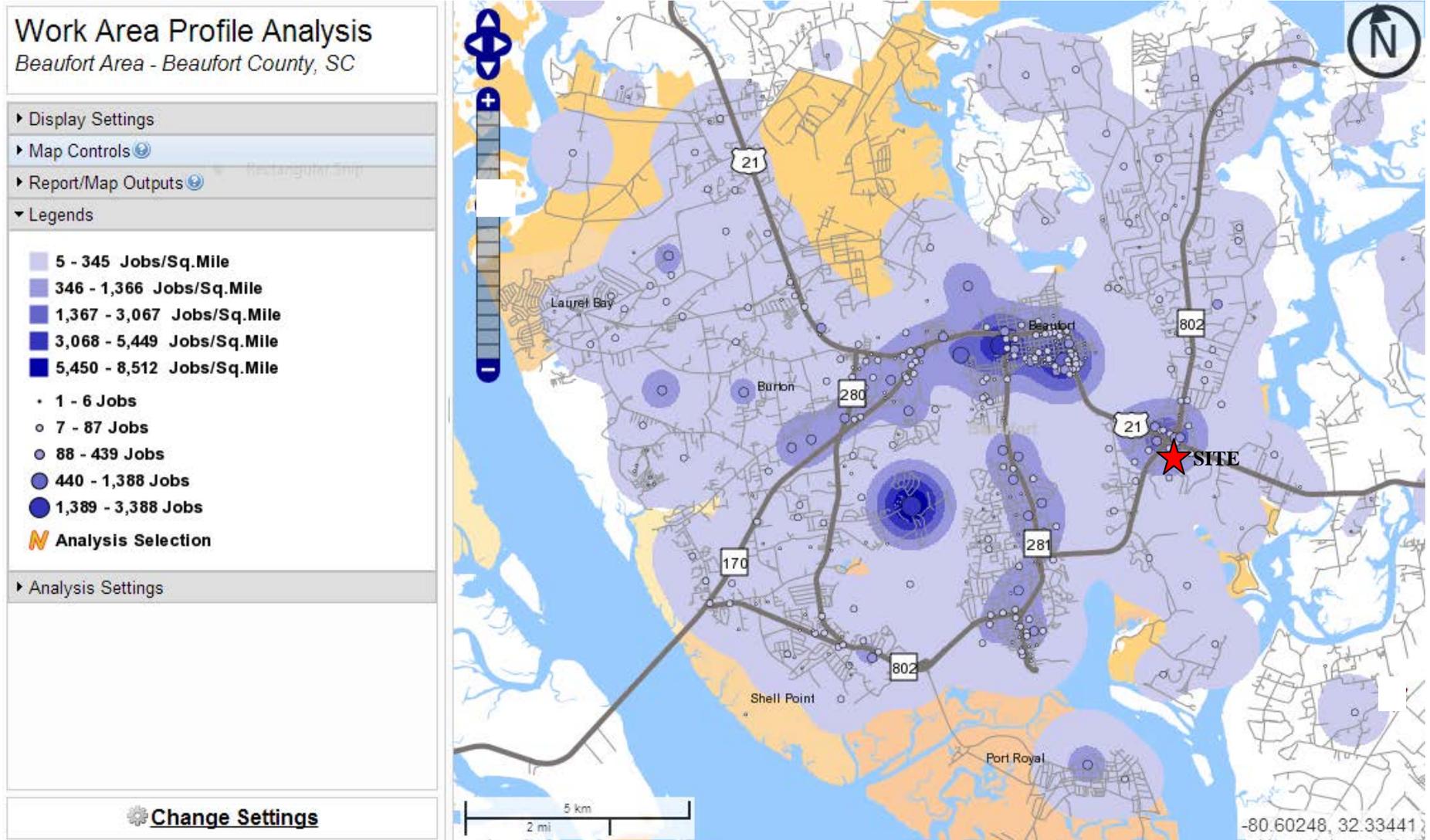


Figure 2: Historical Unemployment Rate



Map 9: Largest Employment Concentrations –Beaufort Area



E. COMMUNITY DEMOGRAPHIC DATA

1. Population Trends

Based on U.S. Census data and ESRI forecasts, much of Beaufort County has experienced relatively positive demographic gains since 2010, including Beaufort and the market area. Overall, the PMA had an estimated population of 47,093 persons in 2016, representing an increase of 11 percent from 2010 (a gain of nearly 4,700 persons). Additionally, the city increased by eight percent during this time, while the county increased by a similar 11 percent between 2010 and 2016.

Future projections indicate continued steady growth with an estimated increase of 11 percent anticipated within the PMA between 2016 and 2021 (approximately 5,240 additional persons). Both Beaufort and Beaufort County are also expected to experience strong growth during this time as well, increasing by a similar nine percent and 11 percent, respectively.

Table 7: Population Trends (2000 to 2021)

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	13,696	12,361	13,389	14,104	14,581
Beaufort PMA	36,266	42,396	47,093	50,236	52,332
Beaufort County	120,937	162,233	180,572	192,446	200,362
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		-9.7%	8.3%	5.3%	8.9%
Beaufort PMA		16.9%	11.1%	6.7%	11.1%
Beaufort County		34.1%	11.3%	6.6%	11.0%
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Ann. Change</u>	<u>Ann. Change</u>	<u>Ann. Change</u>	<u>Ann. Change</u>
City of Beaufort		-1.0%	1.3%	1.7%	1.7%
Beaufort PMA		1.6%	1.8%	2.2%	2.1%
Beaufort County		3.0%	1.8%	2.1%	2.1%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

The largest population group for the PMA in 2010 consisted of persons between the ages of 20 and 44 years, accounting for 34 percent of all persons. In comparison, this age cohort represented a slightly larger 36 percent of persons within Beaufort, but a somewhat lower 31 percent of the county. Younger persons also accounted for a relatively large portion of the population within each area. As such, 28 percent of the total PMA population was under the age of 20 years.

When reviewing distribution patterns between 2000 and 2021, the aging of the population is clearly evident for the PMA and Beaufort County as a whole. The proportion of persons under the age of 45 has steadily declined since 2000, and is expected to decrease further through 2021. In contrast, the fastest growing portion of the population base is the older age segments. Within the PMA, persons over the age of 55 years, which represented 19 percent of the population in 2000, is expected to increase to account for 29 percent of all persons by 2021 – while in part this aging trend can be explained by the aging of the baby boom generation, another cause is the substantial influx of retirement communities and resorts throughout the area.

As such, the increasing percentage of persons above the age of 55 seen throughout Beaufort and the PMA (expected to represent nearly one-third of all persons within the city in 2021) signifies positive trends for the subject proposal by providing a growing base of potential senior tenants for the subject development.

Table 8: Age Distribution (2000 to 2021)

	City of Beaufort				Beaufort PMA				Beaufort County			
	<u>2010 Number</u>	<u>2000 Percent</u>	<u>2010 Percent</u>	<u>2021 Percent</u>	<u>2010 Number</u>	<u>2000 Percent</u>	<u>2010 Percent</u>	<u>2021 Percent</u>	<u>2010 Number</u>	<u>2000 Percent</u>	<u>2010 Percent</u>	<u>2021 Percent</u>
Under 20 years	3,061	25.2%	24.8%	23.6%	11,675	29.9%	27.5%	27.4%	39,035	27.0%	24.1%	23.2%
20 to 24 years	1,478	15.9%	12.0%	10.9%	3,327	7.9%	7.8%	6.0%	11,756	8.3%	7.2%	6.1%
25 to 34 years	1,744	15.7%	14.1%	13.8%	6,128	15.3%	14.5%	14.5%	20,137	13.6%	12.4%	12.2%
35 to 44 years	1,255	13.2%	10.2%	10.9%	4,995	15.5%	11.8%	12.9%	17,534	13.6%	10.8%	10.8%
45 to 54 years	1,454	10.6%	11.8%	9.7%	5,547	12.4%	13.1%	10.6%	18,580	11.6%	11.5%	9.6%
55 to 64 years	1,458	7.2%	11.8%	11.8%	5,220	8.0%	12.3%	11.6%	22,159	10.5%	13.7%	12.0%
65 to 74 years	971	5.9%	7.9%	10.9%	3,192	5.8%	7.5%	10.2%	20,137	9.4%	12.4%	15.5%
75 to 84 years	640	4.7%	5.2%	5.9%	1,657	3.9%	3.9%	5.1%	9,698	4.9%	6.0%	8.4%
85 years and older	300	1.6%	2.4%	2.5%	655	1.2%	1.5%	1.7%	3,197	1.3%	2.0%	2.3%
Under 20 years	3,061	25.2%	24.8%	23.6%	11,675	29.9%	27.5%	27.4%	39,035	27.0%	24.1%	23.2%
20 to 44 years	4,477	44.8%	36.2%	35.6%	14,450	38.8%	34.1%	33.5%	49,427	35.4%	30.5%	29.1%
45 to 64 years	2,912	17.8%	23.6%	21.5%	10,767	20.4%	25.4%	22.1%	40,739	22.1%	25.1%	21.6%
65 years and older	1,911	12.2%	15.5%	19.3%	5,504	10.9%	13.0%	17.1%	33,032	15.5%	20.4%	26.2%
55 years and older	3,369	19.4%	27.3%	31.1%	10,724	18.9%	25.3%	28.6%	55,191	26.0%	34.0%	38.1%
75 years and older	940	6.3%	7.6%	8.4%	2,312	5.1%	5.5%	6.8%	12,895	6.1%	7.9%	10.7%
Non-Elderly (<65)	10,450	87.8%	84.5%	80.7%	36,892	89.1%	87.0%	82.9%	129,201	84.5%	79.6%	73.8%
Elderly (65+)	1,911	12.2%	15.5%	19.3%	5,504	10.9%	13.0%	17.1%	33,032	15.5%	20.4%	26.2%

Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC

2. Household Trends

Similar to population patterns, the Beaufort area has also experienced positive household creation since 2000. As such, occupied households within the PMA numbered 18,702 units in 2016, representing an increase of ten percent from 2010 (a gain of more than 1,725 households). ESRI forecasts for 2021 indicate this number will continue to increase at a steady rate, with forecasted growth of 11 percent (nearly 2,000 additional households) anticipated between 2016 and 2021. In comparison, the number of households grew at a similar rate within Beaufort and Beaufort County between 2010 and 2016 (between nine and ten percent), demonstrating relatively strong demographic patterns throughout the region.

