

NEED AND DEMAND ANALYSIS
FOR THE INDIAN HILLS APARTMENTS
IN
NEWBERRY, SOUTH CAROLINA

Prepared for
Indian Hills SC LLC
for submission to
the South Carolina State Housing Finance and Development Authority

March 2017

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TABLE OF CONTENTS

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

EXECUTIVE SUMMARY..... Page 3

A. PROJECT DESCRIPTION..... Page 6

B. SITE DESCRIPTION..... Page 11

C. MARKET AREA..... Page 18

D. MARKET AREA ECONOMY..... Page 21
EMPLOYMENT BY INDUSTRY..... Page 21
MAJOR EMPLOYERS..... Page 22
LABOR FORCE AND EMPLOYMENT..... Page 24
COMMUTING..... Page 26

E. COMMUNITY DEMOGRAPHIC DATA..... Page 27
POPULATION TRENDS AND PROJECTIONS..... Page 27
AGE..... Page 28
HOUSEHOLD TRENDS AND PROJECTIONS..... Page 29
TENURE..... Page 30
HOUSEHOLD SIZE..... Page 31
HOUSEHOLD INCOME..... Page 32
RENTER HOUSEHOLD INCOME..... Page 33
RESIDENTIAL CONSTRUCTION SINCE 2000..... Page 34

F. PROJECT SPECIFIC DEMAND ANALYSIS..... Page 35
ABSORPTION RATES..... Page 42

G. EXISTING RENTAL UNITS..... Page 43

H. INTERVIEWS..... Page 63

I. RECOMMENDATIONS..... Page 64

SIGNED STATEMENT..... Page 65

ANALYST QUALIFICATIONS..... Page 66

MARKET STUDY TERMINOLOGY..... Page 67

LIST OF TABLES

Table 1 - Statistics on Race, Tract 9505.02.	Page 20
Table 2 - Employment by Industry, Market Area.	Page 21
Table 3 - Major Employers.	Page 22
Table 4 - Newberry County Labor Force and Employment.	Page 24
Table 5 - Commuting Data.	Page 26
Table 6 - Population.	Page 27
Table 7 - Age Distribution.	Page 28
Table 8 - Household Trends.	Page 29
Table 9 - Tenure.	Page 30
Table 10 - Household Size, by Tenure.	Page 31
Table 11 - Household Income.	Page 32
Table 12 - Household Income, Renter Households.	Page 33
Table 13 - Residential Construction Since 2000.	Page 34
Table 14 - Income Limits.	Page 35
Table 15 - Income Targeting, Rents, and Qualifying Income Ranges.	Page 36
Table 16 - Household Income, Renter Households.	Page 38
Table 17 - Demand Calculations.	Page 40
Table 18 - Capture Rates.	Page 41
Table 19 - Market Rate Properties.	Page 47

INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the rehabilitation of the Indian Hills Apartments in Newberry, South Carolina. This project was originally developed under the USDA/Rural Development Section 515 Rural Rental Housing program. A total of 60 units are to be rehabilitated: 16 one-bedroom units and 44 two-bedroom units. The apartments will rent to households whose incomes qualify their apartments for tax credit status. Full rental assistance will be available.

ASSUMPTIONS AND CONDITIONS

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

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

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

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

The site of the proposed apartments was visited (on February 16, 2017). In addition, interviews are held with persons with particular knowledge pertinent to the study.

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

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

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

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

Submitted, and attested to, by:

T. Ronald Brown, President
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Date:: March 8, 2017

EXECUTIVE SUMMARY

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

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

The Indian Hills Apartments are located on the south side of Drayton Street in western Newberry.

The market area for the proposed apartments is central Newberry County.

Labor force and employment figures in Newberry County have remained relatively stable over the last decade or so, with employment falling significantly between 2008 and 2009. Since then, the labor force has remained stable, with employment increasing in the last few years, resulting in unemployment rates falling from a high of around 10-to-11 percent in 2009 to 2011, to closer to 5 percent in 2015.

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

There are several apartment complexes located in Newberry - these include a few unsubsidized properties, three unsubsidized tax credit financed properties, and several subsidized complexes for low and very low income households that are financed through HUD and/or USDA/Rural Development (such as the subject property).

The total potential need for tax credit units such as is proposed in the Newberry area by 2019 is calculated to be for 1,379 units - of which 1,130 would qualify for assistance. Given the calculated need, the proposed 60-unit development amounts to 5.3 percent of the need for rent-assisted units, as proposed.

The capture rates are considered very reasonable.

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

2017 EXHIBIT S-2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:										
Development Name:		INDIAN HILLS						Total # Units:		60
Location:		1835 Drayton Street, Newberry, SC						# LIHTC Units:		60
PMA Boundary:		Central Newberry County								
Development Type:		Family X		Older Persons		Farthest Boundary Distance to Subject:		18 miles		
RENTAL HOUSING STOCK (found on pages 43-62)										
Type	# Properties	Total Units	Vacant Units	Average Occupancy						
All Rental Housing	10	514	18	98.5%						
Market-Rate Housing	2	118	15	87.1%						
Assisted/Subsidized Housing not to include LIHTC	6	318	1	99.7%						
LIHTC (All that are stabilized)*	2	92	1	98.9%						
Stabilized Comps**	0	318	1	98.7%						
Non-stabilized Comps										
* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).										
** Comps are those comparable to the subject and those that compete at nearby 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	
10	1	1	619	\$556	\$533	\$0.88	10.60%	\$775	\$0.82	
44	2	1	701	\$688	\$672	\$0.87	11.72%	\$1,200	\$0.92	
Gross Potential Rent Monthly*				\$35,280	\$39,686		11.10%			
*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 30,38)										
	2010		2016		2019					
Renter Households	3,330	30.8%	3,797	34.4%	4,049	36.4%				
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	681	16.3%	619	15.3%				
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%				
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 40)										
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall				
Renter Household Growth	17	19				36				
Existing Households (Overburd + Substand)	114	99				213				
Homeowner conversion (Seniors)										
Other:										
Less Comparable/Competitive Supply	0	0								
Net Income-qualified Renter HHs	130	118				248				
CAPTURE RATES (found on page 41)										
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall				
Capture Rate	9.2	40.7				24.2				
ABSORPTION RATE (found on page 42)										
Not applicable.										

2017 EXHIBIT S - 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:										
Development Name:		INDIAN HILLS						Total # Units:		60
Location:		1935 Drayton Street, Newberry, SC						# LIHTC Units:		60
PMA Boundary:		Central Newberry County								
Development Type:		Family <input checked="" type="checkbox"/>		Older Persons <input type="checkbox"/>		Farthest Boundary Distance to Subject:		18 miles		
RENTAL HOUSING STOCK (found on pages 43-62)										
Type	# Properties	Total Units	Vacant Units	Average Occupancy						
All Rental Housing	10	514	18	96.5%						
Market-Rate Housing	2	116	15	87.1%						
Assisted/Subsidized Housing not to include LIHTC	6	318	1	99.7%						
LIHTC (All that are stabilized)**	2	82	1	98.8%						
Stabilized Comps**	6	318	1	99.7%						
Non-stabilized Comps										
* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).										
** Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.										
Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent		
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF	
18	1	1	819	\$556	\$185	\$0.30	70.78%	\$775	\$0.82	
44	2	1	761	\$586	\$90	\$0.12	86.60%	\$1,200	\$0.92	
Gross Potential Rent Monthly*				\$39,686	\$6,920		82.56%			
*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 30,38)										
	2010		2016		2019					
Renter Households	3,330	30.8%	3,797	34.4%	4,049	36.4%				
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	1,936	51.0%	2,065	51.0%				
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%				
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 40)										
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall				
Renter Household Growth	128					128				
Existing Households (Overburd + Substandard)	1,001					1,001				
Homeowner conversion (Seniors)										
Other:										
Less Comparable/Competitive Supply	0					0				
Net Income-qualified Renter HHs	1,130					1,130				
CAPTURE RATES (found on page 41)										
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall				
Capture Rate	5.3%					5.3%				
ABSORPTION RATE (found on page 42)										
Rehabilitation, plus 60 days										

A. PROJECT DESCRIPTION

Project Location

The proposed development is located off Drayton Street in Newberry, in Newberry County, in central South Carolina.



Construction type: Rehabilitation

The property comprises seven two-buildings that house the residential units, and the site office, laundry, and common areas.

