

NEED AND DEMAND ANALYSIS
FOR HARTWOOD VILLAGE APARTMENTS
IN
HARTSVILLE, SOUTH CAROLINA

Prepared for
Weaver Investment Company
for submission to
the South Carolina State Housing Finance and Development Authority

June 2022

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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 9
C. MARKET AREA	Page 17
D. MARKET AREA ECONOMY	Page 19
EMPLOYMENT BY INDUSTRY	Page 19
MAJOR EMPLOYERS	Page 20
LABOR FORCE AND EMPLOYMENT	Page 22
COMMUTING	Page 23
E. COMMUNITY DEMOGRAPHIC DATA	Page 25
POPULATION TRENDS AND PROJECTIONS	Page 25
AGE	Page 26
HOUSEHOLD TRENDS AND PROJECTIONS	Page 27
TENURE	Page 28
HOUSEHOLD SIZE	Page 29
HOUSEHOLD INCOME	Page 30
RENTER HOUSEHOLD INCOME	Page 31
RESIDENTIAL CONSTRUCTION SINCE 2000	Page 32
F. PROJECT SPECIFIC DEMAND ANALYSIS	Page 33
INCOME RESTRICTIONS	Page 33
ABSORPTION RATES	Page 45
G. EXISTING RENTAL UNITS	Page 46
H. INTERVIEWS	Page 62
I. RECOMMENDATIONS	Page 63
J. SIGNED STATEMENT	Page 64
ANALYST QUALIFICATIONS	Page 65
MARKET STUDY TERMINOLOGY	Page 66

LIST OF TABLES

Table 1 - Employment by Industry, Market Area	Page 19
Table 2 - Major Employers	Page 20
Table 3 - Darlington County Labor Force and Employment	Page 22
Table 4 - Commuting Data	Page 23
Table 5 - Commuting Patterns	Page 24
Table 6 - Population	Page 25
Table 7 - Age Distribution	Page 26
Table 8 - Household Trends	Page 27
Table 9 - Tenure	Page 28
Table 10 - Household Size, by Tenure	Page 29
Table 11 - Household Income	Page 30
Table 12 - Household Income, Renter Households	Page 31
Table 13 - Residential Construction Since 2000	Page 32
Table 14 - Income Limits and Maximum Housing Costs	Page 33
Table 16 - Rents and Income Targeting	Page 34
Table 17 - Qualifying Income Ranges	Page 35
Table 17 - Household Income, Renter Households	Page 36
Table 18 - Demand Calculations	Page 38
Table 19 - Capture Rates	Page 39
Table 20 - Demand Calculations, Rent-assisted units	Page 40
Table 21 - Capture Rates, Rent-assisted units	Page 41
Table 22 - Demand Calculations, as proposed	Page 43
Table 23 - Capture Rates, as proposed	Page 44
Table 24 - Market Rate Properties	Page 49

INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the proposed rehabilitation of the Hartwood Village Apartments in Hartsville, South Carolina. A total of 68 units are to be rehabilitated: 44 one-bedroom units, and 24 two-bedroom units. The apartments will rent to households whose incomes qualify their apartments for tax credit status.

ASSUMPTIONS AND CONDITIONS

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

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

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

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

The site of the proposed apartments was visited (on April 16, 2022). 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:

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Date:: June 8, 2022

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 68 units of USDA/Rural Development rural rental housing. The rehabilitated apartments will rent to households whose incomes qualify their apartments for tax credit status, with units to be targeted to households at 60 percent of the local area median income. Rental assistance is available for 58 units.

The Hartwood Village Apartments are located on the south side of East Carolina Avenue, in northeastern Hartsville, in northern Darlington County, in eastern South Carolina.

The market area for the proposed apartments is northern Darlington County.

In 2020, the Darlington County labor force comprised an estimated 30,521 persons. Of this total, 28,542 were employed and 1,979 or 6.5 percent were unemployed. Unemployment increased by 986 between 2019 and 2020 as a consequence of the COVID-19 pandemic (where unemployment reached 10.3 percent in May, 2020). Prior to 2019, employment grew consistently on an annual basis - with the rate of unemployment decreasing from 10.8 percent in 2012.

The population of the project market area is projected to decrease from 30,455 in 2010, to 29,339 in 2021, to 29,002 in 2024. The number of households is projected to decrease from 11,865 in 2010 to 11,554 in 2021, to 11,455 in 2024. There were 3,327 renter households in the market area in 2010: which is projected to increase to 3,768 by 2021, and to 3,893 by 2024.

There are several apartment complexes in Hartsville. These include two market rate properties, two unsubsidized low income housing tax credit properties, and five complexes subsidized for low and very low income renters (financed through USDA/Rural Development and/or HUD).

Occupancy at the 112 units in unsubsidized tax credit-financed complexes reveals a 96.4 percent occupancy level. The occupancy rate for subsidized properties (such as the subject property) is 96.2 percent, and the occupancy rate for the survey sample as whole is determined to be 95.8 percent.

Market study guidelines require that where a proposed development is to offer rental assistance the demand for that property is to be re-calculated, without that assistance and using maximum tax credit rents. Under this scenario, the demand for the proposed development is found to be for 222 units. This suggests a 30.6 percent capture rate for 68 unassisted units. On the other hand, the project offers only ten unassisted units - which translate to a 4.5 percent vacancy rate - which is considered realistic.

As noted, the proposed development has 58 units of project-based rental assistance. Calculating the total net need for assisted units yields 1,572 such units. The 58 rent assisted units at Hartwood Village suggest a 3.7 percent capture rate for those units.