Table 9: Household Trends (2000 to 2021)

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	4,881	4,883	5,300	5,592	5,786
Beaufort PMA	13,927	16,971	18,702	19,894	20,688
Beaufort County	45,532	64,945	71,620	76,118	79,116
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		0.0%	8.5%	5.5%	9.2%
Beaufort PMA		21.9%	10.2%	6.4%	10.6%
Beaufort County		42.6%	10.3%	6.3%	10.5%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

Table 10: Average Household Size (2000 to 2021)

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	2.39	2.28	2.31	2.32	2.32
Beaufort PMA	2.56	2.46	2.49	2.50	2.50
Beaufort County	2.51	2.42	2.45	2.46	2.47
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		-4.4%	1.2%	0.3%	0.5%
Beaufort PMA		-3.6%	1.0%	0.4%	0.6%
Beaufort County		-3.7%	1.4%	0.5%	0.7%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

Renter-occupied households throughout the market area have also exhibited quite positive gains, increasing at rates somewhat stronger than overall household creation. According to U.S. Census figures and ESRI estimates, a total of 7,796 renter-occupied households are estimated within the PMA for 2016, representing an increase of 17 percent from 2010 figures (a gain of more than 1,125 additional rental units). In addition, relatively strong gains are anticipated to continue into the future as well, with a projected increase of ten percent (800 rental units) between 2016 and 2021.

Overall, a relatively sizeable ratio of renter households exists throughout the local market area. For the PMA, the renter household percentage was calculated at 42 percent in 2016, slightly lower than the city’s renter representation (48 percent), but notably larger than the county as a whole (31 percent).

Table 11: Renter Household Trends (2000 to 2021)

	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	2,137	2,254	2,545	2,706	2,813
Beaufort PMA	4,748	6,665	7,796	8,275	8,594
Beaufort County	12,194	19,077	22,335	23,752	24,696
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		5.5%	12.9%	6.3%	10.5%
Beaufort PMA		40.4%	17.0%	6.1%	10.2%
Beaufort County		56.4%	17.1%	6.3%	10.6%
	% Renter	% Renter	% Renter	% Renter	% Renter
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	43.8%	46.2%	48.0%	48.4%	48.6%
Beaufort PMA	34.1%	39.3%	41.7%	41.6%	41.5%
Beaufort County	26.8%	29.4%	31.2%	31.2%	31.2%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

Similar to overall households, renter household sizes for the Beaufort PMA were generally larger than those reported for Beaufort, on average. In addition, renter sizes increased over the past decade in the PMA, from 2.47 persons per unit in 2000 to 2.51 persons per unit in 2010. Despite the increase in average size, the majority of rental units locally contained just one or two persons (at 60 percent), with three persons occupying 18 percent of units, and 22 percent of units with four or more persons.

Table 12: Rental Units by Size (2010)

	<u>One Person</u>	<u>Two Persons</u>	<u>Three Persons</u>	<u>Four Persons</u>	<u>5 or More Persons</u>	<u>Median Persons Per Rental Unit</u>	
						<u>2000</u>	<u>2010</u>
City of Beaufort	820	630	392	248	164	2.33	2.30
Beaufort PMA	2,134	1,849	1,197	848	637	2.47	2.51
Beaufort County	5,421	5,108	3,417	2,656	2,475	2.71	2.66
	<u>1 Person Percent</u>	<u>2 Person Percent</u>	<u>3 Person Percent</u>	<u>4 Person Percent</u>	<u>5+ Person Percent</u>	<u>Median Change</u>	
City of Beaufort	36.4%	28.0%	17.4%	11.0%	7.3%	-1.3%	
Beaufort PMA	32.0%	27.7%	18.0%	12.7%	9.6%	1.8%	
Beaufort County	28.4%	26.8%	17.9%	13.9%	13.0%	-1.8%	
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC							

3. Senior-Specific Demographic Data

As noted earlier, the senior population cohort is anticipated to experience sizeable growth as compared to other age segments. As such, a total of 13,036 seniors (55 years and over) are estimated in the PMA for 2016, representing an increase of 22 percent from 2010 (more than 2,300 additional seniors). The 2016 figure represents 28 percent of the overall population, which is an increase from a representation of just 19 percent in 2000. Furthermore, this extremely strong trend is anticipated to continue, with an increase of 15 percent forecast between 2016 and 2021.

Future population trends for the older senior segment (65 years and older) are similar to those exhibited by the 55 and older age group, representing strong growth throughout the entire senior segment. As can be seen, overall senior growth and propensities are an encouraging indication of the long-term viability of the subject proposal. Additionally, while considering senior population counts have experienced extraordinary increases since 2000 and are expected to continue in the future, the demand for additional senior housing will likely escalate as well. In addition, the increasing percentage of persons over 55 years within the PMA is clearly representative of a steady source of potential renters as this group continues to age in place.

Table 13: Senior Population Trends (2000 to 2021)

55+ Population Trends					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	2,512	3,369	3,987	4,275	4,537
Beaufort PMA	6,834	10,724	13,036	14,094	14,976
Beaufort County	31,437	55,191	66,080	71,610	76,405
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		34.1%	18.3%	7.2%	13.8%
Beaufort PMA		56.9%	21.6%	8.1%	14.9%
Beaufort County		75.6%	19.7%	8.4%	15.6%
<i>Percent of Population</i>					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	18.3%	27.3%	29.8%	30.3%	31.1%
Beaufort PMA	18.8%	25.3%	27.7%	28.1%	28.6%
Beaufort County	26.0%	34.0%	36.6%	37.2%	38.1%
65+ Population Trends					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	1,585	1,911	2,335	2,565	2,814
Beaufort PMA	3,949	5,504	7,229	8,055	8,927
Beaufort County	18,754	33,032	42,197	47,127	52,432
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		20.6%	22.2%	9.8%	20.5%
Beaufort PMA		39.4%	31.3%	11.4%	23.5%
Beaufort County		76.1%	27.7%	11.7%	24.3%
<i>Percent of Population</i>					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	11.6%	15.5%	17.4%	18.2%	19.3%
Beaufort PMA	10.9%	13.0%	15.4%	16.0%	17.1%
Beaufort County	15.5%	20.4%	23.4%	24.5%	26.2%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

As with senior population patterns, senior household trends (age 55 years and older) have been equally as impressive within the PMA and are also expected to continue to increase through 2021. According to Census and ESRI data, the number of senior households within the PMA increased by 19 percent between 2010 and 2016 (adding more than 1,250 additional senior households), while ESRI estimates a further gain of 14 percent between 2016 and 2021 – representing approximately 44 percent of all PMA households in 2021.

Table 14: Senior Household Trends (2000 to 2021)

55+ Household Trends					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	1,555	2,138	2,482	2,650	2,790
Beaufort PMA	4,215	6,763	8,016	8,633	9,144
Beaufort County	18,827	33,105	38,667	41,603	44,033
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		37.5%	16.1%	6.8%	12.4%
Beaufort PMA		60.5%	18.5%	7.7%	14.1%
Beaufort County		75.8%	16.8%	7.6%	13.9%
Percent of Households					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	31.9%	43.8%	46.8%	47.4%	48.2%
Beaufort PMA	30.3%	39.9%	42.9%	43.4%	44.2%
Beaufort County	41.3%	51.0%	54.0%	54.7%	55.7%
65+ Household Trends					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	985	1,233	1,488	1,625	1,767
Beaufort PMA	2,471	3,617	4,604	5,103	5,627
Beaufort County	11,667	20,769	25,700	28,377	31,153
		2000-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		25.2%	20.7%	9.2%	18.8%
Beaufort PMA		46.4%	27.3%	10.8%	22.2%
Beaufort County		78.0%	23.7%	10.4%	21.2%
Percent of Households					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	20.2%	25.3%	28.1%	29.1%	30.5%
Beaufort PMA	17.7%	21.3%	24.6%	25.7%	27.2%
Beaufort County	25.6%	32.0%	35.9%	37.3%	39.4%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

Despite the substantial growth in the senior population throughout the area, the percentage of senior renter households is notably smaller than the overall renter household percentage. As such, senior renter households (55 and over) within the PMA numbered 1,678 units in 2016, representing roughly 21 percent of all senior-occupied households within the market area. In comparison, Beaufort itself contained 688 senior renter households, which was 28 percent of all senior households within the community in 2016.

Table 15: Senior Renter Household Trends (2000 to 2021)

Senior Renter HHs - 55+					
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	331	593	688	735	774
Beaufort PMA	664	1,416	1,678	1,808	1,915
Beaufort County	1,817	4,141	4,837	5,204	5,508
		<u>2000-2010</u>	<u>2010-2016</u>	<u>2016-2019</u>	<u>2016-2021</u>
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		79.2%	16.1%	6.8%	12.4%
Beaufort PMA		113.3%	18.5%	7.7%	14.1%
Beaufort County		127.9%	16.8%	7.6%	13.9%
	<u>% Renter</u>	<u>% Renter</u>	<u>% Renter</u>	<u>% Renter</u>	<u>% Renter</u>
	<u>2000</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	21.3%	27.7%	27.7%	27.7%	27.7%
Beaufort PMA	15.8%	20.9%	20.9%	20.9%	20.9%
Beaufort County	9.7%	12.5%	12.5%	12.5%	12.5%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

4. Household Income Trends

Income levels throughout the Beaufort area have experienced somewhat modest gains over the past decade. Overall, much of the county recorded gains of between one and two percent annually between 2000 and 2010, but decreased to one percent (or less) annually since 2010. The median household income for 2016 was estimated at \$51,643 for the PMA, which was 11 percent greater than that estimated for Beaufort proper (\$46,700), but nine percent less than Beaufort County overall (\$56,902). Furthermore, the PMA figure represents an increase of five percent from 2010 (an average annual increase of 0.8 percent), while the city and county increased at a similar rate.

According to ESRI data, the rate of income growth is forecast to improve somewhat through 2021. As such, it is projected that the median income within the PMA will increase by 2.3 percent annually between 2016 and 2021.