Occupancy type :Family

Target income group: Very Low income/ tax credit

Special population target: not applicable

Proposed unit mix, etc

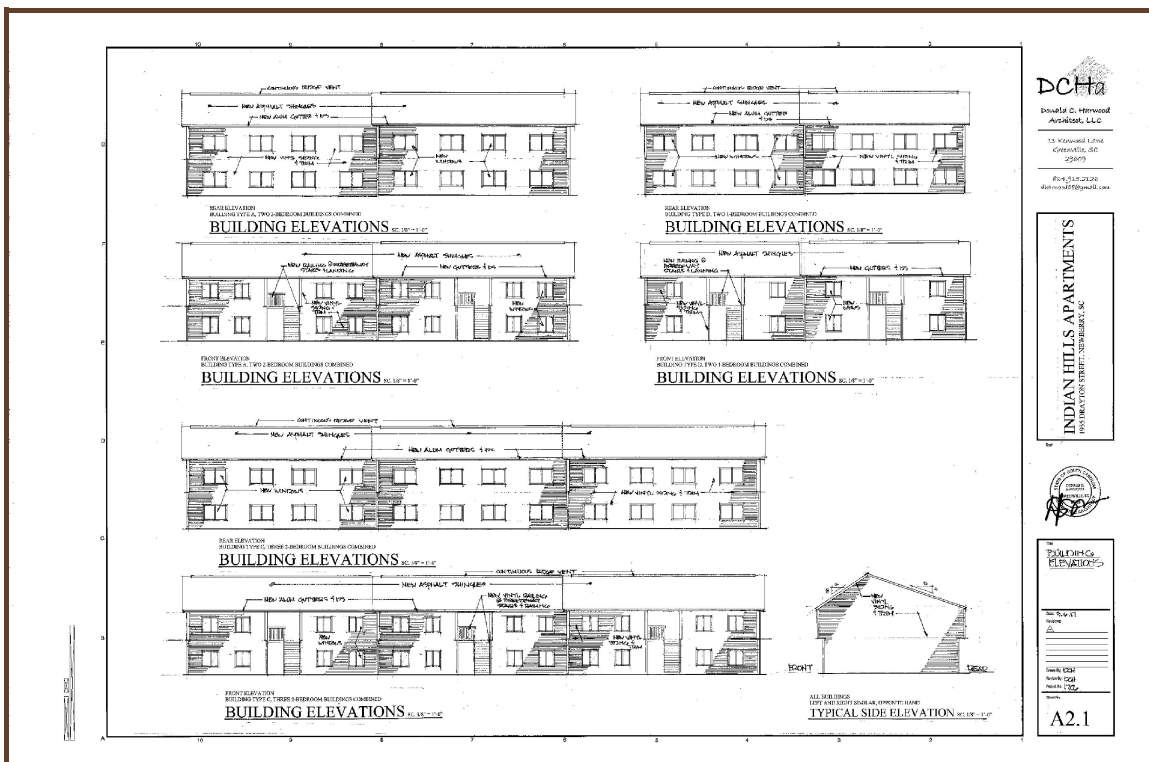
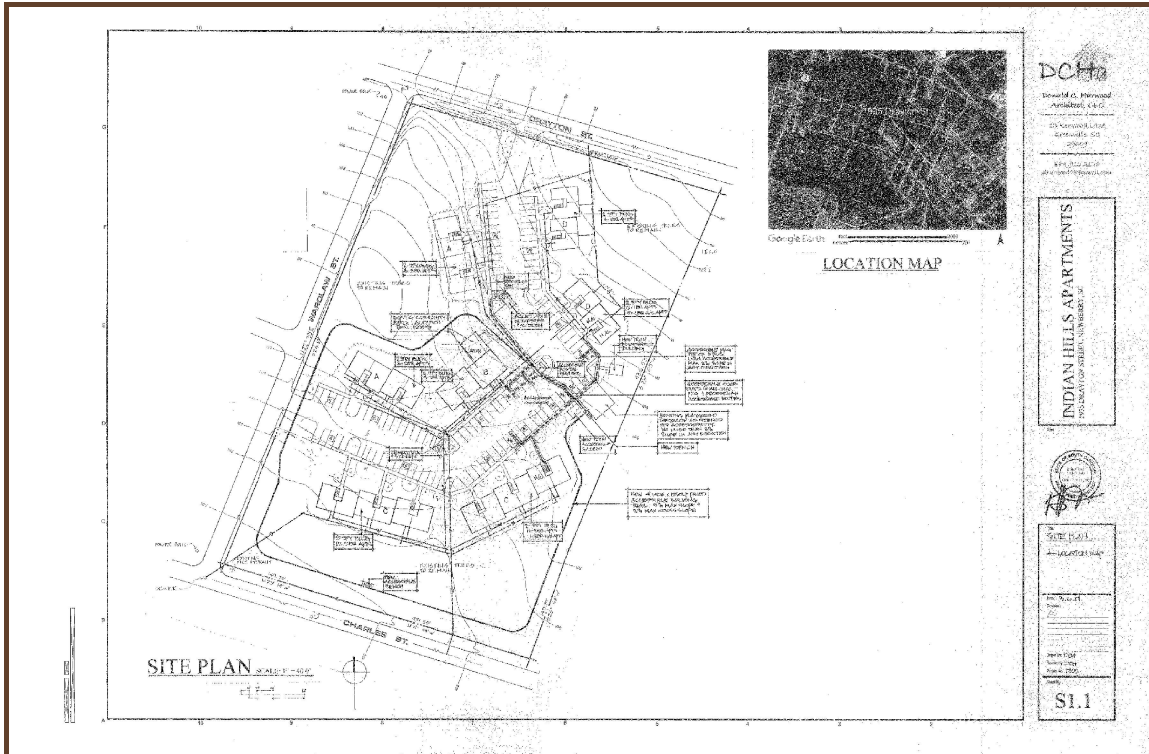
	<u>No. of units</u>	<u>Sq. Ft.</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
1 bedroom/1 bath	3	619	\$556	\$87	less than 50 percent
1 bedroom/1 bath	13	619	\$556	\$87	less than 60 percent
2 bedroom/1 bath	9	761	\$586	\$156	less than 50 percent
2 bedroom/1 bath	35	761	\$586	\$156	less than 60 percent
Total	60				

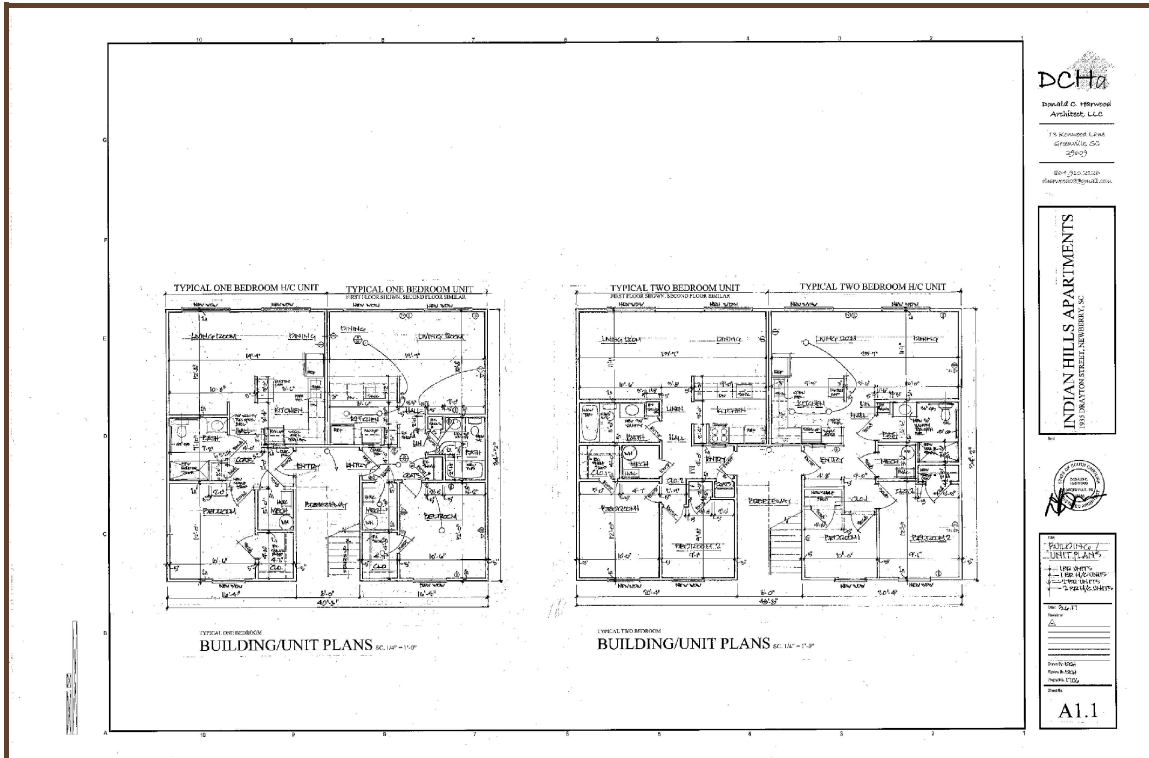
* percent of local area median

Rental Assistance: 60 units

With respect to utilities, the units will be all-electric. Each tenant will be responsible for water, sewer, heating, cooling and other electricity. The owner will responsible for trash collection. The utility allowance is \$87 for a one-bedroom unit, and is \$156 for a two-bedroom unit.

Representative architectural drawings are set out on the following page.





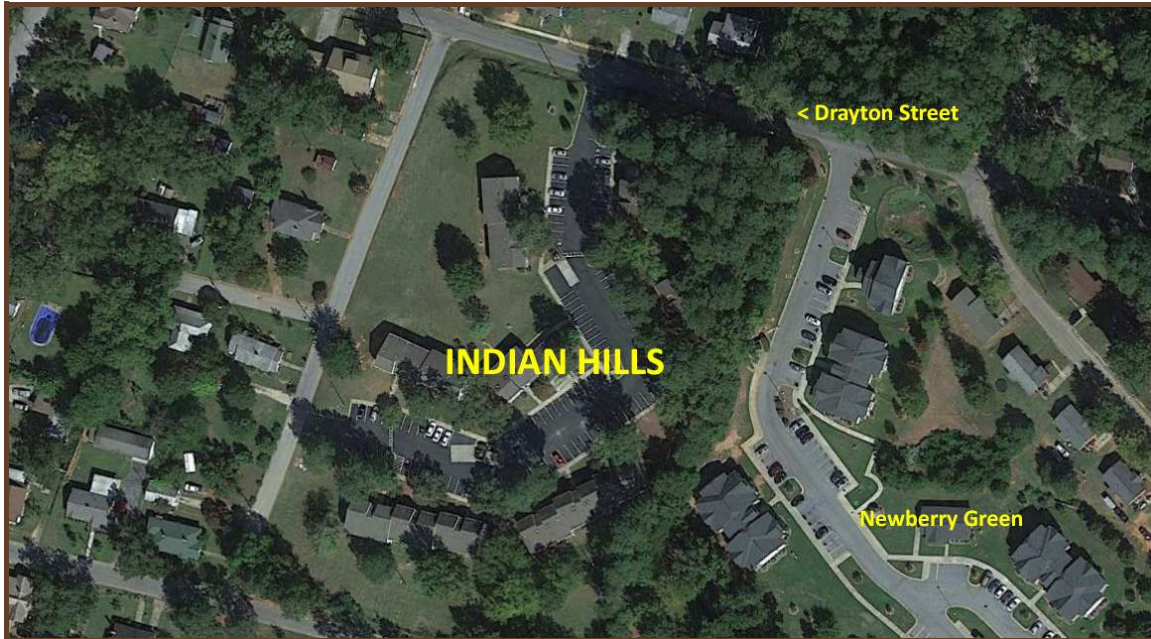
Rehabilitation information:

Property is a 60-unit USDA/RD project with full Rental Assistance
Rents are based on income, with an average tenant contribution of \$98 per month
Tenant incomes range from \$2,080 to \$27,364
Occupancy is typically 100 percent, with a waiting list

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

B. SITE DESCRIPTION

The Indian Hills Apartments are located on the south side of Drayton Street in western Newberry. Adjacent properties include the Newberry Green Apartments and single-family homes.