Based on the calculation of demand for the project as proposed - with 58 assisted units and ten unassisted units - the proposed development is considered to be very marketable - reflecting the availability of rental assistance.

Were the project to be developed as proposed, it could expect to lease-up over a period of time dictated by the rehabilitation process, plus three months or so.

Report for the Hartwood Village Apartments in Hartsville, South Carolina

EXHIBIT S - 2 SC SHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:										
Development Name		Hartwood Village						Total units:		68
Location		East Carolina Avenue, Hartsville						LIHTC units:		68
PMA Boundary		Northern Darlington County								
Development Type		Family	✓	Older	Farthest Boundary Distance to subject:					13 miles
Rental Housing Stock (found on pages 46-52)										
Type	Properties	Total Units	Vacant Units	Average Occupancy						
All Rental Housing	9	549	23	95.8%						
Market Rate Housing	2	120	7	94.2%						
Assisted/Subsidized Housing, not to include LIHTC	5	317	12	96.2%						
LIHTC (all that are stabilized)*	2	112	4	96.4%						
Subsidized comps**	5	317	12	96.2%						
Non-stabilized comps										
* Stabilized occupancy of at least 93% (excludes projects still in 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					HUD Area FMR			Highest Unadjusted comp rent		
Units	Bedrooms	Baths	Size (sf)	Proposed Rent	per unit	per sf	Advantage	per unit	per sf	
44	1	1	625	\$634	\$621	\$0.99	-2.09	\$579	\$0.93	
24	2	1	825	\$658	\$721	\$0.87	8.74	\$750	\$0.91	
Gross Potential Rent Monthly*				\$43,688	\$44,628		2.11			
* market advantage is calculated using the following formula: gross adjusted market rent (minus) gross proposed rent (divided by) gross adjusted market rent The calculation should be expressed as a percentage rounded to two decimal places. The rent calculation Excel worksheet must be provided with the Exhibit S-2 form										
Demographic Data (found on pages 28, 43)										
					2010		2021		2024	
Renter Households					3,327	28.0	3,768	32.6	3,893	34.0
Income-Qualified Renter Households (LIHTC)					n/a	n/a	2,743	72.8	2,834	72.8
income qualified Renter HHs (MR)				if applicable						
Targeted Income-Qualified Renter Household Demand (found on page 43)										
					assisted	unassisted 60%			Market Rate/Other	Overall
Renter Household Growth					69	22				91
Existing Households (over burdened+substandard)					1,249	200				1,449
Homeowner conversion (senior)										
Other										
Less comparable/competitive supply					0	0				0
Net income-qualified renter hholds					1,317	222				1,540
Capture Rates (found on page 44)										
					assisted	unassisted 60%			Market Rate/Other	Overall
Capture rate					4.4	4.5				4.4
Absorption Rate (found on page 45)										
Rehabilitation program, plus three months, or so										

Report for the Hartwood Village Apartments in Hartsville, South Carolina

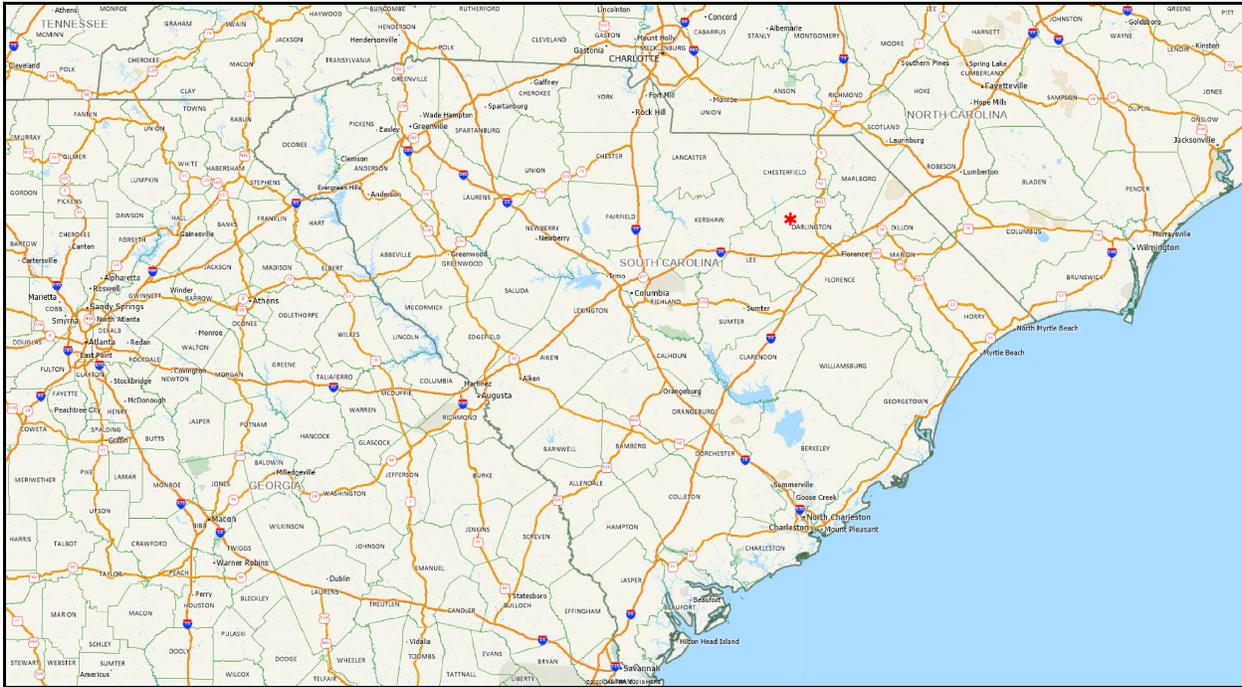
The following table illustrates the S-2 Appendix, where average tenant-paid rent is considered (relative to Fair Market Rents).