Table 16: Median Household Incomes (1999 to 2021)

	<u>1999</u>	<u>2010</u>	<u>2016</u>	<u>2019</u>	<u>2021</u>
City of Beaufort	\$36,858	\$44,063	\$46,700	\$50,094	\$52,356
Beaufort PMA	\$41,073	\$49,297	\$51,643	\$55,190	\$57,554
Beaufort County	\$46,886	\$55,286	\$56,902	\$60,653	\$63,153
		1999-2010	2010-2016	2016-2019	2016-2021
		<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
City of Beaufort		19.5%	6.0%	7.3%	12.1%
Beaufort PMA		20.0%	4.8%	6.9%	11.4%
Beaufort County		17.9%	2.9%	6.6%	11.0%
		1999-2010	2010-2016	2016-2019	2016-2021
		<u>Ann. Change</u>	<u>Ann. Change</u>	<u>Ann. Change</u>	<u>Ann. Change</u>
City of Beaufort		1.8%	1.0%	2.4%	2.4%
Beaufort PMA		1.8%	0.8%	2.3%	2.3%
Beaufort County		1.6%	0.5%	2.2%	2.2%
Source: U.S. Census American FactFinder; ESRI Business Analyst; Shaw Research & Consulting, LLC					

According to the U.S. Census Bureau, approximately 34 percent of all households within the Beaufort PMA had an annual income of less than \$35,000 in 2015 – the portion of the population with the greatest need for affordable housing options. In comparison, a slightly greater 42 percent of city households also had incomes within this range, while a lesser 29 percent of county households had incomes less than \$35,000. As such, with approximately one out of every three households within the market area earning less than \$35,000 per year, additional affordable housing options will be well received.

Table 17: Overall Household Income Distribution (2015)

Income Range	City of Beaufort		Beaufort PMA		Beaufort County	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$10,000	509	11.0%	1,282	7.9%	3,908	5.9%
\$10,000 to \$14,999	229	4.9%	931	5.7%	2,631	4.0%
\$15,000 to \$19,999	252	5.4%	765	4.7%	2,652	4.0%
\$20,000 to \$24,999	259	5.6%	711	4.4%	3,064	4.6%
\$25,000 to \$29,999	396	8.6%	1,027	6.3%	3,739	5.7%
\$30,000 to \$34,999	295	6.4%	882	5.4%	3,311	5.0%
\$35,000 to \$39,999	239	5.2%	587	3.6%	3,294	5.0%
\$40,000 to \$44,999	264	5.7%	935	5.7%	3,302	5.0%
\$45,000 to \$49,999	157	3.4%	967	5.9%	2,866	4.3%
\$50,000 to \$59,999	374	8.1%	1,528	9.4%	5,570	8.4%
\$60,000 to \$74,999	480	10.4%	1,821	11.2%	7,787	11.8%
\$75,000 to \$99,999	351	7.6%	1,968	12.1%	8,202	12.4%
\$100,000 to \$124,999	256	5.5%	1,024	6.3%	5,420	8.2%
\$125,000 to \$149,999	131	2.8%	611	3.8%	2,984	4.5%
\$150,000 to \$199,999	246	5.3%	618	3.8%	3,157	4.8%
\$200,000 and Over	<u>192</u>	<u>4.1%</u>	<u>604</u>	<u>3.7%</u>	<u>4,088</u>	<u>6.2%</u>
TOTAL	4,630	100.0%	16,261	100.0%	65,975	100.0%
Less than \$34,999	1,940	41.9%	5,598	34.4%	19,305	29.3%
\$35,000 to \$49,999	660	14.3%	2,489	15.3%	9,462	14.3%
\$50,000 to \$74,999	854	18.4%	3,349	20.6%	13,357	20.2%
\$75,000 to \$99,999	351	7.6%	1,968	12.1%	8,202	12.4%
\$100,000 and Over	825	17.8%	2,857	17.6%	15,649	23.7%

Source: American Community Survey

Based on the proposed income targeting and rent levels, the key income range for the subject proposal is \$18,900 to \$32,220 (in current dollars). Utilizing Census information available on household income by tenure, dollar values were inflated to current dollars using the Consumer Price Index calculator from the Bureau of Labor Statistic’s website. Based on this data, the targeted income range accounts for a moderate number of low-income senior households throughout the area. As such, roughly 12 percent of the PMA's senior owner-occupied household number, and 25 percent of the senior renter-occupied household figure are within the income-qualified range. Overall, this income range accounted for 13 percent of all senior households within the PMA. Considering the relative density of the PMA, this equates to more than 1,250 potential income-qualified households for the proposed development, including almost 450 income-qualified senior renter households.

Table 18: Senior Household Income by Tenure – Beaufort PMA (2019)

Income Range	Number of 2019 Households (55+)			Percent of 2019 Households (55+)		
	<u>Total</u>	<u>Owner</u>	<u>Renter</u>	<u>Total</u>	<u>Owner</u>	<u>Renter</u>
Less than \$9,999	428	309	118	4.8%	4.5%	6.5%
\$10,000 to \$14,999	420	217	203	4.1%	3.2%	11.2%
\$15,000 to \$19,999	438	225	212	4.2%	3.3%	11.7%
\$20,000 to \$24,999	369	281	88	4.2%	4.1%	4.9%
\$25,000 to \$29,999	596	350	246	6.0%	5.1%	13.6%
\$30,000 to \$34,999	423	277	146	4.5%	4.1%	8.1%
\$35,000 to \$39,999	382	325	58	4.6%	4.8%	3.2%
\$40,000 to \$49,999	687	565	121	8.1%	8.3%	6.7%
\$50,000 and Over	<u>4,891</u>	<u>4,276</u>	<u>616</u>	<u>59.5%</u>	<u>62.6%</u>	<u>34.1%</u>
TOTAL	8,633	6,826	1,808	100.0%	100.0%	100.0%

Source: U.S. Census of Population and Housing; BLS CPI Calculator; Shaw Research & Consulting

The 2015 American Community Survey shows that approximately 40 percent of all renter households within the PMA are rent-overburdened; that is, they pay more than 35 percent of their incomes on rent and other housing expenses. Furthermore, ACS data shows that a similar 38 percent of senior renter households (aged 65 and over) are overburdened within the PMA, while 64 percent of seniors within Beaufort itself are overburdened. As such, this data demonstrates that the need for affordable housing is quite apparent in the PMA, and the income-targeting plan proposed for the subject would clearly help to alleviate this issue.

Table 19a: Renter Overburdened Households (2015)

Gross Rent as a % of Household Income	City of Beaufort		Beaufort PMA		Beaufort County	
	Number	Percent	Number	Percent	Number	Percent
Total Rental Units	2,075	100.0%	6,505	100.0%	19,771	100.0%
Less than 10.0 Percent	23	1.2%	50	0.8%	357	2.0%
10.0 to 14.9 Percent	179	9.4%	470	7.8%	1,252	6.9%
15.0 to 19.9 Percent	298	15.6%	886	14.8%	2,402	13.2%
20.0 to 24.9 Percent	234	12.3%	729	12.2%	2,566	14.1%
25.0 to 29.9 Percent	236	12.4%	757	12.6%	2,238	12.3%
30.0 to 34.9 Percent	204	10.7%	739	12.3%	2,090	11.5%
35.0 to 39.9 Percent	72	3.8%	397	6.6%	1,471	8.1%
40.0 to 49.9 Percent	221	11.6%	633	10.6%	1,926	10.6%
50 Percent or More	441	23.1%	1,339	22.3%	3,883	21.4%
Not Computed	167	--	505	--	1,586	--
35 Percent or More	734	38.5%	2,369	39.5%	7,280	40.0%
40 Percent or More	662	34.7%	1,972	32.9%	5,809	31.9%

Source: U.S. Census Bureau; American Community Survey

Table 19b: Senior Renter Overburdened Households (2015)

Gross Rent as a % of Household Income	City of Beaufort		Beaufort PMA		Beaufort County	
	Number	Percent	Number	Percent	Number	Percent
Householder 65+ Years:	195	100.0%	541	100.0%	2,729	100.0%
Less than 20.0 Percent	29	18.4%	112	25.4%	286	11.8%
20.0 to 24.9 Percent	0	0.0%	22	5.0%	222	9.2%
25.0 to 29.9 Percent	28	17.7%	104	23.6%	284	11.7%
30.0 to 34.9 Percent	0	0.0%	34	7.7%	371	15.3%
35.0 Percent or More	101	63.9%	169	38.3%	1,256	51.9%
Not Computed	37	--	100	--	310	--

Source: U.S. Census Bureau; American Community Survey

F. DEMAND ANALYSIS

1. Demand for Senior Tax Credit Rental Units

Demand calculations for each targeted income level of the subject proposal are illustrated in the following tables. Utilizing SCSHFDA guidelines, demand estimates will be measured from four key sources: household growth, substandard housing, rent-overburdened households, and elderly homeowners converting to renting. All demand sources will be income-qualified, based on the targeting plan of the subject proposal and current LIHTC income restrictions as published by SCSHFDA. Demand estimates will be calculated for units designated at each income level targeted in the subject proposal – in this case, at 50 percent and 60 percent of AMI. As such, calculations will be based on the starting rental rate, a 40 percent rent-to-income ratio, and a maximum income of \$32,220 (the 2-person income limit at 60 percent AMI for Beaufort County). The resulting overall income-eligibility range (expressed in current-year dollars) for each targeted income level is as follows:

	<u>Minimum</u>	<u>Maximum</u>
50 percent of AMI	\$18,870	\$26,850
60 percent of AMI	\$19,200	\$32,220
Overall	\$18,870	\$32,220

By applying the income-qualified range and 2018 household forecasts to the current-year household income distribution by tenure (adjusted from census data based on the Labor Statistics’ Consumer Price Index), the number of income-qualified households can be calculated. As a result, 25 percent of all senior renter households within the PMA are estimated to fall within the stated LIHTC qualified income range.

Based on U.S. Census data and projections from ESRI, approximately 129 additional senior renter households are anticipated between 2016 and 2019. By applying the income-qualified percentage to the overall eligible figure, a demand for 32 senior tax credit rental units can be calculated as a result of new rental household growth.

Using U.S. Census data on substandard rental housing, it is estimated that approximately seven percent of all renter households within the Beaufort PMA could be considered substandard, either by overcrowding (a greater than 1-to-1 ratio of persons to rooms) or

incomplete plumbing facilities (a unit that lacks at least a sink, bathtub, or toilet). Applying this figure, along with the senior renter propensity and income-qualified percentage, to the number of households currently present in 2010 (the base year utilized within the demand calculations), the tax credit demand resulting from substandard units is calculated at 26 units within the PMA.