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



Typical units



Typical units



Typical units



View on property



View on property



View on property



Typical units - rear view



Site office, etc



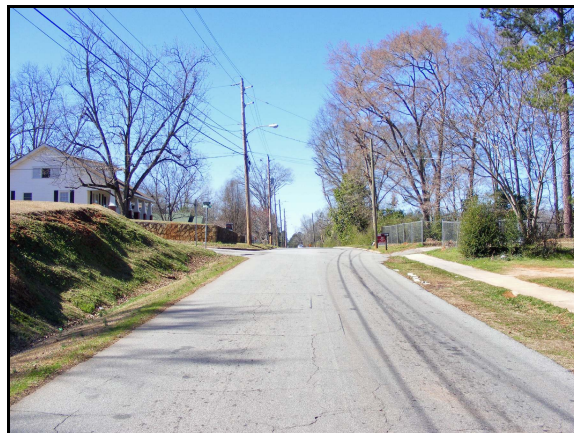
Playground



View onto property, at entrance



View east on Drayton St., at site



View west on Drayton St., at site

Access from the site to major thoroughfares, shopping, and other local services is quite good - however, the property is located in the western part of the community, and many services are located to the east of the area.

The site is located off Drayton Street, a residential connector serving west-central Newberry. The site is within one-third of one mile of the intersection of Drayton Street and Kendall Road (SC 121), to the west. The property is within two and one half miles of Wilson Road/US 76 the significant north-south thoroughfare serving Newberry. The Indian Hills complex is within five miles or so of Interstate 26 (both to the north [west] and south [east]).

US 76 is the focus much retail and other commercial development - for example, a Harvey's supermarket, Food Lion grocery store, and a Wal-mart supercenter are located on that route - within three miles of the subject property.

The Newberry County Memorial Hospital and associated medical services are located off US 76, approximately two miles from the site.

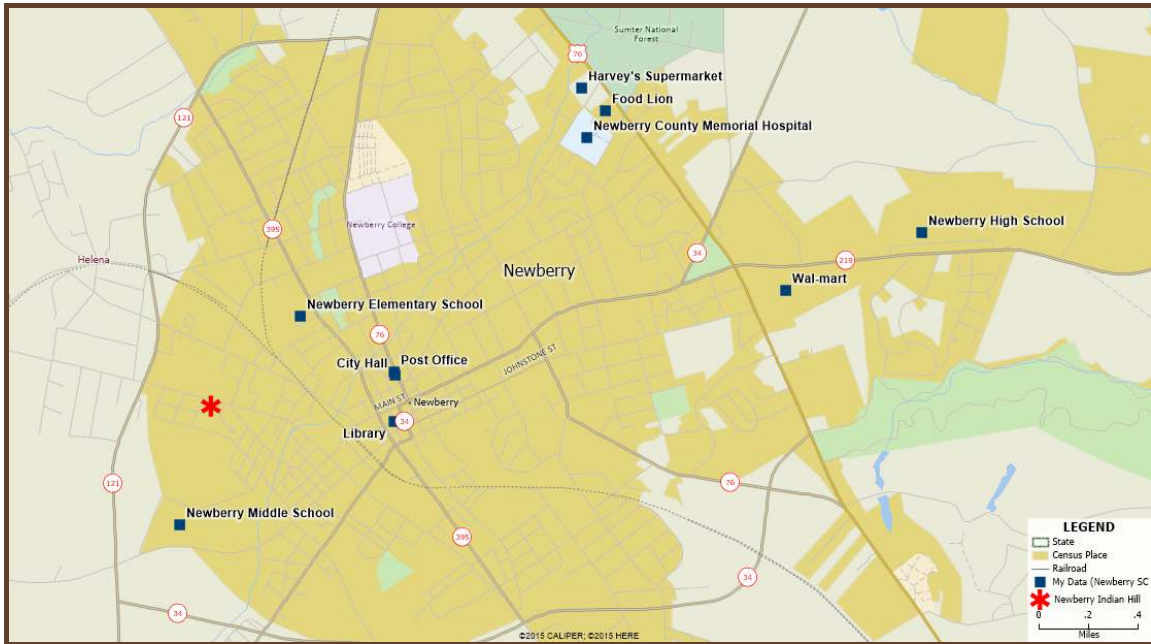
The Indian Hills Apartments are within one mile of the Newberry Middle School, and the Newberry Elementary School is within one and one-half miles of the property. The Newberry High School is located off Main Street, to the west of US 76, three miles from the site.

The site is with of one - mile, or less, of the government, shopping, and other services located in the Newberry downtown business district.

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

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

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

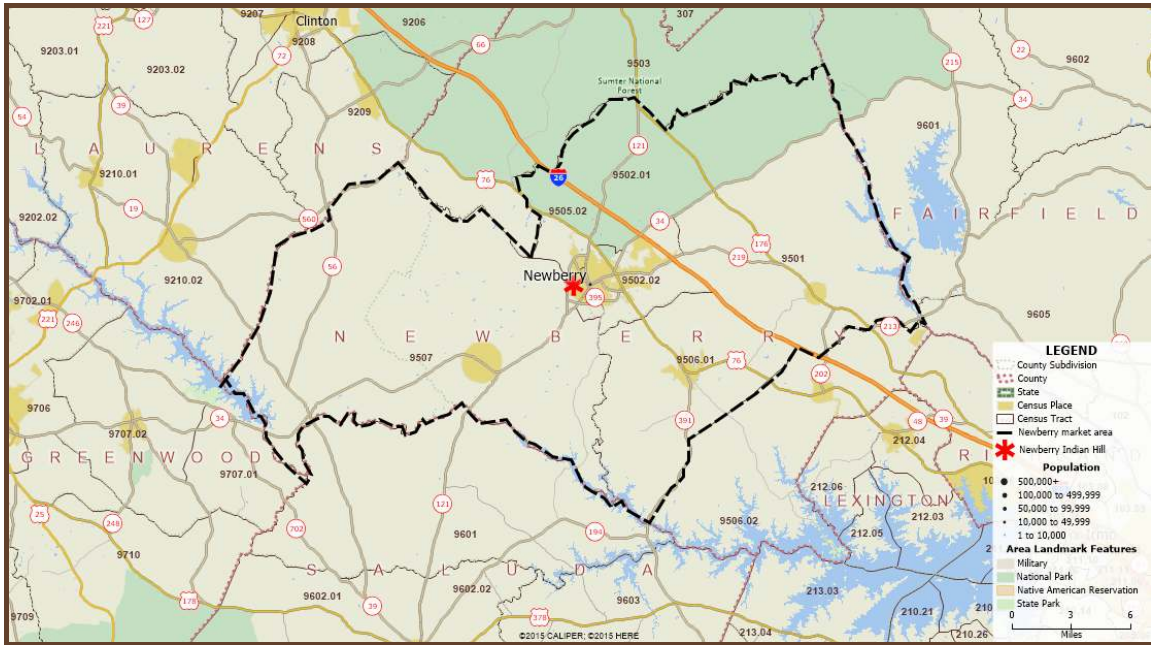


C. MARKET AREA

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

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

Newberry is located in central Newberry County in west-central South Carolina. The market area for the proposed apartments is central Newberry County. This, Newberry County, less that portion of the northern part of the county that is predominantly part of the Sumter National Forest, and that southernmost part of the county, adjacent to Lexington County, at Lake Murray. This area is focused on Newberry and extends to an approximately 12- to 15-mile rural hinterland. This area includes Prosperity, but excludes neighboring and potentially competing communities such as Chapin, Clinton, and Laurens. This area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character, and with residents, or potential residents, likely to be interested in the project.



The site is located in census tract 9505.02. Market study guidelines require provision of the most recent (decennial Census) statistics on race available for the census tract in which the project is located. This information is set out in Table 1, below.

Table 1 - Statistics on Race, Tract 9505.02

		<u>number</u>	<u>percent</u>
Race	Total	5,746	100.0
	One race	5,631	98.0
	White	1,762	30.7
	Black or African American	3,404	59.2
	American Indian and Alaska Native	23	0.4
	Asian	25	0.4
	Native Hawaiian/other Pacific	0	0.0
	Some other race	408	7.1
	Two or more races	115	2.0
	Two races, with some other race	33	0.6
	Two races without some other race	73	1.3
	Three races, with some other race	4	0.1
	Three races without some other race	5	0.1
	Hispanic or Latino		
	Total population	5,746	100.0
Hispanic or Latino (any race)	570	9.9	
Mexican	389	6.8	
Puerto Rican	20	0.3	
Cuban	5	0.1	
Other Hispanic or Latino	156	2.7	
Not Hispanic or Latino	5,176	90.1	
Race and Hispanic or Latino			
Total population	5,746	100.0	
One race	5,631	98.0	
Hispanic or Latino	531	9.2	
Not Hispanic or Latino	5,100	88.8	
Two or more races	115	2.0	
Hispanic or Latino	39	0.7	
Not Hispanic or Latino	76	1.3	

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

D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the Newberry market area is set out in Table 2, below. This information is from the 2011 to 2015 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is manufacturing which accounts for as much as 23.4 percent of the total. Other important sectors include retail trade, education, and health care - each of which employ 10 to 11 percent of the total.

Table 2 - Employment by Industry, Market Area

	number	percent
Agriculture, etc	441	3.8
Construction	619	5.3
Manufacturing	2,743	23.4
Wholesale Trade	319	2.7
Retail Trade	1,302	11.1
Transp, Warehousing	217	1.9
Utilities	194	1.7
Information	242	2.1
Finance, Insurance, Real Estate	559	4.8
Professional, scientific, management	721	6.2
Educational Services	1,172	10.0
Health care	1,321	11.3
Arts, entertainment, recreation	136	1.2
Accommodation and food services	684	5.8
Other services	537	4.6
Public Administration	507	4.3

Source: 2011 to 2015 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major (manufacturing) employers in Newberry County are listed in Table 3, below. From this table it is seen that the largest, and most significant, manufacturing employer in the area is Kraft Foods - a turkey processor. Other significant, non-manufacturing employers would include the local school system, Newberry College, and the local hospital.