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Subject Development					HUD Area FMR			Highest Unadjusted comp rent			
Units	Bedrooms	Baths	Size (sf)	Tenant paid Rent	per unit	per sf	Advantage	per unit	per sf		
44	1	1	625	\$243	\$621	\$0.99	60.87	\$579	\$0.93		
24	2	1	825	\$424	\$721	\$0.87	41.19	\$750	\$0.91		
Gross Potential Rent Monthly*				\$20,868	\$44,628		53.24				
* market advantage is calculated using the following formula: gross adjusted market rent (minus) gross proposed rent (divided by) gross adjusted market rent The calculation should be expressed as a percentage rounded to two decimal places. The rent calculation Excel worksheet must be provided with the Exhibit S-2 form											
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Targeted population					assisted	unassisted 60%			Market Rate/Other	Overall	
Capture rate					4.4	4.5				4.4	
Absorption Rate (found on page 45)											
Rehabilitation program, plus three months, or so											

A. PROJECT DESCRIPTION

Project Location

The Hartwood Village Apartments are located on the south side of East Carolina Avenue, in northeastern Hartsville, in northern Darlington County, in eastern South Carolina.



Construction type: Rehabilitation

The property comprises five one-story and five two-story residential buildings.

Occupancy type :Family

Target income group: 60 percent of the local area median income

Special population target: not applicable

Proposed unit mix, etc.

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
1 bedroom/1 bath	44	625	\$634	less than 60 percent
2 bedroom/ 1 bath	24	825	\$658	less than 60 percent

* percent of area median income

Rental Assistance: 58 units

With respect to utilities, the units are all-electric. Each tenant is responsible for water, sewer, heating, cooling and other electricity. The owner will responsible for trash collection. The utility allowance is \$82 for a one-bedroom unit, and \$106 for a two-bedroom unit.

The complex comprises five one-story buildings and five two-story buildings. In addition, the project features a maintenance building and an outdoor playground.

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

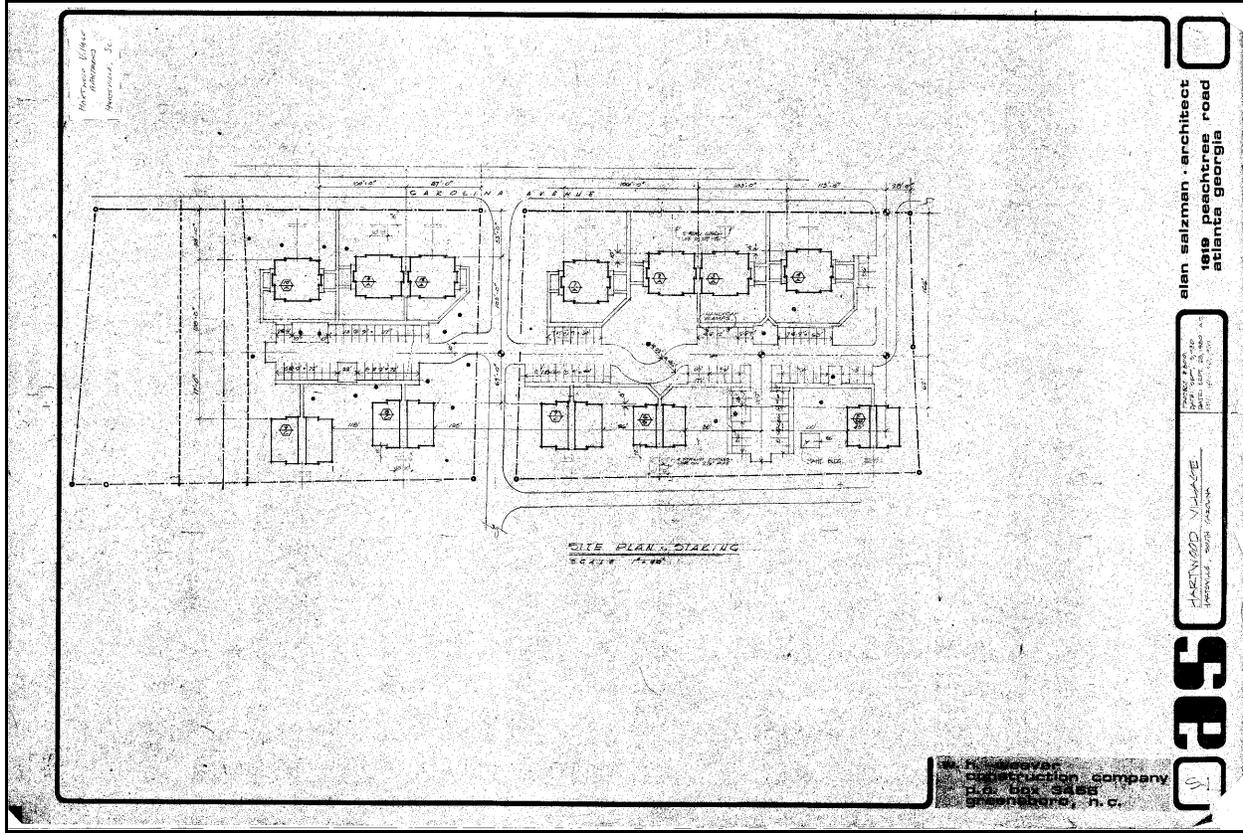
Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

Information submitted by the developer suggests that construction would start around October 2023, with completion around 12 months thereafter.