Potential demand for the subject proposal may also arise from those senior households experiencing rent-overburden, defined by households paying greater than 35 percent of monthly income for rent. Excluding owner-occupied units, an estimate of market potential for the subject proposal based on 2015 American Housing Survey data on rent-overburdened households paying more than 35 percent of monthly income for rent is calculated. Using information contained within the ACS, the percentage of senior renter households within this overburdened range is reported at approximately 38 percent. Applying this rate to the number of renter households yields a total demand of 134 additional units as a result of rent overburden.

And lastly, another source of demand is elderly homeowners converting to rental housing. It is conservatively estimated that approximately 3½ percent of senior homeowners would convert to a rental property, should an affordable option become readily available. Utilizing 2010 household figures, it is calculated that 12 percent of all senior owner households within the PMA are estimated to fall within the stated LIHTC qualified income range. Considering the income-qualified owner households and estimated conversion, a demand of 22 units has been determined arising from existing elderly owner households.

There have been no comparable LIHTC properties within the Beaufort PMA that have been allocated credits or placed in service since 2016, or are currently under construction. As such, no units need to be deducted from the sources of demand listed previously. Combining all above factors results in an overall senior demand of 214 LIHTC units for 2019. Calculations by individual bedroom size are also provided utilizing the same methodology. As such, it is clear that sufficient demand exists for the project and each unit type proposed. Therefore, a new rental housing option for low-income senior households should receive a positive response due to the strong demographic growth within the Beaufort area coupled with the general lack of similar tax credit rental options targeted specifically to seniors.

Table 20: Demand Calculation – by Income Targeting

2010 Total Occupied Households 55+	6,763		
2010 Owner-Occupied Households 55+	5,347		
2010 Renter-Occupied Households 55+	1,416		
		Income Targeting	
		50%	60%
		AMI	AMI
			Total
QUALIFIED-INCOME RANGE			LIHTC
Minimum Annual Income		\$18,870	\$19,200
Maximum Annual Income		\$26,850	\$32,220
			\$18,870
			\$32,220
DEMAND FROM NEW HOUSEHOLD GROWTH			
Renter Household Growth, 2016-2019		129	129
Percent Income Qualified Renter Households		12.6%	23.9%
Total Demand From New Households		16	31
			129
			24.7%
			32
DEMAND FROM EXISTING RENTER HOUSEHOLDS			
Percent of Renters in Substandard Housing		7.4%	7.4%
Percent Income Qualified Renter Households		12.6%	23.9%
Total Demand From Substandard Renter HHs		13	25
			7.4%
			24.7%
			26
Percent of Renters Rent-Overburdened		38.3%	38.3%
Percent Income Qualified Renter Households		12.6%	23.9%
Total Demand From Overburdened Renter HHs		68	130
			38.3%
			24.7%
			134
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Owner to Renter Conversion Rate		3.5%	3.5%
Percent Income Qualified		6.7%	11.6%
Total Demand from Owner Households		13	22
			3.5%
			11.8%
			22
Total Demand From Existing Households		94	176
			182
TOTAL DEMAND		111	207
LESS: Total Comparable Activity Since 2016		0	0
TOTAL NET DEMAND		111	207
PROPOSED NUMBER OF UNITS		11	38
CAPTURE RATE		9.9%	18.3%
			22.9%
Note: Totals may not sum due to rounding			

Table 21: Demand Calculation – by Bedroom Size

2010 Total Occupied Households 55+	6,763						
2010 Owner-Occupied Households 55+	5,347						
2010 Renter-Occupied Households 55+	1,416						
		One-Bedroom Units			Two-Bedroom Units		
		50% AMI	60% AMI	Total LIHTC	50% AMI	60% AMI	Total LIHTC
QUALIFIED-INCOME RANGE							
Minimum Annual Income		\$18,870	\$19,200	\$18,870	\$21,330	\$21,330	\$21,330
Maximum Annual Income		\$26,850	\$32,220	\$32,220	\$26,850	\$32,220	\$32,220
DEMAND FROM NEW HOUSEHOLD GROWTH							
Renter Household Growth, 2016-2019		129	129	129	129	129	129
Percent Income Qualified Renter Households		12.6%	23.9%	24.7%	8.6%	20.7%	20.7%
Total Demand From New Households		16	31	32	11	27	27
DEMAND FROM EXISTING RENTER HOUSEHOLDS							
Percent of Renters in Substandard Housing		7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Percent Income Qualified Renter Households		12.6%	23.9%	24.7%	8.6%	20.7%	20.7%
Total Demand From Substandard Renter HHs		13	25	26	9	22	22
Percent of Renters Rent-Overburdened		38.3%	38.3%	38.3%	38.3%	38.3%	38.3%
Percent Income Qualified Renter Households		12.6%	23.9%	24.7%	8.6%	20.7%	20.7%
Total Demand From Overburdened Renter HHs		68	130	134	47	112	112
DEMAND FROM EXISTING RENTER HOUSEHOLDS							
Owner to Renter Conversion Rate		3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Percent Owner Households Income Qualified		6.7%	11.6%	11.8%	4.9%	9.9%	9.9%
Total Demand from Owner Households		13	22	22	9	19	19
Total Demand From Existing Households		94	176	182	65	153	153
TOTAL DEMAND		111	207	214	76	179	179
LESS: Total Comparable Activity Since 2016		0	0	0	0	0	0
TOTAL NET DEMAND		111	207	214	76	179	179
PROPOSED NUMBER OF UNITS		2	4	6	9	34	43
CAPTURE RATE		1.8%	1.9%	2.8%	11.8%	19.0%	24.0%
Note: Totals may not sum due to rounding							

2. Capture and Absorption Rates

Utilizing information from the demand forecast calculations, capture rates provide an indication of the percentage of annual income-qualified demand necessary for the successful absorption of the subject property. An overall capture rate of 22.9 percent was determined based on the demand calculation (including renter household growth, substandard and overburdened units among existing renter households, potential senior owner households, and excluding any comparable activity since 2016), providing a generally positive indication of the overall general market depth for the subject proposal. More specifically, the capture rate for units restricted at 50 percent AMI was calculated at 9.9 percent, while the 60 percent AMI capture rate was at 18.3 percent. As such, these capture rates provide an overall positive indication of the need for affordable senior rental options locally and are within acceptable industry thresholds.

Taking into consideration the overall occupancy rates for the Beaufort PMA (most importantly the success of existing senior developments and other LIHTC properties) as well as the extremely rapid absorption of the two most recent family tax credit properties (to a lesser degree), the overall absorption period to reach 93 percent occupancy is estimated at five to six months. This determination also takes into consideration a market entry in late 2018/early 2019; a minimum of 20 percent of units pre-leased; and assumes all units will enter the market at approximately the same time. Based on this information, no market-related concerns are present.

G. SUPPLY/COMPARABLE RENTAL ANALYSIS

1. Beaufort PMA Rental Market Characteristics

As part of the rental analysis for the Beaufort PMA, a survey of existing rental projects within the Beaufort primary market area was completed by Shaw Research & Consulting in January and February 2017. As such, a total of 21 apartment properties within the PMA (including three senior facilities) were identified and questioned for information such as current rental rates, amenities, and vacancy levels. Results from the survey provide an indication of overall market conditions throughout the Beaufort area, and are discussed below and illustrated on the following pages.

Considering the developments responding to our survey, a total of 2,424 units were reported, with the majority of units containing two bedrooms. Among the properties providing a specific unit breakdown, 29 percent of all units had one bedroom, 55 percent had two bedrooms, and 16 percent of units contained three bedrooms - there were no efficiency or four-bedroom units reported in the survey. The average age of the rental properties was 14 years old (an average build date of 2003), with six properties built/rehabbed since 2010. In addition, 13 facilities reported to have some sort of income eligibility requirements – with seven tax credit developments, three Rural Development projects, and three subsidized properties.

Overall conditions for the Beaufort rental market appear to be relatively positive at the current time. Among the properties included in the survey, the overall occupancy rate was calculated at 97.5 percent – with 16 of the 21 developments at 98 percent occupancy or better (and 13 at 100 percent occupancy). When breaking down occupancy rates by financing type, the seven market rate developments were a combined 96.5 percent occupied, all seven LIHTC properties were 100 percent occupied, and the six Rural Development/HUD projects averaged 99 occupancy – clearly demonstrating quite positive conditions throughout the local market for both market rate and affordable rental housing.

2. Comparable Senior Rental Market Characteristics

Considering the subject property will be developed utilizing tax credits and be marketed specifically towards senior residents, Shaw Research has identified seven tax credit facilities within the region as being most comparable. However, since only one senior LIHTC project is presently located within the PMA, the four most recent family LIHTC developments were also included to gauge rental conditions among affordable properties within the area. According to survey results, all seven of these developments were 100 percent occupied and most had long waiting lists. Detailed results on rent levels and unit sizes are also illustrated in the tables on the following pages - the average LIHTC rent (including both senior and family properties) for a one-bedroom unit was calculated at \$645 per month with an average size of 707 square feet (the resulting average rent per square foot ratio is \$0.91), while two-bedroom units averaged \$745 and 1,037 square feet (\$0.72 per square foot). In comparison to tax credit averages, the subject proposal's rental rates are quite affordable with somewhat larger unit sizes.

It should be noted that only one senior tax credit property is presently located within the PMA – Laurel Hills Apartments is a 71-unit development constructed in 2005 in Port Royal. Consisting of 53 one-bedroom and 18 two-bedroom units, the property is currently 100 percent occupied with approximately 20 names on a waiting list. In comparison to Laurel Hills, the proposed rental rates within the subject property are competitive, and even more affordable, with somewhat larger unit sizes - demonstrating the subject proposal's true value with substantially lower rent-per-square foot ratios.

In addition, it should be noted that two family LIHTC developments recently opened within the PMA, and both have experienced great success during pre-leasing efforts: **Ashley Pointe Apartments** (consisting of 56 two and three-bedroom units which opened in January 2016 was 100 percent pre-leased) and **Sea Pointe Apartments** (56 two and three bedroom units opening in Mid-February 2016 was absorbed in less than three months). The strong absorption of both these properties is indicative of the ongoing strong demand for affordable rental housing locally.

From a market standpoint, it is evident that sufficient demand is present for the development of additional affordable tax credit units targeting low-income senior households. However, based on prevailing rental rates and income levels, the rent structure is crucial for the long-term viability of any new rental development. As such, considering unit sizes, amenity levels, and rent-per-square foot ratios, the proposed rental rates within the subject are clearly appropriate for the local rental market, and should be considered a positive factor.