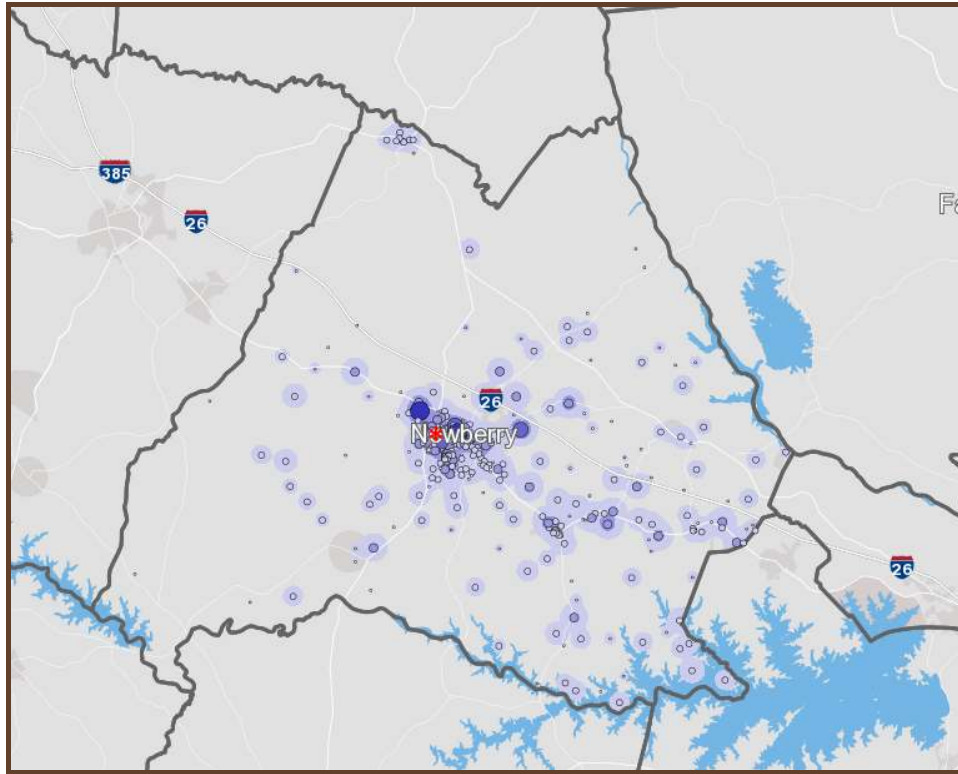
Table 3 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Caterpillar	Generators	275
Georgia-Pacific	Plywood	278
ISE Newberry	Egg processing	120
Kiswire	Steel Cord	100
Komatsu America	Manufacturing	165
Kraft Foods	Processed turkey	2,500
Merchants Foodservice	Wholesale food distribution	120
Pioneer Frozen Foods	Frozen dough products	200
Trucast	Turbo charger wheels	100
Valmont Composite Structures	Fiberglass light poles	200
West Fraser	Lumber and wood	150

Source: Newberry County Economic Development

No information is available as to recent jobs creations or losses.

Based on information from the Census, the location the site relative to the distribution of employment in Newberry County area is illustrated in the map, below.



LABOR FORCE AND EMPLOYMENT

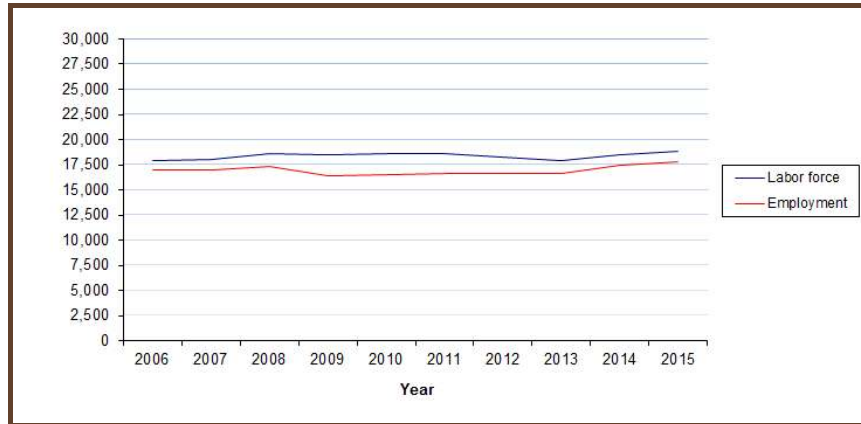
The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2015, the most recent year for which annualized data are available, the Newberry County labor force comprised an estimated 18,831 persons. Of this total, 17,829 were employed and 1,002 or 5.3 percent were unemployed.

Labor force and employment figures have remained relatively stable over the last decade or so, with employment falling significantly between 2008 and 2009. Since then, the labor force has remained stable, with employment increasing in the last few years, resulting in unemployment rates falling from a high of around 10-to-11 percent in 2009 to 2011, to closer to 5 percent in 2015. Under these circumstances it is difficult to predict labor force and employment levels in the short-term.

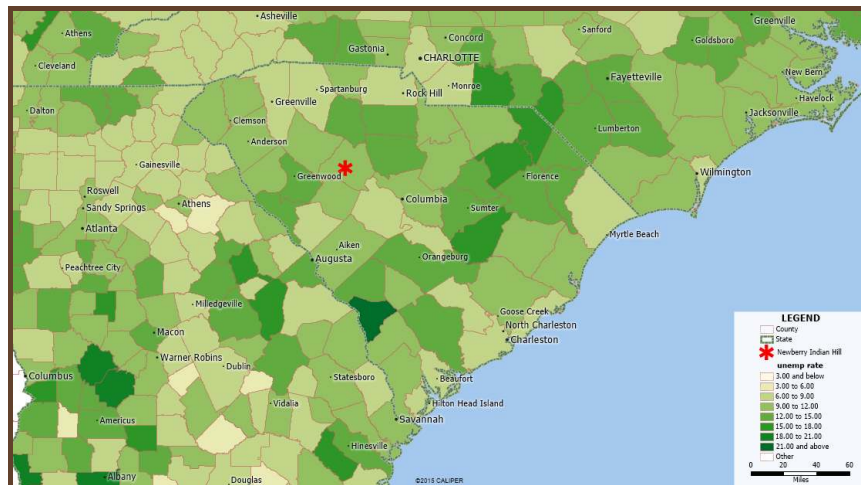
Table 4 - Newberry County Labor Force and Employment

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	
			<u>Total</u>	<u>Rate (%)</u>
2006	17,950	16,973	977	5.4
2007	18,019	17,008	1,011	5.6
2008	18,582	17,289	1,293	7.0
2009	18,446	16,351	2,095	11.4
2010	18,576	16,572	2,004	10.8
2011	18,577	16,653	1,924	10.4
2012	18,209	16,605	1,604	8.8
2013	17,921	16,623	1,298	7.2
2014	18,506	17,452	1,054	5.7
2015	18,831	17,829	1,002	5.3

Source: US Department of Labor



Recent levels of unemployment throughout South Carolina are illustrated, below



COMMUTING

Based on data from the American Community Survey, 51.9 percent of workers resident in Newberry were employed in Newberry, with 79.7 percent employed in Newberry County as a whole. The average driving time to work for residents of Newberry was 14.6 minutes.

Table 5 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	3,696	100.0
Worked in Place of residence	1,918	51.9
Worked in County of residence	2,946	79.7
Worked outside Place of residence	1,778	48.1
Worked outside County of residence	750	20.3
Mean travel time to work (minutes)	14.6	

Source: 2011 to 2015 American Community Survey; T Ronald Brown: Research & Analysis

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Newberry County was 36,108, and in 2010 the population was recorded as 37,508. Population projections for Newberry County are based on South Carolina State Data Center projections. Based on these data, the population of the county is projected to be 37,960 by 2016, and to be 38,140 by 2019.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2000 to 2010, corrected for the county projections. The projection is that in 2016 the project market area will have a population of around 28,280 and around 28,748 in 2019.

Information on population trends and changes between 2000 and 2019 are set out in Table 6, below.

Table 6 - Population Trends

	Newberry	Market Area	Newberry County
2000	10,580	27,174	36,108
2010	10,277	28,280	37,508
2016	n/a	28,616	37,960
2019	n/a	28,748	38,140
absolute change			
2000-2010	-303	1,106	1,400
2010-2016	n/a	336	452
2016-2019	n/a	132	180
annual change			
2000-2010	-30	111	140
2010-2016	n/a	56	75
2016-2019	n/a	44	60

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

AGE

The distribution of the population, by age, for Newberry, the Newberry market area, and for Newberry County are set out in Table 7, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Newberry was recorded as 33.2 years, with that for Newberry County being 39.9 years. The relatively lower average age for Newberry compared with the County, and the relatively high proportion of persons in Newberry aged 20 to 24 years, reflects the impact of Newberry College.

Table 7 - Age Distribution

	Newberry		Market Area		Newberry County	
	number	percent	number	percent	number	percent
Under 5 years	789	7.7	1,918	6.8	2,426	6.5
5 to 9 years	632	6.1	1,833	6.5	2,352	6.3
10 to 14 years	576	5.6	1,849	6.5	2,364	6.3
15 to 19 years	959	9.3	2,098	7.4	2,643	7.0
20 to 24 years	1,151	11.2	2,131	7.5	2,507	6.7
25 to 29 years	677	6.6	1,701	6.0	2,138	5.7
30 to 34 years	531	5.2	1,590	5.6	2,053	5.5
35 to 39 years	564	5.5	1,784	6.3	2,314	6.2
40 to 44 years	460	4.5	1,729	6.1	2,284	6.1
45 to 49 years	603	5.9	1,941	6.9	2,664	7.1
50 to 54 years	572	5.6	1,949	6.9	2,704	7.2
55 to 59 years	565	5.5	1,866	6.6	2,611	7.0
60 to 64 years	511	5.0	1,710	6.0	2,489	6.6
65 to 69 years	420	4.1	1,336	4.7	1,974	5.3
70 to 74 years	322	3.1	933	3.3	1,398	3.7
75 to 79 years	299	2.9	711	2.5	1,011	2.7
80 to 84 years	254	2.5	543	1.9	751	2.0
85 years and over	392	3.8	658	2.3	825	2.2
55 and older	2,763	26.9	7,757	27.4	11,059	29.5
65 and older	1,687	16.4	4,181	14.8	5,959	15.9
median	33.2		n/a		39.9	

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

HOUSEHOLD TRENDS AND PROJECTIONS

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

The projection is that in 2016 the project market area will have around 11,029 households, and around 11,121 in 2019. In 2000, there were 10,817 households in the market area.