Rehabilitation information:

We have reviewed the extensive Scope of Work for the proposed rehabilitation. It is seen that the rehabilitation plan serves to modernize all units, and includes the replacement of roofing, as necessary, upgrading the building exteriors, as necessary, and also includes repairing parking lots, sidewalks, and improving erosion control and landscaping. The units will be painted, carpet replaced, and new windows, fixtures - as necessary - and new appliances will be installed.

Site plan



B. SITE DESCRIPTION

The Hartwood Village Apartments are located on the south side of East Carolina Avenue, in northeastern Hartsville, in northern Darlington County, in eastern South Carolina.

Adjacent properties include small businesses across Carolina Avenue, established single-family homes, and undeveloped land.



The property comprises 68 units of USDA/Rural Development Section 515 Rural Rental Housing apartments, built in 1981. The property appears to have been well-maintained, but requires rehabilitation in order to maintain its marketability. There are no apparent environmental, physical, or other constraints upon the rehabilitation and marketing of the proposed apartments at this location.



Site entrance, at Wright Street



View across Carolina Ave., onto property



View at eastern entrance to property



Representative two-story building



Representative one-story building



Maintenance building and playground



View on property



View on property



View on property



View west on Carolina Ave., at site



View east on Carolina Ave., at site

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

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	North Marquis Highway (US 15)	1.0
Retail - Grocery	IGA (Hartsville)	1.2
	Piggly Wiggly	1.6
	IGA (North Hartsville)	1.6
	Food Lion	2.2
Retail - Other	Belk (Hartsville Mall)	1.4
	Big Lots	1.6
	Walgreens	1.6
	Wal mart	1.9
Recreation	Lawton Park	1.6
Schools	Washington Street Elementary School	2.0
	Hartsville Middle School	4.5
	Hartsville High School	2.3
City Hall	Hartsville	0.8
Post Office	Hartsville	1.1
Library	Hartsville Memorial	1.1
Hospital	Carolina Pines Regional Medical Center	4.3

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

The Hartwood Village Apartments are located on East Carolina Avenue, approximately one mile west of its intersection the North Marquis Highway (US 15) - a major north-south route serving the area.

The site is within one- and one-fourth miles of the Hartsville IGA grocery store, which is located on West Carolina Avenue. The site is within one and two-third miles of a Piggly Wiggly supermarket, and is a similar distance from the North Hartsville IGA store. The site is just over one mile from a Dollar General store which is located on the North Marquis Highway.

A Belk department store, and other retailers, are located in the Hartsville Mall - less than one and one-half miles from the site - on South Fourth Street (SC 151). A Wal Mart supercenter is also located on South Fourth Street, one- and two-third miles from the site.

The site is within two miles of the Washington Street Elementary School, is four- and one-half miles of the Hartsville Middle School, and is approximately two and one-third miles from the Hartsville High School.

Lawton Park, which is located on Prestwood Lake, is approximately one- and two-third miles from the site.

The Carolina Pines Regional Medical Center and associated medical services are within two- and one-half miles of the property.

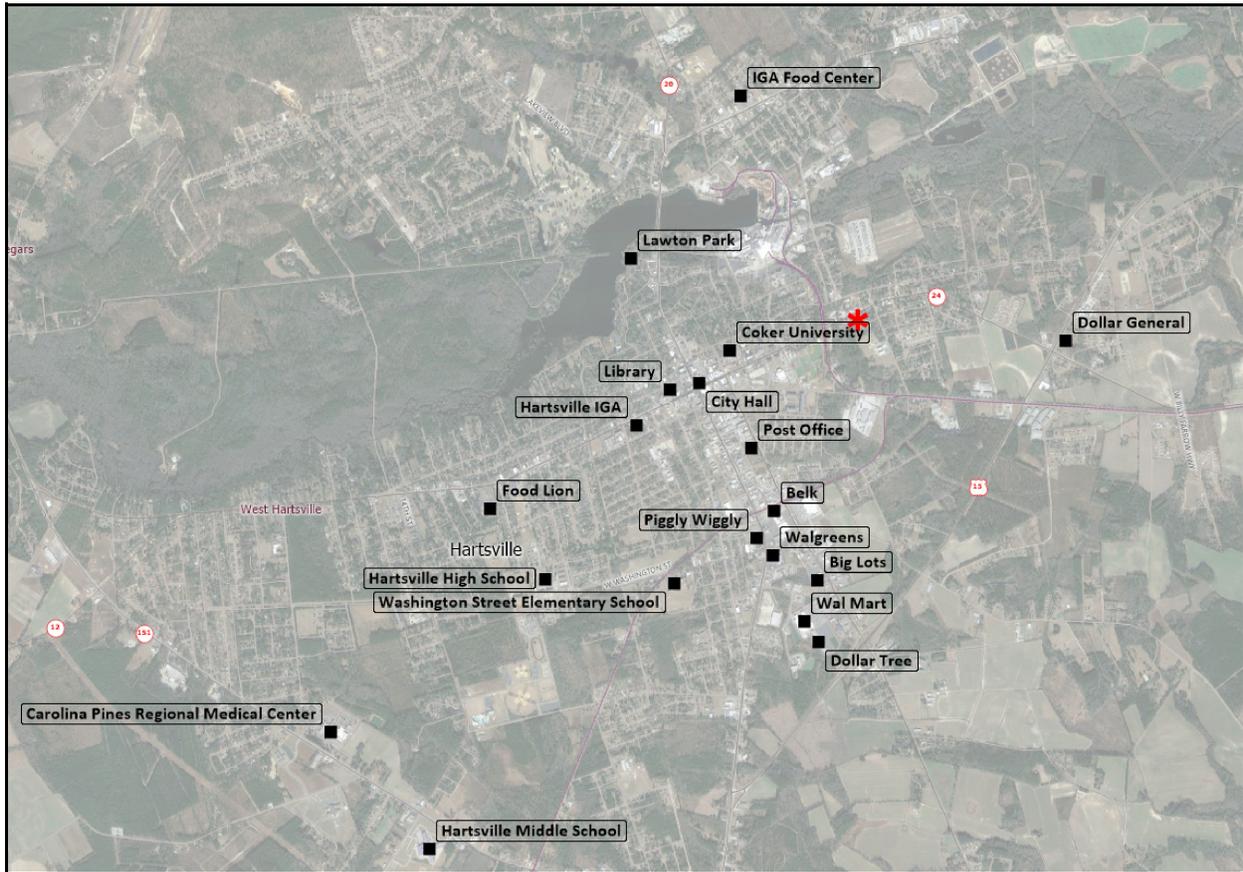
Hartwood Village is within one- and one- and one-fourth miles of the Hartsville Library and the Hartsville Post Office, as well as the government, shopping, and other services located in downtown Hartsville.