3. Comparable Pipeline Units

According to SCSHFDA information and local government officials, there are no directly comparable senior multi-family LIHTC rental developments presently under construction or proposed within the Beaufort PMA. The only tax credit allocation in 2016 is Marsh Pointe Apartments, a 48-unit family property in Port Royal.

4. Impact on Existing Tax Credit Properties

Based on the extremely strong occupancy rates among all tax credit developments within our survey (family and senior), the construction of the proposal will not have any adverse impact on existing rental properties throughout the local rental market – either affordable or market rate. Further considering the exceptionally strong future senior demographic growth anticipated for the PMA, affordable housing will continue to be in demand locally.

Table 22: Rental Housing Survey - Overall

Project Name	Year Built/Rehab	Total Units	Studio/ Eff.	1 BR	2 BR	3 BR	4 BR	Heat Incl.	W/S Incl.	Elect. Incl.	Occup. Rate	Type	Location
Cottages at Beaufort I/II	2005	35	0	35	0	0	0	No	Yes	No	100%	SR 62+	Beaufort
Laurel Hills Apts	2005	71	0	53	18	0	0	No	Yes	No	100%	SR 55+	Port Royal
Mossy Oaks Village (Senior)	2013	48	0	48	0	0	0	No	Yes	No	100%	SR 62+	Beaufort
123 Club Carriage Apartments	1996	40	0	0	16	24	0	No	Yes	No	100%	Open	Beaufort
Ashley Pointe Apts	2016	56	0	0	40	16	0	No	Yes	No	100%	Open	Beaufort
Ashton Pointe Apts	2009	240	0	88	152	0	0	No	No	No	98%	Open	Beaufort
August on Southside	1978	96	0	16	64	16	0	No	No	No	100%	Open	Port Royal
Bay South Apt Homes	1989	132	0	48	84	0	0	No	No	No	99%	Open	Beaufort
Cross Creek Apts	2009	144	0	24	60	60	0	No	Yes	No	100%	Open	Beaufort
Lady's Pointe Apts I/II	1988	92	0	30	62	0	0	No	No	No	97%	Open	Beaufort
Magnolia Park	2001	56	0	0	NA	NA	0	No	Yes	No	100%	Open	Beaufort
Parc at Broad River Apartments	2016	246	0	NA	NA	NA	0	No	No	No	96%	Open	Beaufort
Port Royal Apts	2012	60	0	0	36	24	0	No	Yes	No	100%	Open	Beaufort
Preserve at Port Royal	2008	400	0	160	240	0	0	No	No	No	94%	Open	Port Royal
Sea Pointe Apts	2016	56	0	0	28	28	0	No	No	No	100%	Open	Beaufort
Shell Pointe Apts	2005	72	0	0	NA	NA	0	No	Yes	No	100%	Open	Beaufort
Stuart Towne Apts	1983	100	0	NA	NA	NA	0	No	No	No	96%	Open	Port Royal
The Oaks at Broad River Landing	2001	248	0	72	120	56	0	No	No	No	98%	Open	Beaufort
Waterford Cove I/II	1998	160	0	0	80	80	0	No	Yes	No	95%	Open	Beaufort
Wilderness Cove	2004	48	0	0	48	0	0	No	Yes	No	100%	Open	Beaufort
Wilderness Too	2010	24	0	0	24	0	0	No	Yes	No	100%	Open	Beaufort
Totals and Averages	2003	2,424	0	574	1,072	304	0				97.5%		
<i>Unit Distribution</i>			0%	29%	55%	16%	0%						
SUBJECT PROJECT													
VILLAS AT SEA POINTE	2019	49	0	6	43	0	0	No	Yes	No		SR 55+	Beaufort

Note: Shaded Properties are LIHTC

Table 23: Rental Housing Summary- Overall

Project Name	Year Built/ Rehab	Total Units	Studio/ Eff.	1 BR	2 BR	3 BR	4 BR	Heat Incl.	W/S Incl.	Elect. Incl.	Occup. Rate	Type	Location
Totals and Averages <i>Unit Distribution</i>	2003	2,424	0 0%	574 29%	1,072 55%	304 16%	0 0%				97.5%		
SUBJECT PROJECT													
VILLAS AT SEA POINTE	2019	49	0	6	43	0	0	No	Yes	No			
SUMMARY													
	Number of Dev.	Year Built	Total Units	Studio/ Eff.	1BR	2BR	3BR	4BR	Average Occup.				
Total Developments	21	2003	2,424	0	574	1,072	304	0	97.5%				
Market Rate Only	8	1998	1,622	0	384	740	152	0	96.5%				
LIHTC Only	7	2007	495	0	77	162	128	0	100.0%				
Other Affordable (Non-LIHTC)	3	2001	164	0	30	134	0	0	98.2%				
Subsidized Only	3	2010	143	0	83	36	24	0	100.0%				

Table 24: Rent Range for 1 & 2 Bedrooms - Overall

Project Name	Program	PBRA Units	1BR Rent		1BR Square Feet		Rent per Square Foot Range		2BR Rent		2BR Square Feet		Rent per Square Foot Range	
			LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
Cottages at Beaufort I/II	BOI-HUD	35			540									
Laurel Hills Apts	LIHTC	0	\$535	\$614	663		\$0.81	\$0.93	\$640	\$714	901		\$0.71	\$0.79
Mossy Oaks Village (Senior)	BOI-HUD	48												
123 Club Carriage Apartments	LIHTC	0							\$586	\$700				
Ashley Pointe Apts	LIHTC	0							\$807		1,100			\$0.73
Ashton Pointe Apts	Market	0	\$1,005	\$1,033	699	777	\$1.29	\$1.48	\$1,220	\$1,299	931	1,136	\$1.07	\$1.40
August on Southside	Market	0	\$695		725			\$0.96	\$800	\$900	950		\$0.84	\$0.95
Bay South Apt Homes	Market	0	\$798	\$838	668		\$1.19	\$1.25	\$840	\$915	960		\$0.88	\$0.95
Cross Creek Apts	LIHTC/Mrkt	0	\$665	\$765	750		\$0.89	\$1.02	\$797	\$907	950		\$0.84	\$0.95
Lady's Pointe Apts I/II	RD/LIHTC	0	\$515	\$690					\$548	\$719				
Magnolia Park	LIHTC	0							\$659	\$750	1,090		\$0.60	\$0.69
Parc at Broad River Apartments	Market	Enter	\$1,025	\$1,180	792	802	\$1.28	\$1.49	\$1,360	\$1,450	1,197		\$1.14	\$1.21
Port Royal Apts	LIHTC/BOI	60									1,039			
Preserve at Port Royal	Market	0	\$923	\$997	693	850	\$1.09	\$1.44	\$1,074	\$1,144	1,017	1,151	\$0.93	\$1.12
Sea Pointe Apts	LIHTC	0							\$602	\$714	1,079		\$0.56	\$0.66
Shell Pointe Apts	LIHTC	0							\$682	\$843	1,153		\$0.59	\$0.73
Stuart Towne Apts	Market	0	\$650		850			\$0.76	\$825		1,100	1,200	\$0.69	\$0.75
The Oaks at Broad River Landing	Market	0	\$914	\$1,025	660	934	\$0.98	\$1.55	\$954	\$1,197	1,070	1,192	\$0.80	\$1.12
Waterford Cove I/II	Market	0							\$1,031		990			\$1.04
Wilderness Cove	RD/LIHTC	0							\$568	\$642	700		\$0.81	\$0.92
Wilderness Too	RD/LIHTC	0							\$584	\$734	700		\$0.83	\$1.05
Totals and Averages		143		\$826		743		\$1.11		\$855		1,029		\$0.83
SUBJECT PROPERTY														
VILLAS AT SEA POINTE	LIHTC	0	\$545	\$555	828	828	\$0.66	\$0.67	\$600		966		\$0.62	
SUMMARY														
Overall				\$826		743		\$1.11		\$855		1,029		\$0.83
Market Rate Only				\$924		768		\$1.20		\$1,072		1,075		\$1.00
LIHTC Only				\$645		707		\$0.91		\$723		1,046		\$0.69
Other Affordable (Non-LIHTC)				\$603		NA		NA		\$633		700		\$0.90
Subsidized Only				NA		540		NA		NA		1,039		NA

Note: Shaded Properties are LIHTC

Table 25a: Project Amenities - Overall

Project Name	Heat Type	Central Air	Wall A/C	Garbage Disposal	Dish Washer	Microwave	Ceiling Fan	Walk-in Closet	Mini Blinds	Patio/Balcony	Club/Comm. Room	Computer Center	Exercise Room
Cottages at Beaufort I/II	ELE	Yes	No	No	No	No	No	No	Yes	Yes	Yes	No	No
Laurel Hills Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No
Mossy Oaks Village (Senior)	Gas	Yes	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No
123 Club Carriage Apartments	Gas	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No
Ashley Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ashton Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
August on Southside	ELE	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No	No	Yes
Bay South Apt Homes	ELE	Yes	No	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No
Cross Creek Apts	ELE	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes
Lady's Pointe Apts I/II	ELE	Yes	No	No	No	No	No	No	Yes	No	No	No	No
Magnolia Park	ELE	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	y	No	No
Parc at Broad River Apartments	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Port Royal Apts	ELE	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Preserve at Port Royal	ELE	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Sea Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No
Shell Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Stuart Towne Apts	ELE	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No
The Oaks at Broad River Landing	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Waterford Cove I/II	ELE	Yes	No	Yes	Yes	No	No	Yes	Yes	No	No	No	Yes
Wilderness Cove	ELE	Yes	No	No	No	No	No	No	Yes	No	No	No	No
Wilderness Too	ELE	Yes	No	No	No	Yes	No	No	Yes	Yes	No	No	No
Totals and Averages	--	100%	0%	76%	76%	43%	52%	48%	100%	71%	67%	38%	43%
SUBJECT PROJECT													
VILLAS AT SEA POINTE	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
SUMMARY													
Overall	--	100%	0%	76%	76%	43%	52%	48%	100%	71%	67%	38%	43%
Market Rate Only	--	100%	0%	100%	100%	38%	38%	63%	100%	88%	50%	50%	75%
LIHTC Only	--	100%	0%	100%	100%	57%	86%	57%	100%	57%	100%	43%	29%
Other Affordable (non-LIHTC)	--	100%	0%	0%	0%	33%	0%	0%	100%	33%	0%	0%	0%
Subsidized Only	--	100%	0%	33%	33%	33%	67%	33%	100%	100%	100%	33%	33%