Table 8 - Household Trends

	Newberry	Market Area	Newberry County
2000	3,970	10,271	14,026
2010	3,937	10,817	14,709
2016	n/a	11,029	15,002
2019	n/a	11,121	15,130
absolute change			
2000-2010	-33	546	683
2010-2016	n/a	212	293
2016-2019	n/a	92	128
annual change			
2000-2010	-3	55	68
2010-2016	n/a	35	49
2016-2019	n/a	31	43

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

TENURE

Table 9, below, sets out the number and proportion of owner and renter households for Newberry, the project market area, and for Newberry County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 30.8 percent of households in the market area were renters, compared with 50.5 percent for Newberry, and 27.5 percent for Newberry County.

Table 9 - Tenure

Newberry		persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	10,580	3,970	2.66	2,299	57.9	1,671	42.1
2010	10,277	3,937	2.61	1,947	49.5	1,990	50.5
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area		persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	27,174	10,271	2.65	7,647	74.5	2,624	25.5
2010	28,280	10,817	2.61	7,487	69.2	3,330	30.8
2016	28,616	11,029	2.59	7,232	65.6	3,797	34.4
2019	28,748	11,121	2.59	7,072	63.6	4,049	36.4
Newberry County		persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	36,108	14,026	2.57	10,776	76.8	3,250	23.2
2010	37,508	14,709	2.55	10,667	72.5	4,042	27.5
2016	37,960	15,002	2.53	10,435	69.6	4,567	30.4
2019	38,140	15,130	2.52	10,283	68.0	4,847	32.0

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

HOUSEHOLD SIZE

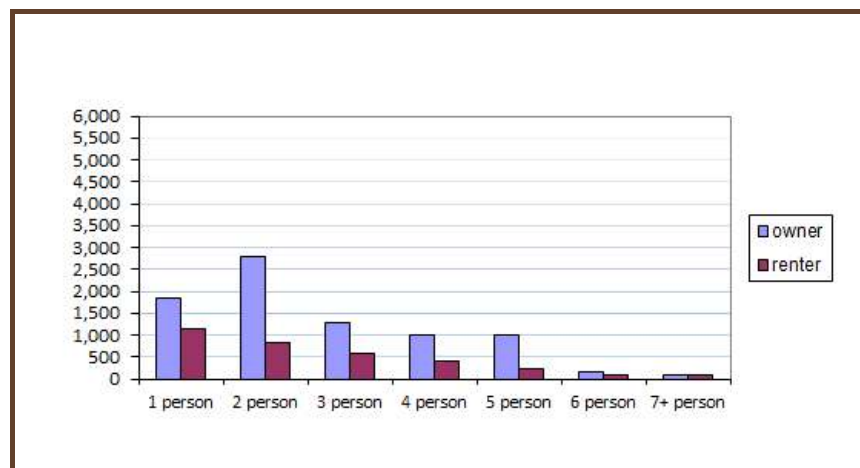
Table 10 below, sets out household size, by tenure, for households in Newberry, the project market area, and Newberry County.

Table 10 - Household Size, by Tenure

	Newberry		Market Area		Newberry County	
	<u>owner</u>	<u>renter</u>	<u>owner</u>	<u>renter</u>	<u>owner</u>	<u>renter</u>
1 person	587	753	1,827	1,140	2,604	1,369
2 person	726	473	2,772	823	4,130	1,010
3 person	305	357	1,264	575	1,784	703
4 person	194	208	993	391	1,324	481
5 person	86	103	993	219	519	275
6 person	28	43	150	93	186	106
7+ person	21	53	93	89	120	98

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

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



HOUSEHOLD INCOME

The distribution of household incomes for Newberry, the market area, and for Newberry County are set out in Table 13, below. These figures are taken from the 2011 to 2015 American Community Survey, and as such are subject to the limitations imposed by this source.

Here, it is seen that the median household income in Newberry was \$33,680, and that for Newberry County as a whole was seen to be \$40,127.

Table 11 - Household Income

	Newberry		Market area		Newberry County	
	number	percent	number	percent	number	percent
less than \$10,000	491	14.3	946	9.2	1,294	9.1
\$10,000 to \$14,999	450	13.2	796	7.7	1,032	7.2
\$15,000 to \$19,999	94	2.7	443	4.3	607	4.2
\$20,000 to \$24,999	280	8.2	890	8.6	1,180	8.3
\$25,000 to \$29,999	208	6.1	832	8.1	1,180	8.3
\$30,000 to \$34,999	235	6.9	647	6.3	882	6.2
\$35,000 to \$39,999	245	7.2	672	6.5	958	6.7
\$40,000 to \$44,999	125	3.7	425	4.1	543	3.8
\$45,000 to \$49,999	130	3.8	455	4.4	533	3.7
\$50,000 to \$59,999	349	10.2	1,049	10.2	1,387	9.7
\$60,000 to \$74,999	300	8.8	1,001	9.7	1,330	9.3
\$75,000 to \$99,999	218	6.4	1,051	10.2	1,450	10.1
\$100,000 to \$124,999	135	3.9	541	5.2	925	6.5
\$125,000 to \$149,999	30	0.9	265	2.6	385	2.7
\$150,000 to \$199,999	100	2.9	197	1.9	409	2.9
\$200,000 or more	32	0.9	104	1.0	197	1.4
median income	\$ 33,680		n/a		\$ 40,127	

Source: 2011 to 2015 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Newberry, the market area, and Newberry County set out in Table 12, below. These figures are also taken from the 2011 to 2015 American Community Survey.

Table 12 - Household Income, Renter Households

	Newberry		Market area		Newberry County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	404	36.0	561	18.3	652	28.5
\$10,000 to \$19,999	349	31.1	633	20.7	719	31.4
\$20,000 to \$34,999	152	13.6	821	26.8	306	13.4
\$35,000 to \$49,999	22	2.0	397	13.0	146	6.4
\$50,000 to \$74,999	64	5.7	398	13.0	161	7.0
\$75,000 to \$99,999	130	11.6	182	5.9	278	12.1
\$100,000 or more	0	0.0	68	2.2	27	1.2

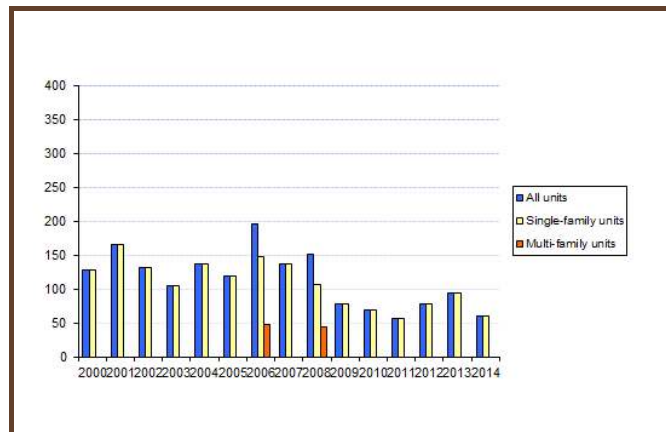
Source: 2011 to 2015 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2000

Table 13 below gives details of residential construction in Newberry County since 2000. Where the data exist, it can be seen that a total of 1,781 units were added in Newberry County, with 125 added in Newberry. No data are available for the market area.

Table 13 - Residential Construction Since 2000

	Newberry County			Newberry		
	Total	single-family	multi-family	Total	single-family	multi-family
2000	128	128	0	10	10	0
2001	166	166	0	10	10	0
2002	132	132	0	8	8	0
2003	104	104	0	8	8	0
2004	137	137	0	8	8	0
2005	118	118	0	9	9	0
2006	196	148	48	30	30	0
2007	136	136	0	7	7	0
2008	151	107	44	12	12	0
2009	78	78	0	7	7	0
2010	69	69	0	2	2	0
2011	57	57	0	3	3	0
2012	78	78	0	5	5	0
2013	94	94	0	4	4	0
2014	59	59	0	2	2	0
2015	78	78	0	0	0	0
Total	1,781	1,689	92	125	125	0



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

F. PROJECT SPECIFIC DEMAND ANALYSIS

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

Income is a key variable in the analysis of housing markets. Of the 60 units proposed, 12 will be targeted to households with incomes up to 50 percent of the median, with 48 targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status. The project is effectively fully rent-assisted.