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

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

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

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



C. MARKET AREA

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

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

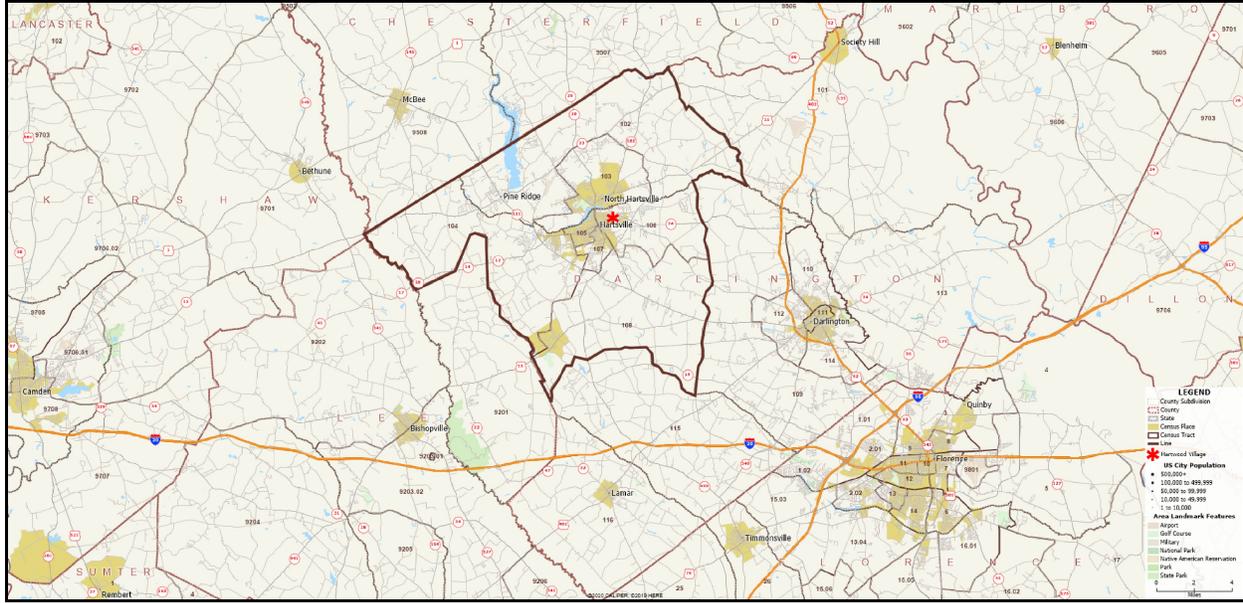
Hartsville is located in northern Darlington County in eastern South Carolina. The market area for the proposed development is northern Darlington County, based on several census tracts that combine to define the Hartsville and North Hartsville County Census Divisions. This area is centered on the site of the proposed development and extends up to an approximately six- to seven- mile hinterland (except to the west, where it extends to approximately 13 miles).

The market area is roughly square-shaped. The western boundary is the Lee County line and the Chesterfield County line is the northern boundary. The eastern boundary is formed by portions of Bethlehem Road, Black Creek, and North and South Center Roads. The southern boundary includes portions of Jeffries Creek and Indian Branch Road.

The area excludes neighboring and potentially competing communities in Darlington County, such as Darlington, and excludes competing communities in neighboring counties - such as Florence, Bishopville, and Society Hill. The 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.

¹ Census tracts: 102, 103, 104, 105, 106, 107, and 108.

Market area map



D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the project market area is set out in Table 1, below. This information is from the 2016 to 2020 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest sources of employment are manufacturing, health care, and retail trade which account for 14.0 percent, 12.9 percent, and 12.6 percent of the total, respectively..

Table 1 - Employment by Industry, Market Area

	<u>number</u>	<u>percent</u>
Agriculture, etc	173	1.4
Construction	447	3.7
Manufacturing	2,463	20.3
Wholesale Trade	202	1.7
Retail Trade	1,705	14.0
Transp, Warehousing	295	2.4
Utilities	486	4.0
Information	104	0.9
Finance, Insurance, Real Estate	626	5.2
Professional, scientific, management	929	7.6
Educational Services	1,594	13.1
Health care	1,735	14.3
Arts, entertainment, recreation	127	1.0
Accommodation and food services	559	4.6
Other services	304	2.5
Public Administration	400	3.3

Source: 2016 to 2020 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

Based on information from the City of Hartsville, the area’s major employers are listed in Table 2, below.