Note: Shaded Properties are LIHTC

Table 25b: Project Amenities - Overall

Project Name	Gazebo	Elevator	Exterior Storage	On-Site Mgt	Security Intercom	Coin Op Laundry	Laundry Hookup	In-unit Laundry	Carport	Garage	Emerg. Pull Cord	Activities	Library
Cottages at Beaufort I/II	No	No	No	Yes	Yes	Yes	No	No	No	No	Yes	Yes	No
Laurel Hills Apts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	No
Mossy Oaks Village (Senior)	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	Yes	Yes	No
123 Club Carriage Apartments	No	No	Yes	Yes	No	Yes	Yes	No	No	No			
Ashley Pointe Apts	Yes	No	No	Yes	No	Yes	Yes	No	No	No			
Ashton Pointe Apts	No	No	No	Yes	No	No	No	Yes	No	Yes			
August on Southside	No	No	No	Yes	No	No	Yes	No	No	No			
Bay South Apt Homes	No	No	No	Yes	No	No	Yes	No	No	No			
Cross Creek Apts	No	No	No	Yes	No	No	No	Yes	No	No			
Lady's Pointe Apts I/II	No	No	No	Yes	No	Yes	Yes	No	No	No			
Magnolia Park	No	No	No	Yes	No	Yes	No	No	No	No			
Parc at Broad River Apartments	No	No	No	Yes	No	No	No	Yes	No	No			
Port Royal Apts	Yes	No	Yes	Yes	No	Yes	No	No	No	No			
Preserve at Port Royal	No	No	Yes	Yes	No	Yes	Yes	No	No	No			
Sea Pointe Apts	Yes	No	No	Yes	No	Yes	Yes	No	No	No			
Shell Pointe Apts	Yes	No	No	Yes	No	Yes	Yes	No	No	No			
Stuart Towne Apts	No	No	No	Yes	No	Yes	Yes	No	No	No			
The Oaks at Broad River Landing	No	No	Yes	Yes	No	Yes	Yes	No	No	No			
Waterford Cove I/II	No	No	No	Yes	No	Yes	No	No	No	No			
Wilderness Cove	No	No	No	Yes	No	Yes	Yes	No	No	No			
Wilderness Too	No	No	No	Yes	No	No	No	Yes	No	No			
Totals and Averages	29%	10%	24%	100%	14%	71%	57%	19%	0%	5%	10%	14%	0%
SUBJECT PROJECT													
VILLAS AT SEA POINTE	Yes	Yes	No	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No
SUMMARY													
Overall	29%	10%	24%	100%	14%	71%	57%	19%	0%	5%	10%	14%	0%
Market Rate Only	0%	0%	25%	100%	0%	50%	63%	25%	0%	13%	0%	0%	0%
LIHTC Only	57%	14%	29%	100%	14%	86%	71%	14%	0%	0%	0%	14%	0%
Other Affordable (non-LIHTC)	0%	0%	0%	100%	0%	67%	67%	33%	0%	0%	0%	0%	0%
Subsidized Only	67%	33%	33%	100%	67%	100%	0%	0%	0%	0%	67%	67%	0%

Note: Shaded Properties are LIHTC

Table 26: Other Information - Overall

Project Name	Address	City	Telephone Number	Contact	On-Site Mgt	Waiting List	Concessions	Survey Date
Cottages at Beaufort I/II	2304 Southside Blvd	Beaufort	(843) 470-1600	Donna	Yes	30 Names	None	25-Jan-17
Laurel Hills Apts	1640 Ribaut Road	Port Royal	(843) 524-2568	Tanya	Yes	20 Names	None	20-Jan-17
Mossy Oaks Village (Senior)	27 Johnny Morrall Cir	Beaufort	(843) 524-2922	Johnny	Yes	35 Names	None	24-Jan-17
123 Club Carriage Apartments	123 Old Salem Rd	Beaufort	(843) 982-0101	Christy	Yes	20 Names	None	24-Jan-17
Ashley Pointe Apts	1714 Greenlawn Drive	Beaufort	(843) 379-9746	Maria	Yes	6 Months	None	20-Jan-17
Ashton Pointe Apts	100 Ashton Pointe Blvd	Beaufort	(843) 379-5119	Callie	Yes	No	None	27-Feb-17
August on Southside	2208 Southside Blvd	Port Royal	(843) 524-5075	Sharon	Yes	36 Names	None	26-Jan-17
Bay South Apt Homes	2201 Mossy Oaks Rd	Beaufort	(843) 521-0041	Linda	Yes	No	None	25-Jan-17
Cross Creek Apts	325 Ambrose Run	Beaufort	(843) 982-6381	Denise	Yes	< 5 Names	None	24-Jan-17
Lady's Pointe Apts I/II	1800 Salem Road	Beaufort	(843) 525-6797	Andi	Yes	No	None	20-Jan-17
Magnolia Park	314 Laurel Bay Road	Beaufort	(843) 846-1138	Kayla	Yes	< 5 Names	None	20-Jan-17
Parc at Broad River Apartments	337 Savannah Hwy	Beaufort	843-371-3771	Casey	Yes	No	None/New project	27-Feb-17
Port Royal Apts	11 Grober Hill Rd	Beaufort	(843) 379-0315	NA	Yes	33 Names	None	20-Jan-17
Preserve at Port Royal	1 Perserve Avenue West	Port Royal	(843) 525-9999	Kate	Yes	No	None	24-Jan-17
Sea Pointe Apts	61 Hazel Farm Road	Beaufort	(843) 379-8400	Jennifer	Yes	41 Names	None	27-Jan-17
Shell Pointe Apts	297 Midtown Drive	Beaufort	(843) 379-8400	Jennifer	Yes	50 Names	None	27-Jan-17
Stuart Towne Apts	6d Stuart Towne Ln	Port Royal	(843) 524-6000	Dawn	Yes	No	None	20-Jan-17
The Oaks at Broad River Landing	100 River Chase Blvd	Beaufort	(843) 470-9090	Rhonda	Yes	No	None	25-Jan-17
Waterford Cove I/II	22 Colony Gardens Rd	Beaufort	(843) 770-0380	Kayla	Yes	No	None	20-Jan-17
Wilderness Cove	1305 Tailbird Road	Beaufort	(843) 522-9500	Monica	Yes	33 Names	None	26-Jan-17
Wilderness Too	1305 Tailbird Road	Beaufort	(843) 522-9500	Monica	Yes	30 Names	None	26-Jan-17

Note: Shaded Properties are LIHTC

Table 27: Rental Housing Survey - Comparable

Project Name	Year Built/Rehab	Total Units	Studio/ Eff.	1 BR	2 BR	3 BR	4 BR	Heat Incl.	W/S Incl.	Elect. Incl.	Occup. Rate	Type	Location
Laurel Hills Apts	2005	71	0	53	18	0	0	No	Yes	No	100%	SR 55+	Port Royal
Ashley Pointe Apts	2016	56	0	0	40	16	0	No	Yes	No	100%	Open	Beaufort
Cross Creek Apts	2009	144	0	24	60	60	0	No	Yes	No	100%	Open	Beaufort
Sea Pointe Apts	2016	56	0	0	28	28	0	No	No	No	100%	Open	Beaufort
Shell Pointe Apts	2005	72	0	0	NA	NA	0	No	Yes	No	100%	Open	Beaufort
Totals and Averages <i>Unit Distribution</i>	2010	399	0 0%	77 24%	146 45%	104 32%	0 0%				100.0%		
SUBJECT PROJECT													
VILLAS AT SEA POINTE	2019	49	0	6	43	0	0	No	Yes	No		SR 55+	Beaufort

Table 28: Rent Range for 1 & 2 Bedrooms - Comparable

Project Name	Program	PBRA Units	1BR Rent		1BR Square Feet		Rent per Square Foot Range		2BR Rent		2BR Square Feet		Rent per Square Foot Range	
			LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
Laurel Hills Apts	LIHTC	0	\$535	\$614	663		\$0.81	\$0.93	\$640	\$714	901		\$0.71	\$0.79
Ashley Pointe Apts	LIHTC	0							\$807		1,100		\$0.73	\$0.73
Cross Creek Apts	LIHTC/Mrkt	0	\$665	\$765	750		\$0.89	\$1.02	\$797	\$907	950		\$0.84	\$0.95
Sea Pointe Apts	LIHTC	0							\$602	\$714	1,079		\$0.56	\$0.66
Shell Pointe Apts	LIHTC	0							\$682	\$843	1,153		\$0.59	\$0.73
Totals and Averages		0		\$645		707		\$0.91		\$745		1,037		\$0.72
SUBJECT PROPERTY														
VILLAS AT SEA POINTE	LIHTC	0	\$545	\$555	828	828	\$0.66	\$0.67	\$600		966		\$0.62	