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

Table 14 - Income Limits and Maximum Housing Costs

Income Limits		
	<u>50 percent</u>	<u>60 percent</u>
1 person	\$19,400	\$23,280
2 person	\$22,200	\$26,640
3 person	\$24,950	\$29,940
4 person	\$27,700	\$33,240
5 person	\$29,950	\$35,940
6 person	\$32,150	\$38,580
Maximum Housing Costs		
	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$520	\$624
2 bedroom	\$624	\$749

Source: HUD

The utility allowances for the proposed development are \$87 and \$156 for one- and two-bedroom units, respectively

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

Table 15 - Income Targeting, Rents, and Qualifying Income Ranges

proposed units			
	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
1 bedroom	3	13	16
2 bedroom	9	35	44
total	12	48	60

proposed rents		
	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$556	\$556
2 bedroom	\$586	\$586

proposed rents as a proportion (%) of maximum		
	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	128.4	103.5
2 bedroom	125.3	98.9

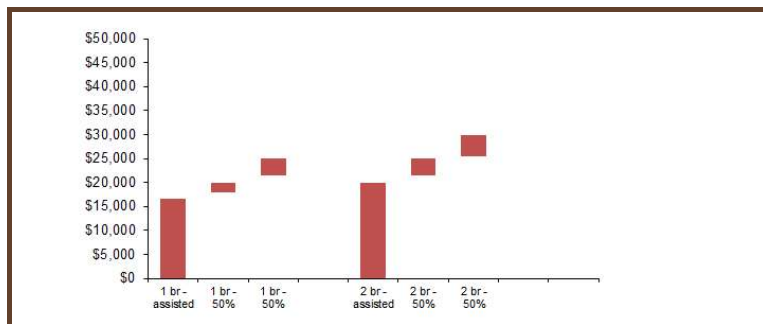
qualifying income ranges		
	<u>Assisted</u>	
	lower	upper
1 bedroom	\$0	\$16,640
2 bedroom	\$0	\$19,960
	<u>50 percent</u>	
	lower	upper
1 bedroom	\$17,829	\$20,800
2 bedroom	\$21,394	\$24,950
	<u>60 percent</u>	
	lower	upper
1 bedroom	\$21,394	\$24,960
2 bedroom	\$25,440	\$29,940

Source: Applicant; T Ronald Brown: Research & Analysis

Housing expenses at the proposed apartments fall between 99 and 128 percent of the maximum levels.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom. The qualifying income limits for three- and four bedroom units are based on the proposed rents level relative to the maximum allowable. Where proposed rents exceed the maximum allowable, the maximum is employed for these calculations.

The previous table and the graph below shows that for the unassisted units, there is a gap in the ranges between those at the 50 and 60 percent levels. Consequently, demand calculations need to address this.



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

Table 16 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percentage	Number	Percentage
Up to \$10,000	561	18.3	205	23.1
\$10,000 - \$19,999	633	20.7	383	43.2
\$20,000 - \$34,999	821	26.8	274	30.9
\$35,000 - \$50,000	397	13.0	24	2.7
\$50,000 - \$75,000	398	13.0	0	0.0
\$75,000 - \$100,000	182	5.9	0	0.0
\$100,000 and over	68	2.2	0	0.0

Source: 2011 to 2015 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2011 to 2015 - and not for a specific year.

From this table it can be seen that 18.3 percent of the market area renter households have incomes less than \$10,000 and a further 20.7 percent have incomes between \$10,000 and \$20,000. Around 26.8 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 29 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 15 and the income distribution set out in Table 16, it is found that around 51.0 percent of market area renter households qualify for assisted units, and the corresponding figure for the unassisted units at 50 percent of the median is 6.8 percent, and that for unassisted units at and 60 percent is 7.5 percent.

Projections of need and demand are based upon a 2016 to 2019 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 9, a total of 252 new rental units are needed between 2016 and 2019. A total of 164 units will be for households eligible for the proposed project (128 of which will qualify for assisted units).

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

Our calculations show that there will be a total of 2,642 renter households in the qualifying income ranges in the project market area - 2,064 for assisted units and 276 and 303 for unassisted units, at 50 and 60 percent of the median, respectively. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 45.8 percent of renters qualifying for assisted units are rent-overburdened. Likewise, 38.3 and 30.2 percent of those qualifying for unassisted units are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the project market area, this translates to a need for an additional 72 units, total.

Total demand is therefore seen to amount to 1,379 units: 1,130 assisted units, with 130 and 118 qualifying for unassisted units at 50 and 60 percent of the median.

These figures are based on a 2016 to 2019 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been added in the project market area over the projection period, nor have any been funded or are under construction. The net need is therefore for 1,379 units

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

Table 17 - Demand Calculations

	<u>Assisted</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
(i) income eligible new renter households	128	17	19	164
(ii) income eligible existing renter households	2,064	276	303	2,642
(iii) existing households, likely to move	945	106	91	1,142
(iv) need from obsolete housing	56	8	8	72
Total demand (i)+(iii)+(iv)	1,130	130	118	1,379
Supply	0	0	0	0
Net demand	1,130	130	118	1,379
* Excluding gap/overlap				
note: totals may not add due to rounding				

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 27 percent of the total, two-bedroom units should account for 39 percent of the total, and three-bedroom units should account for 28 percent of the total with four- or more bedroom units accounting for 6 percent.

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

Table 18 - Capture Rates

	<u>Assisted</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
Total demand				
1 bedroom	303	35	32	369
2 bedroom	443	51	46	540
3 bedroom	321	37	34	391
4 bedroom	64	7	7	78
Total	1130	130	118	1379
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
3 bedroom	0	0	0	0
4 bedroom	0	0	0	0
Total	0	0	0	0
Net demand				
1 bedroom	303	35	32	369
2 bedroom	443	51	46	540
3 bedroom	321	37	34	391
4 bedroom	64	7	7	78
Total	1130	130	118	1379
Units proposed				
1 bedroom	16	0	0	16
2 bedroom	44	0	0	44
3 bedroom	0	0	0	0
4 bedroom	0	0	0	0
Total	60	0	0	60
Capture rates				
1 bedroom	5.3%	0.0%	0.0%	4.3%
2 bedroom	9.9%	0.0%	0.0%	8.1%
3 bedroom	0.0%	0.0%	0.0%	0.0%
4 bedroom	0.0%	0.0%	0.0%	0.0%
Total	5.3%	0.0%	0.0%	4.4%
* Excluding gap/overlap				

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 60-unit development amounts to 4.4 percent of the total net need - or 5.3 percent of the net need for rent-assisted units, as proposed.

The capture rate, by bedroom, is determined to be 5.3 percent for the 16 rent-assisted one-bedroom units, and 9.9 percent for the 44 rent-assisted two-bedroom units.

The capture rates presented above are considered to be very reasonable for this property.

ABSORPTION RATES

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

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

G. EXISTING RENTAL UNITS

There are several apartment complexes located in Newberry - these include a few unsubsidized properties, three unsubsidized tax credit financed properties, and several subsidized complexes for low and very low income households that are financed through HUD and/or USDA/Rural Development (such as the subject property).

One market rate property is Indian Land - an older property - built in the late 1970's - that offers 32 units. Of this total, 48 are two-bedroom units, the other four being three-bedroom units. Rents are \$550 and \$600. Currently one unit is vacant at this location. A more significant conventional complex is Oakland Mill . Here, 64 units are offered in a rehabilitated historic mill. The units are large, with only one one-bedroom unit provided. The two-bedroom units range from 1,302 to 2,232 square feet and the (twelve) three bedroom units range from 2,356 to 2,500 square feet. The one bedroom unit rents for \$775 and the two-bedroom units are available from \$1,000 to \$1,525. The property opened in 2013 and reports that 14 units are still available. Here, the vacancy level reflects the bedroom mix and the relatively high rents.

Indian Hills, the subject property, was developed through the USDA/Rural Development Section 515 Rural Rental Housing program. The community opened in 1981, with a total of 60 units - each of which has project-based rental assistance. There are 16 one-bedroom units, of 619 square feet, and 44 two-bedroom units of 761 square feet. Currently, no units are reported to be vacant, and typical occupancy is seen to be around 100 percent - which reflects the fact that the project is fully assisted. There is a waiting list.

There are three other USDA-financed complexes in the market area. These were developed between 1985 and 1988 and offer a total of 112 units. Of this total, one unit is reported to be vacant at present - with each of the complexes reported to be effectively fully occupied on an ongoing basis, with waiting lists.

There are three unsubsidized tax credit financed properties in Newberry. Newberry Green, for example, which is located adjacent to the subject property, offers a total of 44 units, built in 2008. Rents at this property are \$393 for a one-bedroom unit, \$428 for a two-bedroom unit, and the three-bedroom units rent for \$472. The complex reports one vacancy at present, with typical occupancy being 100 percent.

The Palmetto Pointe complex is also tax credit-financed - with 48 units , built in 2007. Here rents range from \$370 for a one-bedroom unit to \$590 for at three-bedroom unit. This complex is reported to be fully occupied at present, with typical occupancy reported to be in the 90 to 95 percent range. There is a waiting list.

No information could be obtained for the Pebblebrook Place tax credit project - despite frequent attempts to contact both the site and the parent management company.

The South Carolina State Housing Finance and Development Authority published occupancy levels in the tax credit inventory for June and December of each calendar year, up to 2016. These data, from June 2006 for the tax credit subject property and other tax credit financed complexes is set out, below. Here it is seen that occupancy has been reported to vary around the 95 percent level over this period.

	Heritage Square 52 units		Indian Hills 60 units		Newberry Green 44 units		Palmetto Pointe 48 units		Pebblebrook 48 units		Pineridge 24 units	
	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy	occupied	occupancy
June 2006			60	100.0%							24	100.0%
December 2006			57	95.0%							22	91.7%
June 2007			56	93.3%			48	100.0%			21	87.5%
December 2007			58	96.7%			48	100.0%			23	95.8%
June 2008			54	90.0%			48	100.0%			23	95.8%
December 2008			55	91.7%			48	100.0%			23	95.8%
June 2009	51	98.1%	52	86.7%	44	100.0%	48	100.0%			23	95.8%
December 2009	49	94.2%	55	91.7%	42	95.5%	48	100.0%			19	79.2%
June 2010	47	90.4%	53	88.3%	42	95.5%	48	100.0%			20	83.3%
December 2010	48	92.3%	55	91.7%	42	95.5%	44	91.7%			20	83.3%
June 2011	51	98.1%	55	91.7%	43	97.7%	47	97.9%			21	87.5%
December 2011	51	98.1%	54	90.0%	41	93.2%	45	93.8%			22	91.7%
June 2012	52	100.0%	56	93.3%	38	86.4%	42	87.5%			21	87.5%
December 2012	49	94.2%	54	90.0%	42	95.5%	45	93.8%			22	91.7%
June 2013	47	90.4%	55	91.7%	44	100.0%	45	93.8%			24	100.0%
December 2013	49	94.2%	51	85.0%	0	0.0%	43	89.6%	43	89.6%	21	87.5%
June 2014	48	92.3%	56	93.3%	43	97.7%	48	100.0%	47	97.9%	22	91.7%
December 2014	48	92.3%	55	91.7%	42	95.5%	48	100.0%	43	89.6%	23	95.8%
June 2015	48	92.3%	56	93.3%	44	100.0%	48	100.0%	47	97.9%	22	91.7%
December 2015	48	92.3%	57	95.0%	44	100.0%	47	97.9%	43	89.6%	23	95.8%
Average	49	94.2%	55	92.0%	39	89.4%	47	97.0%	45	92.9%	22	91.5%