Table 2 - Major Employers

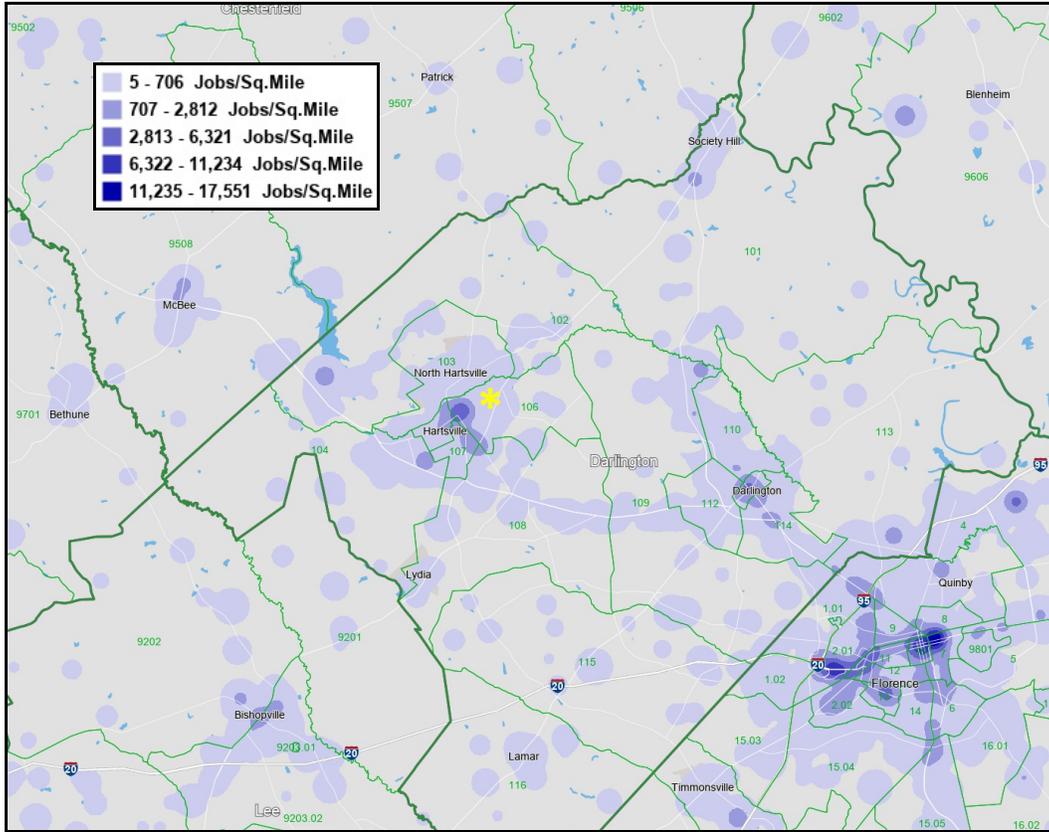
<u>Employer Name</u>
AO Smith
Anderson Brass
Carolina Pines Regional Medical Center
City of Hartsville
Coker University
Darlington County
Darlington County School District
Duke Renergy
IBE, Inc.
Novolex
RBC Bearings
SC Governor's School for Science and Mathematics
Sonoco
Stingray Boats
Talley Metals

Source: City of Hartsville

Information from the Darlington County Economic Development Department shows several announcements throughout 2021 - where, for example, SouthWood Corporation announced plans to operate a new facility in Hartsville - creating 73 jobs. Additionally, Scentsy announced plans to establish a new distribution facility in the area, creating 200 jobs. Another significant announcement in 2021 was the establishment of a new facility by Arrival - one that will create 240 new jobs to assemble electric vehicles. A significant announcement in 2020 was the announcement by Ross Stores to add 700 new jobs over five years at its Hartsville warehousing and distribution operations.

SC WARN notices show that in there have been no reported layoffs or closures in Hartsville since the start of 2020.

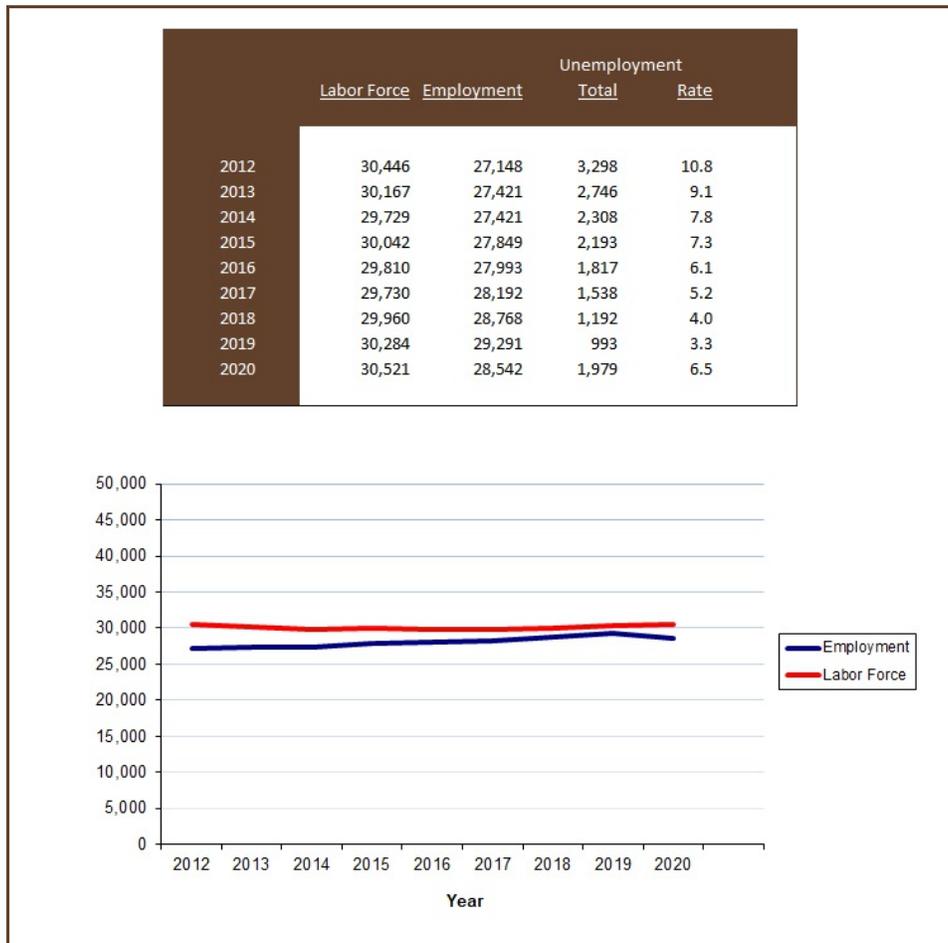
Based on information from the Census, the location of the site relative to the distribution of employment in throughout Darlington County and adjacent areas is illustrated in the map, below. Here it is seen that, with respect to Darlington County, many persons work in both Hartsville and Darlington, and also in the Florence area.



LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2020, the most recent year for which annualized data are available, the Darlington County labor force comprised an estimated 30,521 persons. Of this total, 28,542 were employed and 1,979 or 6.5 percent were unemployed. Unemployment increased by 986 between 2019 and 2020 as a consequence of the COVID-19 pandemic (where unemployment reached 10.3 percent in May, 2020). Prior to 2019, employment grew quite consistently on an annual basis - with the rate of unemployment decreasing from 10.8 percent in 2012.

Table 3 - Darlington County Labor Force and Employment



Source: US Department of Labor

COMMUTING

Based on data from the American Community Survey, 47.6 percent of workers resident in Hartsville were employed in Hartsville, with 70.3 percent employed in Darlington County as a whole. The average driving time to work for residents of Hartsville was 20.1 minutes.

Table 4 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	2,626	100.0
Worked in Place of residence	1,250	47.6
Worked in County of residence	1,846	70.3
Worked outside Place of residence	1,376	52.4
Worked outside County of residence	780	29.7
Mean travel time to work (minutes)	20.1	

Source: 2016 to 2020 American Community Survey; T Ronald Brown: Research & Analysis

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

Here it is seen that many persons who live in Darlington County commute to work in Florence County. Likewise, many persons employed in Darlington County commute to work there from Florence County.

Table 5 - Commuting Patterns

Working in Darlington County	9,955
Where Darlington County residents are commuting to:	
Florence County	7,187
Chesterfield County	1,184
Richland County	1,018
Horry County	590
Greenville County	522
Charleston County	482
York County	407
Lexington County	399
Sumter County	358
Elsewhere	5,023
Where Darlington County workers are commuting from:	
Florence County	3,718
Chesterfield County	1,249
Lee County	496
Horry County	495
Sumter County	388
Kershaw County	387
Richland County	383
Marlboro County	367
Dillon County	291
Elsewhere	3,872

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

While the local economy recovers from the impact of the COVID pandemic, the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of Darlington County was 67,394, and in 2010 the population was recorded as 68,681. Population projections for Darlington County are provided by the South Carolina Revenue and Fiscal Affairs Health and Demographics Section. Based on these data, the population of the county is projected to be 66,152 by 2021, and to be 65,396 by 2024.

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 2021 the project market area will have a population of around 29,339, and around 29,002 in 2024.

Information on population trends and changes between 2000 and 2024 are set out in Table 6, below.

Table 6 - Population Trends

	Hartsville	Market Area	Darlington County
2000	7,556	29,803	67,394
2010	7,190	30,455	68,681
2021	n/a	29,339	66,152
2024	n/a	29,002	65,396
absolute change			
2000-2010	-366	652	1,287
2010-2021	n/a	-1,116	-2,529
2021-2024	n/a	-337	-756
annual change			
2000-2010	-37	65	129
2010-2021	n/a	-101	-230
2021-2024	n/a	-112	-252

Source: 2000 Census and 2010 Census; SC Revenue and Fiscal Affairs; T Ronald Brown: Research & Analysis

AGE

The distribution of the population, by age, for Hartsville, the Hartsville market area, and for Darlington County are set out in Table 7, below. These data are from the 2010 Census.

Table 7 - Age Distribution

	Hartsville		Market Area		Darlington County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	574	8.0	1,889	6.2	4,359	6.3
5 to 9 years	527	7.3	2,026	6.7	4,552	6.6
10 to 14 years	479	6.7	2,129	7.0	4,727	6.9
15 to 19 years	688	9.6	2,323	7.6	5,083	7.4
20 to 24 years	676	9.4	1,871	6.1	4,013	5.8
25 to 29 years	399	5.5	1,527	5.0	3,614	5.3
30 to 34 years	402	5.6	1,658	5.4	3,978	5.8
35 to 39 years	418	5.8	1,992	6.5	4,396	6.4
40 to 44 years	441	6.1	1,975	6.5	4,399	6.4
45 to 49 years	489	6.8	2,248	7.4	5,012	7.3
50 to 54 years	528	7.3	2,200	7.2	5,110	7.4
55 to 59 years	463	6.4	2,183	7.2	5,127	7.5
60 to 64 years	423	5.9	2,042	6.7	4,518	6.6
65 to 69 years	366	5.1	1,572	5.2	3,367	4.9
70 to 74 years	280	3.9	994	3.3	2,391	3.5
75 to 79 years	229	3.2	763	2.5	1,723	2.5
80 to 84 years	188	2.6	553	1.8	1,177	1.7
85 years and over	194	2.7	510	1.7	1,135	1.7
55 and older	2,143	29.8	10,307	33.8	19,438	28.3
65 and older	1,257	17.5	5,924	19.5	9,793	14.3
Total	7,190		30,455		68,681	

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

HOUSEHOLD TRENDS AND PROJECTIONS

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

The projection is that in 2021 the project market area will have around 11,554 households, and around 11,455 in 2024. In 2010, there were 11,865 households in the market area.