Note: Senior LIHTC properties are shaded

Table 29a: Project Amenities - Comparable

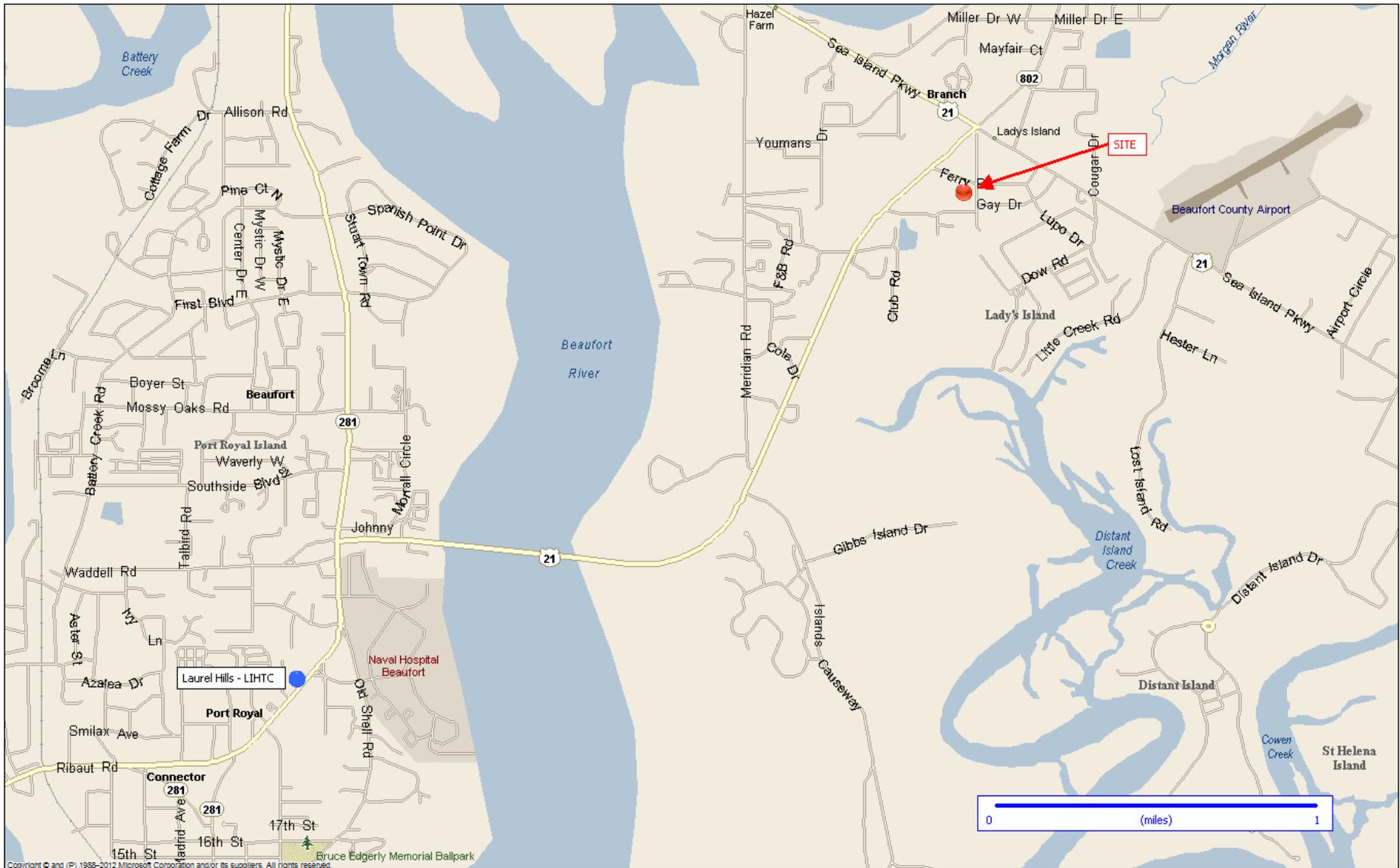
Project Name	Heat Type	Central Air	Wall A/C	Garbage Disposal	Dish Washer	Microwave	Ceiling Fan	Walk-in Closet	Mini Blinds	Patio/Balcony	Club/Comm. Room	Computer Center	Exercise Room
Laurel Hills Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No
Ashley Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cross Creek Apts	ELE	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes	No	No	Yes
Sea Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No
Shell Pointe Apts	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Totals and Averages	--	100%	0%	100%	100%	80%	100%	40%	100%	60%	80%	60%	40%
SUBJECT PROJECT													
VILLAS AT SEA POINTE	ELE	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

Table 29b: Project Amenities - Comparable

Project Name	Gazebo	Elevator	Exterior Storage	On-Site Mgt	Security Intercom	Coin Op Laundry	Laundry Hookup	In-unit Laundry	Carport	Garage	Emerg. Pull Cord	Activities	Library
Laurel Hills Apts	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	No
Ashley Pointe Apts	Yes	No	No	Yes	No	Yes	Yes	No	No	No			
Cross Creek Apts	No	No	No	Yes	No	No	No	Yes	No	No			
Sea Pointe Apts	Yes	No	No	Yes	No	Yes	Yes	No	No	No			
Shell Pointe Apts	Yes	No	No	Yes	No	Yes	Yes	No	No	No			
Totals and Averages	80%	20%	20%	100%	20%	80%	80%	20%	0%	0%	0%	20%	0%
SUBJECT PROJECT													
VILLAS AT SEA POINTE	Yes	Yes	No	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No

Note: Senior LIHTC properties are shaded

Map 10: Senior LIHTC Rental Developments



COMPARABLE PROJECT INFORMATION												
Project Name: Laurel Hills Apts Address: 1640 Ribaut Road City: Port Royal State: SC Zip Code: 29935 Phone Number: (843) 524-2568 Contact Name: Tanya Contact Date: 01/20/17 Current Occup: 100.0%												
DEVELOPMENT CHARACTERISTICS												
Total Units: 71 Project Type: SR 55+ Program: LIHTC PBRA Units*: 0		Year Built: 2005 Floors: 4 Accept Vouchers: Yes Voucher #: 22										
* Including Section 8, Rental Assistance, and any other Project-Based Subsidy												
UNIT CONFIGURATION/RENTAL RATES												
BR	Bath	Target	Type	# Units	Square Feet		Contract Rent		Vacant	Occup. Rate	Wait List	
					Low	High	Low	High				
TOTAL 1-BEDROOM UNITS				53					0	100.0%		
1	1.0	HOME	Apt	10	663		\$535		0	100.0%	Yes	
1	1.0	50	Apt	10	663		\$535		0	100.0%	Yes	
1	1.0	60	Apt	33	663		\$614		0	100.0%	Yes	
TOTAL 2-BEDROOM UNITS				18					0	100.0%		
2	2.0	HOME	Apt	4	901		\$640		0	100.0%	Yes	
2	2.0	50	Apt	5	901		\$640		0	100.0%	Yes	
2	2.0	60	Apt	9	901		\$714		0	100.0%	Yes	
TOTAL DEVELOPMENT				71					0	100.0%	20 Names	
AMENITIES												
<u>Unit Amenities</u>				<u>Development Amenities</u>				<u>Laundry Type</u>				
<input checked="" type="checkbox"/> - Central A/C <input type="checkbox"/> - Wall A/C Unit <input checked="" type="checkbox"/> - Garbage Disposal <input checked="" type="checkbox"/> - Dishwasher <input checked="" type="checkbox"/> - Microwave <input checked="" type="checkbox"/> - Ceiling Fan <input type="checkbox"/> - Walk-In Closet <input checked="" type="checkbox"/> - Mini-Blinds <input type="checkbox"/> - Draperies <input checked="" type="checkbox"/> - Patio/Balcony <input type="checkbox"/> - Basement <input type="checkbox"/> - Fireplace <input checked="" type="checkbox"/> - High-Speed Internet				<input checked="" type="checkbox"/> - Clubhouse <input checked="" type="checkbox"/> - Community Room <input type="checkbox"/> - Computer Center <input type="checkbox"/> - Exercise/Fitness Room <input checked="" type="checkbox"/> - Community Kitchen <input type="checkbox"/> - Swimming Pool <input type="checkbox"/> - Playground <input checked="" type="checkbox"/> - Gazebo <input checked="" type="checkbox"/> - Elevator <input checked="" type="checkbox"/> - Storage <input type="checkbox"/> - Sports Courts <input checked="" type="checkbox"/> - On-Site Management <input type="checkbox"/> - Security - Access Gate <input checked="" type="checkbox"/> - Security - Intercom				<input checked="" type="checkbox"/> - Coin-Operated Laundry <input checked="" type="checkbox"/> - In-Unit Hook-Up <input type="checkbox"/> - In-Unit Washer/Dryer <u>Parking Type</u> <input checked="" type="checkbox"/> - Surface Lot <input type="checkbox"/> - Carport \$0 <input type="checkbox"/> - Garage (att) \$0 <input type="checkbox"/> - Garage (det) \$0 <u>Utilities Included</u> <input type="checkbox"/> - Heat ELE <input type="checkbox"/> - Electricity <input checked="" type="checkbox"/> - Trash Removal <input checked="" type="checkbox"/> - Water/Sewer				

6. Market Rent Calculations

Estimated market rents are utilized to determine the approximate rental rates that can be achieved within the local PMA assuming no income restrictions. Based on existing market rate properties that can be considered as most comparable to the subject proposal (based on but not limited to location, building type, and age), rental rates are adjusted according to specific factors as compared to the subject. Adjustment factors include design, location, and condition of the property, construction date, unit and site amenities, unit sizes, and utilities included.

Five properties were selected to determine the estimated market rate, based largely on construction date, location, and building type. Because no senior-only market rate facilities are located within the PMA, family developments were utilized to calculate market rents – these projects include Ashton Pointe, Parc at Broad River Apartments, Preserve at Port Royal, The Oaks at Broad River Landing, and Waterford Cove. Using the Rent Comparability Grid on the following pages, the following is a summary of the estimated market rents by bedroom size along with the subject property’s corresponding market advantage:

	Proposed Net Rent	Estimated Market Rent	Market Advantage
One-Bedroom Units			
50% AMI	\$544	\$863	37%
60% AMI	\$555	\$863	36%
Two-Bedroom Units			
50% AMI	\$600	\$975	38%
60% AMI	\$600	\$975	38%