The potentially comparable developments are summarized as follows:

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Heritage Square	Newberry	USDA/RD	1985	52	0	100.0
Indian Hills	Newberry	USDA/RD	1981	60	0	100.0
Indian Land	Newberry	conventional	1975-1980	52	1	98.1
Nance Forest	Newberry	HUD § 8	1971	74	1	98.6
Newberry Arms	Newberry	HUD § 8	1991	60	0	100.0
Newberry Green	Newberry	LIHTC	2008	44	1	97.7
Oakland Mill	Newberry	conventional	2013	64	14	78.1
Palmetto Pointe	Newberry	LIHTC	2007	48	0	100.0
Pebblebrook Place	Newberry	LIHTC		48		
Pineridge	Prosperity	USDA/RD	1988	24	1	95.8
Tremont	Newberry	USDA/RD	1985	36	0	100.0

	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Heritage Square				10	n/a	boi
Indian Hills				16	619	boi
Indian Land				60	685-771	\$860-879
Nance Forest				22	n/a	boi
Newberry Arms				12	n/a	boi
Newberry Green				4	714	\$393
Oakland Mill				1	948	\$775
Palmetto Pointe				16	741	\$1,050
Pebblebrook Place						
Pineridge				8	n/a	boi
Tremont				10	n/a	boi
	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Heritage Square	26	n/a	boi			
Indian Hills	44	761	boi			
Indian Land	48	980	\$550			
Nance Forest	36	n/a	boi			
Newberry Arms	24	n/a	boi			
Newberry Green				28	954	\$428
Oakland Mill	4	1,302	\$1,100-1,200	47	1,463-2,232	\$1,085-1,525
Palmetto Pointe				32	1,092	\$1,250
Pebblebrook Place						
Pineridge	16	n/a	boi			
Tremont	26	n/a	boi			
	3 br/1-1½ ba			3 br/2+ ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Heritage Square	16	n/a	boi			
Indian Hills						
Indian Land	4	1,100	\$600			
Nance Forest	16	n/a	boi			
Newberry Arms				18	n/a	boi
Newberry Green				12	1,107	\$472
Oakland Mill				12	2,356-2,500	\$1,480-1,660
Palmetto Pointe				12	1,195	\$590
Pebblebrook Place						
Pineridge						
Tremont						

As noted, there are two market rate apartment developments in the Newberry market area. These can be used in the determination of market rents - for other comparables, it is necessary and appropriate to identify developments in adjacent localities to be included in the analysis. Here, we identified and surveyed two market-rate properties in Greenwood. Information for the one- and two-bedroom units at these properties are summarized below.

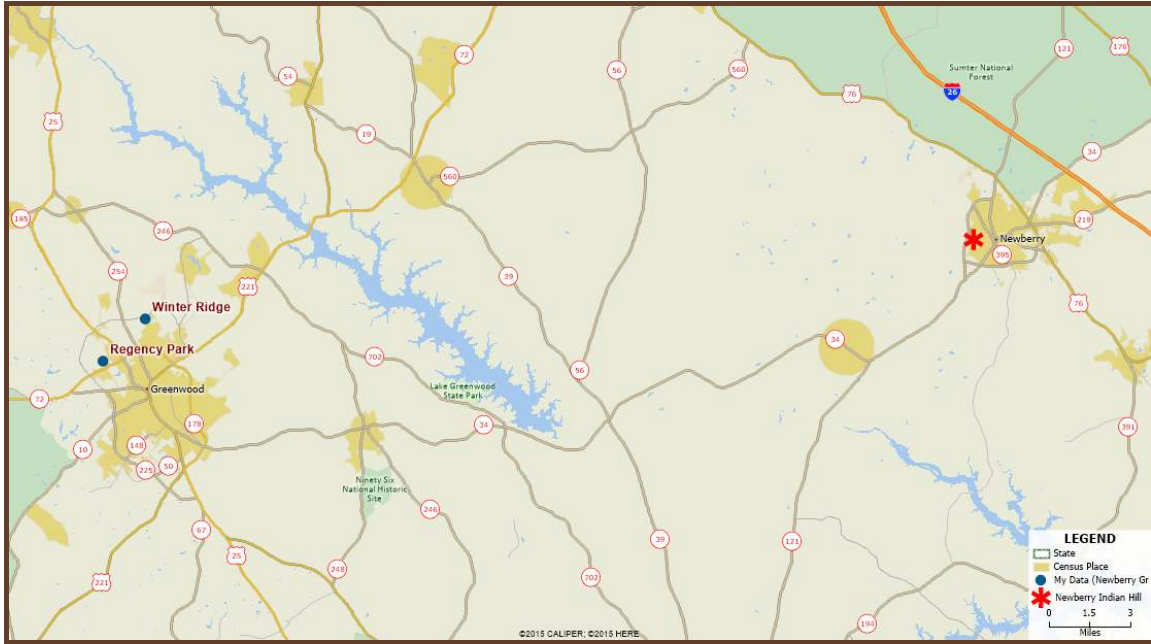
Table 19 - Market Rate Properties

<u>Project</u>	<u>Location</u>	<u>Year Built</u>	<u>Rent 1 br</u>	<u>Rent 2br</u>
Regency Park	Greenwood	2001	\$712-817	\$821-917
Winter Ridge	Greenwood	2007	\$645	\$775

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

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$633 for a one-bedroom unit, and \$672 for a two-bedroom unit.

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



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

# Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent by Bedroom Type	Adjusted Market Rent	Gross Adjusted Market Rent by Bedroom Type	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
16	1 BR	\$566	\$9,056	\$633	\$10,130	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
44	2 BR	\$596	\$26,224	\$672	\$29,556	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals		60	\$35,280		\$39,686	11.10%

Tenants at the proposed property will pay no more than 30 percent of their income on rent and utilities - which make it an affordable product at a significant market advantage. Based on information provided by GEM Management, the average tenant contribution is \$172, per month - \$123 for a one-bedroom unit and 34 for a two-bedroom unit. Using these figures yields a very significant market advantage. The highest paid by a tenant is \$596.

# Units	Bedroom Type	Gross Proposed Tenant		Gross Adjusted Market		Tax Credit Gross Rent Advantage
		Proposed Tenant Paid Rent	Rent by Bedroom Type	Adjusted Market Rent	Rent by Bedroom Type	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
16	1 BR	\$185	\$2,960	\$633	\$10,130	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
44	2 BR	\$90	\$3,960	\$672	\$29,556	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals		60	\$6,920		\$39,686	82.56%



Heritage Square

Location: 2604 Myrtle Street, Newberry
 Financing: USDA/RD § 515
 Year built: 1985

Total units: 52
 Rental assistance: 0
 Typical occupancy: 95% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/1½ ba</u>
Units:	10	26	16
Unit size (sq. ft.):	n/a	n/a	n/a
Basic rent:	\$508	\$533	\$563
Market rent:	\$580	\$605	\$635
Vacant units: 0, overall			

Management: Boyd Management (Angela - 803.276.8697 [2/23])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Indian Hills

Location: 1935 Drayton Street, Newberry
 Financing: USDA/RD § 515
 Year built: 1981

Total units: 60
 Rental assistance: 60
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	16	44
Unit size (sq. ft.):	619	761
Basic rent:	\$566	\$596
Market rent:	\$661	\$718
Vacant units: 0, overall		

Management: GEM Management (Theyer 704.357.6000)
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Indian Land

Location: 1728 Indian Land Drive, Newberry
 Year built: 1975-1980

Total units: 52
 Typical occupancy:

	<u>2 br/1½ ba</u>	<u>3 br/1½ ba</u>
Units:	48	4
Unit size (sq. ft.):	980	1,100
Rent:	\$550	\$600
Rent/sq. ft.:	\$0.56	\$0.55
Vacant units: 1, overall		

Management: Mays Contracting (Tomoka - 803.276.6990 [2/21])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Nance Forest

Location: 175 Nance Forest Drive, Newberry
 Financing: HUD § 8
 Year built: 1971

Total units: 74
 Rental assistance
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/1½ ba</u>
Units:	22	36	16
Unit size (sq. ft.):	n/a	n/a	n/a
Contract rent:	\$610	\$685	\$780
Vacant units: 1, overall			

Management: Westminister Company (Rhonda - 803.276.0131 [2/21])
 Telephone: on site management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Newberry Arms

Location: 186 Newberry Arms, Newberry
 Financing: HUD § 8
 Year built: 1991

Total units: 60
 Rental assistance
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>	<u>4 br/2½ ba</u>
Units:	12	24	18	6
Unit size (sq. ft.):	n/a	n/a	n/a	n/a
Contract rent:	\$540	\$629	\$681	\$787
Vacant units: 0, overall				

Management: Related Management (Rhonda - 803.276.4053 [2/27])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Newberry Green

Location: 411 Monroe Street, Newberry
 Year built: 2008

Total units: 44
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	4	28	12
Unit size (sq. ft.):	714	954	1,107
Rent:	\$393*	\$428*	\$472*
Rent/sq. ft.:	\$0.55*	\$0.45*	\$0.43*
Vacant units: 1, overall			

Management: United Management (Ranzella - 803.276.0064 [2/20])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

* Tax Credit



Oakland Mill

Location: 2710 Fair Avenue, Newberry
 Year built: 2013

Total units: 64
 Typical occupancy: n/a

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/3 ba</u>
Units:	1	4	47	12
Unit size (sq. ft.):	948	1,302	1,463-2,232	2,356-2,500
Rent:	\$775	\$1,000-1,200	\$1,085-1,525	\$1,480-1,660
Rent/sq. ft.:	\$0.82	\$0.85	\$0.71	\$0.65
Vacant units: 14 (in lease-up)				

Management: West Family Properties (Dennis - 803.276.0182 [2/20])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Palmetto Pointe

Location: 750 First Street, Newberry
 Year built: 2007

Total units: 48
 Typical occupancy: 90-95% (waiting list - 20)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	12	24	12
Unit size (sq. ft.):	895	1,022	1,195
Rent:	\$370-390*	\$447-475*	\$590*
Rent/sq. ft.:	\$0.42*	\$0.45*	\$0.49*
Vacant units: 0, overall			

Management: Guardian Asset Management (Gracie - 803.321.1951 [2/20])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

* Tax credit



Pebblebrook Place

Location: 420 Wilson Road, Newberry
Year built:

Total units: 48
Typical occupancy:

Units:
Unit size (sq. ft.):
Rent:
Rent/sq. ft.:
Vacant units:

Management: InterMark Management (803.251.9075)
Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Pineridge

Location: 125 Pine St., Prosperity
 Financing: USDA/RD § 515
 Year built: 1988

Total units: 24
 Rental assistance: 19
 Typical occupancy: 100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>
Units:	8	16
Unit size (sq. ft.):	n/a	n/a
Basic rent:	\$502	\$572
Market rent:	\$594	\$724
Vacant units:	1, overall	

Management: Boyd Management (Rosemary - 803.276.8697 [2/23])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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



Tremont

Location: 1139 Copeland Street, Newberry
 Financing: USDA/RD § 515
 Year built: 1985

Total units: 36
 Rental assistance
 Typical occupancy: 95-100% (waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	10	26
Unit size (sq. ft.):	n/a	n/a
Basic rent:	\$562	\$801
Market rent:	\$774	\$884
Vacant units: 0, overall		

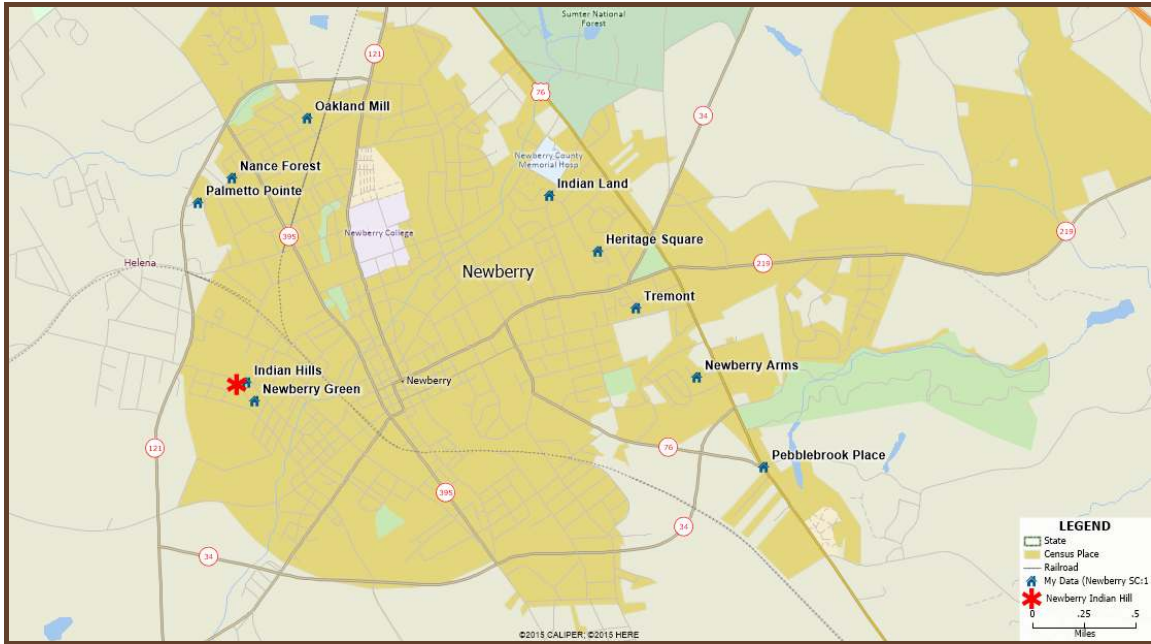
Management: Partnership Property Management (Debbie - 803.276.2057 [2/22])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

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

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

The locations of existing rental units in Newberry are mapped, below. It should be noted that the Pineridge apartments are located in the small community of Prosperity, located to the south of Newberry.



H. INTERVIEWS

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

Mr. Ward Braswell, Planning Director for the City of Newberry (803.321.1019) was contacted - he was not available on the several occasions when we called, and our calls were not returned. When we contacted the managers at existing/comparable USDA-financed properties in the market area, they confirmed that the proposed rehabilitation is appropriate. Ranzella at Newberry Green - the property adjacent to Indian Hills - noted, for example, that anything that needs to be done is a good idea.

I. RECOMMENDATIONS

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

J. SIGNED STATEMENT

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



Market Analyst

Date: March 8, 2017

ANALYST QUALIFICATIONS

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

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

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

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

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

MARKET STUDY TERMINOLOGY

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

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

Market advantage	The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. $(\text{market rent} - \text{proposed rent}) / \text{market rent} * 100$
Market analysis	A study of real estate market conditions for a specific type of property.
Market area	See <i>primary market area</i> .
Market demand	The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.
Market rent	The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the <i>primary market area</i> considering its location, features and amenities. Market rent should be adjusted for <i>concessions</i> and owner paid utilities included in the rent.
Market study	A comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.
Marketability	The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.
Market economic vacancy rate	Percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.
Market physical vacancy rate	Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

Migration	The movement of households into or out of an area, especially a <i>primary market area</i> .
Mixed income property	An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50% and 60%).
Mobility	The ease with which people move from one location to another.
Move-up demand	An estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to newer tax credit properties.
Multi-family	Structures that contain more than two housing units.
Neighborhood	An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.
Net rent (also referred to as contract rent or lease rent)	Gross rent less <i>tenant paid utilities</i> .
Penetration rate	The percentage of age and income qualified renter households in the <i>primary market area</i> that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the <i>stabilized level of occupancy</i> . Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100 See also: capture rate.
Pent-up demand	A market in which there is a scarcity of supply and vacancy rates are very low.
Population trends	Changes in population levels for a particular area over a specific period of time — which is a function of the level of births, deaths, and net <i>migration</i> .
Primary market area	A geographic area from which a property is expected to draw the majority of its residents.
Programmatic rents	See <i>restricted rents</i> .

Project based rent assistance	Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.
Redevelopment	The redesign or rehabilitation of existing properties.
Rent burden	gross rent divided by adjusted monthly household income.
Rent burdened households	Households with <i>rent burden</i> above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.
Restricted rent	The rent charged under the restrictions of a specific housing program or subsidy.
Restricted rent, Achievable	The rents that the project can attain taking into account both market conditions and rent in the <i>primary market area</i> and income restrictions.
Saturation	The point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.
Secondary market area	The portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.
Special needs population	Specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs populations include: substance abusers, visually impaired person or persons with mobility limitations.
Stabilized level of occupancy	The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.
Subsidy	Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's <i>contract rent</i> and the amount paid by the tenant toward rent.
Substandard conditions	Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.
Target income band	The <i>income band</i> from which the subject property will draw tenants.
Target population	The market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

Tenant paid utilities	The cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.
Turnover period	1. An estimate of the number of housing units in a market areas as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. Housing units with new occupants / housing units * 100 2. The percent of occupants in a given apartment complex that move in one year.
Unmet housing need	New units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.
Unrestricted rents	Rents that are not subject to <i>restriction</i> .
Unrestricted units	Units that are not subject to any income or rent restrictions.
Vacancy period	The amount of time that an apartment remains vacant and available for rent.
Vacancy rate-economic vacancy rate - physical	Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

Area Median Income (AMI)	100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.
Attached housing	Two or more dwelling units connected with party walls (e.g. townhouses or flats).
Basic Rent	The maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate Program (BMIR)	Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.
Census Tract	A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.
Central Business District (CBD)	The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.
Community Development Corporation (CDC)	Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.
Condominium	A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.
Contract Rent	1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).
Difficult Development Area (DDA)	an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
Detached Housing	A freestanding dwelling unit, typically single-family, situated on its own lot.
Elderly or Senior Housing	Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 805 of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.
Extremely Low Income	Person or Household with income below 30% of Area Median Income adjusted for Household size.

Fair Market Rent (FMR)	The estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50 th percentile of rents.
Garden Apartments	Apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.
Gross Rent	the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.
High-rise	A residential building having more than ten stories.
Household	One or more people who occupy a housing unit as their usual place of residence.
Housing Unit	House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.
Housing Choice Voucher (Section 8 Program)	Federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible Households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.
Housing Finance Agency (HFA)	State or local agencies responsible for financing housing and administering Assisted Housing programs.
HUD Section 8 Program	Federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the Contract Rent and a specified percentage of tenants' adjusted income.
HUD Section 202 Program	Federal Program, which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

HUD Section 811 Program	Federal program, which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.
HUD Section 236 Program	Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of th their adjusted income. All rents are capped at a HUD approved market rent.
Income Limits	Maximum Household income by county or Metropolitan Statistical Area, adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes Income Limits each year for 30% median. Very Low Income (50%), and Low-Income (80%), for households with 1 through 8 people.
Low Income	Person or Household with gross Household Income below 80% of Area Median Income adjusted for Household size.
Low Income Housing Tax Credit	A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.
Low Rise Building	A building with one to three stories.
Metropolitan Area (MSA)	A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.
Mid-rise	A building with four to ten stories.

Moderate Income	Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.
Public Housing or Low Income Conventional Public Housing	HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.
Qualified Census Tract (QCT)	Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of area Median Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.
Rural Development (RD) Market Rent	A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.
Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)	Federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.
Single-Family Housing	A dwelling unit, either attached or detached, designed for use by one Household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.
State Data Center (SDC)	A state agency or university facility identified by the governor of each state to participate in the Census bureau's cooperative network for the dissemination of the census data.
Tenant	One who rents real property from another.
Tenure	The distinction between owner-occupied and renter-occupied housing units.
Townhouse (or Row House)	Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.
Very Low Income	Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.

Zoning

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