Rent Comparability Grid

Subject Property		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Project Name		Ashton Pointe Apts		Cross Creek Apts		Preserve at Port Royal		The Oaks at Broad River Landing		Parc at Broad River Apartments	
Project City	Subject Data	Beaufort		Beaufort		Port Royal		Beaufort		Beaufort	
Date Surveyed		2/27/17		1/24/17		1/24/17		1/25/17		2/27/17	
A. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Structure Type	Apts	Apts		Apts		Apts		Apts		Apts	
Yr. Built/Yr. Renovated	2019	2009	\$8	2009	\$8	2008	\$8	2001	\$14	2016	\$2
Condition /Street Appeal	Good	Good		Good		Good		Good		Good	(\$50)
B. Unit Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Central A/C	Yes	Yes		Yes		Yes		Yes		Yes	
Garbage Disposal	Yes	Yes		Yes		Yes		Yes		Yes	
Dishwasher	Yes	Yes		Yes		Yes		Yes		Yes	
Microwave	Yes	Yes		No	\$3	No	\$3	Yes		Yes	
Walk-In Closet	Yes	Yes		No	\$3	Yes		Yes		Yes	
Mini-Blinds	Yes	Yes		Yes		Yes		Yes		Yes	
Patio/Balcony	No	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)
Basement	No	No		No		No		No		No	
Fireplace	No	No		No		No		No		No	
C. Site Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Clubhouse	No	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)
Community Room	Yes	No	\$5	No	\$5	Yes		Yes		No	\$5
Computer Center	Yes	Yes		No	\$3	Yes		Yes		Yes	
Exercise Room	Yes	Yes		Yes		Yes		Yes		Yes	
Swimming Pool	No	Yes	(\$5)	No		Yes	(\$5)	Yes	(\$5)	Yes	(\$5)
Playground	No	No		Yes		Yes		Yes		No	
Sports Courts	No	No		No		No		Yes	(\$3)	No	
On-Site Management	Yes	Yes		Yes		Yes		Yes		Yes	
Security - Access Gate	No	No		No		No		No		Yes	(\$5)
Security - Intercom	No	No		No		No		No		No	
D. Other Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Coin-Operated Laundry	Yes	No	\$5	No	\$5	Yes		Yes		No	\$5
In-Unit Hook-Up	Yes	No	\$5	No	\$5	Yes		Yes		No	\$5
In-Unit Washer/Dryer	No	Yes	(\$25)	Yes	(\$25)	No		No		Yes	(\$25)
Carpport	No	No		No		No		No		No	
Garage (attached)	No	No		No		No		No		No	
Garage (detached)	No	Yes	(\$35)	No		Yes	(\$35)	Yes	(\$35)	Yes	(\$35)
E. Utilities Included		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Heat	No	No		No		No		No		No	
Electric	No	No		No		No		No		No	
Trash Removal	Yes	Yes		Yes		Yes		Yes		No	XXX
Water/Sewer	No	No		Yes	XXX	No		No		No	
Heat Type	ELE	ELE		ELE		ELE		ELE		ELE	
Utility Adjustments											
One-Bedroom Units					(\$40)						\$10
Two-Bedroom Units					(\$60)						\$10

Subject Property		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Project Name		Ashton Pointe Apts		Cross Creek Apts		Preserve at Port Royal		The Oaks at Broad River Landing		Parc at Broad River Apartments	
Project City	Subject Data	Beaufort		Beaufort		Port Royal		Beaufort		Beaufort	
Date Surveyed		42793		42759		42759		42760		42793	
F. Average Unit Sizes		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
One-Bedroom Units	828	738	\$14	750	\$12	772	\$8	797	\$5	797	\$5
Two-Bedroom Units	966	1,034	(\$10)	950	\$2	1,084	(\$18)	1,131	(\$25)	1,197	(\$35)
G. Number of Bathrooms		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
One-Bedroom Units	1.0	1.0	\$0	1.0	\$0	1.0	\$0	1.0	\$0	1.0	\$0
Two-Bedroom Units	1.5	2.0	(\$15)	2.0	(\$15)	2.0	(\$15)	2.0	(\$15)	2.0	(\$15)
G. Total Adjustments Recap											
One-Bedroom Units			(\$39)		(\$32)		(\$30)		(\$35)		(\$98)
Two-Bedroom Units			(\$78)		(\$76)		(\$71)		(\$79)		(\$152)

		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Project Name		Ashton Pointe Apts		Cross Creek Apts		Preserve at Port Royal		The Oaks at Broad River Landing		Parc at Broad River Apartments	
Project City	Subject Data	Beaufort		Beaufort		Port Royal		Beaufort		Beaufort	
Date Surveyed		42793		42759		42759		42760		42793	
H. Rent/Adjustment Summary		Unadjusted Rent	Adjusted Rent	Unadjusted Rent	Adjusted Rent	Unadjusted Rent	Adjusted Rent	Unadjusted Rent	Adjusted Rent	Unadjusted Rent	Adjusted Rent
Market Rate Units											
One-Bedroom Units	\$863	\$920	\$881	\$765	\$733	\$923	\$893	\$914	\$879	\$1,025	\$927
Two-Bedroom Units	\$975	\$1,039	\$961	\$907	\$831	\$1,074	\$1,003	\$954	\$875	\$1,360	\$1,208

H. INTERVIEWS

Throughout the course of performing this analysis of the Beaufort rental market, many individuals were contacted. Based on discussions with local government officials, there are no directly comparable rental developments currently proposed or under construction within the PMA at this time. However, there are two family developments currently in the planning stages: 1) a 48-unit family LIHTC project in Port Royal (Marsh Pointe Apartments), which received a tax credit allocation in 2016); and 2) a 60-unit market rate project (no name provided) located on Pine Court, which is going through the design review process. Because both these projects target family households, they will likely have minimal impact on the marketability or absorption of the subject property.

In addition, officials in both Beaufort and Port Royal noted a definite need for affordable housing within the area. The following planning departments were contacted:

1. Beaufort, SC -

Contact: Libby Anderson, Planning Director

Phone: 843-525-7011

Date: 2/28/2017

2. Port Royal, SC -

Contact: Linda Bridges, Planning Administrator

Phone: 843-986-2207

Date: 2/28/2017

Additional information was collected during property visits and informal interviews with leasing agents and resident managers throughout the Beaufort rental market as part of our survey of existing rental housing to collect more specific data. The results of these interviews are presented within the supply section of the market study. Based on these interviews, no widespread specials/concessions were reported throughout the local rental market.

I. CONCLUSIONS/RECOMMENDATIONS

Based on the information collected and reported within this study, sufficient evidence has been presented for the successful introduction and absorption of the subject property, as proposed, within the Beaufort PMA. Factors supporting the introduction of a newly constructed rental alternative targeted for low-income senior households include the following:

1. Senior demographic patterns have been extremely strong since 2000 throughout the Beaufort area. The number of seniors (55 years and over) within the PMA increased by 22 percent (more than 2,300 seniors) between 2010 and 2016, with an additional 15 percent gain expected through 2021;
2. Occupancy levels within the PMA are quite positive, especially among senior developments. Based on survey results, the overall occupancy rate was calculated at 97.5 percent, with three senior properties each at 100 percent occupancy;
3. Only limited senior-only rental options are available locally, with only one senior LIHTC property identified within the PMA. As such, Laurel Hills (71 units constructed in 2005) was reported to be 100 percent occupied with 20 persons on a waiting list;
4. Affordable units are also in demand, with the two newest LIHTC developments absorbed extremely quick – Ashley Pointe (opened in January 2016) was entirely pre-leased, and Sea Pointe (opened in Mid-February 2016) was leased in less than three months. In addition, all seven LIHTC properties in the survey are 100 percent occupied;
5. The location of the subject property can also be considered a positive factor. The site is located adjacent to a newly constructed grocery store and also near retail, medical, and recreational areas;
6. The proposal represents a modern product with numerous amenities and features with affordable rental levels; and
7. A sufficient statistical demand calculation, with an absorption period conservatively estimated at five to six months.

As such, the proposed facility should maintain at least a 93 percent occupancy rate into the foreseeable future with no long-term adverse effects on existing local rental facilities – either affordable or market rate. Assuming the subject proposal is developed as described within this analysis, Shaw Research & Consulting can provide a positive recommendation for the proposed development with no reservations or conditions.

J. SIGNED STATEMENT REQUIREMENTS

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



Steven R. Shaw
SHAW RESEARCH AND CONSULTING, LLC

Date: March 3, 2017

K. SOURCES

2000 U.S. Census of Population and Housing - U.S. Census Bureau
2010 U.S. Census of Population and Housing – U.S. Census Bureau
2010-2015 American Community Survey – 5-Year Estimates – U.S. Census Bureau
2016/2021 Demographic Forecasts, ESRI Business Analyst Online
Apartment Listings – LIHTC – low-income-housing.credio.com
Apartment Listings – www.socialserve.com
Apartment Listings – Yahoo! Local – local.yahoo.com
Apartment Listings – Yellowbook – www.yellowbook.com
Community Profile 2017 – Beaufort County – SC Department of Employment & Workforce
CPI Inflation Calculator – Bureau of Labor Statistics – U.S. Department of Labor
Crime Data – HomeFair.com
ESRI Business Analyst Online
Income & Rent Limits 2016 – South Carolina State Housing Finance & Development Authority
Interviews with community planning officials
Interviews with managers and leasing specialists at local rental developments
South Carolina Industry Data – SC Works Online Services
South Carolina Labor Market Information – U.S. Bureau of Labor Statistics
South Carolina LIHTC Allocations – SC State Housing Finance & Development Authority
Microsoft Streets and Trips 2013
Single-Family Home Sales – www.realtor.com

L. RESUME

STEVEN R. SHAW SHAW RESEARCH & CONSULTING, LLC

Mr. Shaw is a principal at Shaw Research and Consulting, LLC. With over twenty-six years of experience in market research, he has assisted a broad range of clients with the development of various types of housing alternatives throughout the United States, including multi-family rental properties, single-family rental developments, for-sale condominiums, and senior housing options. Clients include developers, federal and state government agencies, non-profit organizations, and financial institutions. Areas of expertise include market study preparation, pre-feasibility analysis, strategic targeting and market identification, customized survey and focus group research, and demographic and economic analysis. Since 2000, Mr. Shaw has reviewed and analyzed housing conditions in nearly 400 markets across 24 states.

Previous to forming Shaw Research in January 2007, he most recently served as partner and Director of Market Research at Community Research Services (2004-2006). In addition, Mr. Shaw also was a partner for Community Research Group (1999-2004), and worked as a market consultant at Community Targeting Associates (1997-1999). Each of these firms provided the same types of services as Shaw Research and Consulting.

Additional market research experience includes serving as manager of automotive analysis for J.D. Power and Associates (1992-1997), a global automotive market research firm based in Troy, Michigan. While serving in this capacity, Mr. Shaw was responsible for identifying market trends and analyzing the automotive sector through proprietary and syndicated analytic reports. During his five-year tenure at J.D. Power, Mr. Shaw developed a strong background in quantitative and qualitative research measurement techniques through the use of mail and phone surveys, focus group interviews, and demographic and psychographic analysis. Previous to J.D. Power, Mr. Shaw was employed as a Senior Market Research Analyst with Target Market Systems (the market research branch of First Centrum Corporation) in East Lansing, Michigan (1990-1992). At TMS, his activities consisted largely of market study preparation for housing projects financed through RHS and MSHDA programs. Other key duties included the strategic targeting and identification of new areas for multi-family and single-family housing development throughout the Midwest.

A 1990 graduate of Michigan State University, Mr. Shaw earned a Bachelor of Arts degree in Marketing with an emphasis in Market Research, while also earning an additional major in Psychology.