Table 8 - Household Trends

	Hartsville	Market Area	Darlington County
2000	3,044	11,554	25,793
2010	3,081	11,865	26,531
2021	n/a	11,554	25,835
2024	n/a	11,455	25,615
absolute change			
2000-2010	37	311	738
2010-2021	n/a	-311	-696
2021-2024	n/a	-99	-220
annual change			
2000-2010	4	31	74
2010-2021	n/a	-28	-63
2021-2024	n/a	-33	-73

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 Hartsville, the Hartsville market area, and for Darlington County. In the years beyond 2010, the tenure proportions are based on the 2000 to 2010 tenure trends. In 2010, 28.0 percent of households in the market area were renters, compared with 47.5 percent in Hartsville, and 28.4 percent in the county.

Table 9 - Tenure

Hartsville		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	7,556	3,044	2.48	1,824	59.9	1,220	40.1
2010	7,190	3,081	2.33	1,617	52.5	1,464	47.5
2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2024	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	29,803	11,554	2.58	8,730	75.6	2,824	24.4
2010	30,455	11,865	2.57	8,538	72.0	3,327	28.0
2021	29,339	11,554	2.54	7,786	67.4	3,768	32.6
2024	29,002	11,455	2.53	7,562	66.0	3,893	34.0

Darlington 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	67,394	25,793	2.61	19,854	77.0	5,939	23.0
2010	68,681	26,531	2.59	19,000	71.6	7,531	28.4
2021	66,152	25,835	2.56	16,603	64.3	9,232	35.7
2024	65,396	25,615	2.55	15,869	62.0	9,746	38.0

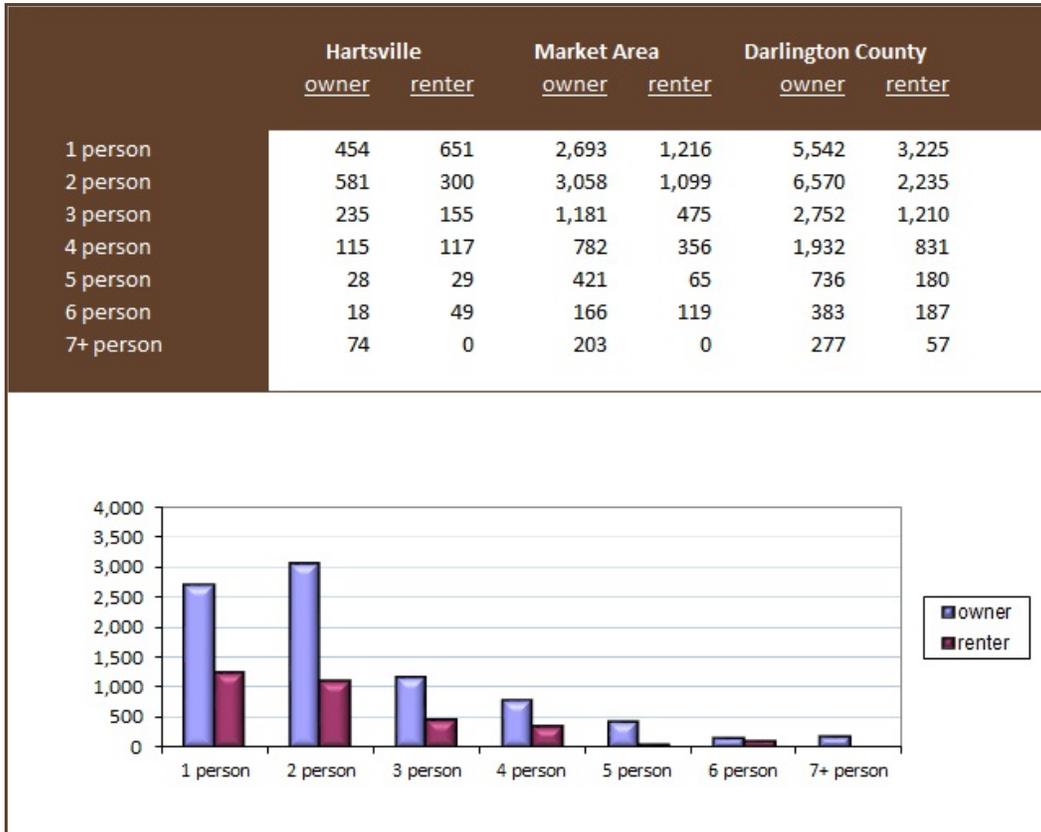
Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

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

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

Table 10 - Household Size, by Tenure



Source: 2016 to 2020 American Community Survey; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME

The distribution of household incomes for Hartsville, the market area, and for Darlington County are set out in Table 11, below. These figures are taken from the 2016 to 2020 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 Hartsville was \$36,111 and that for Darlington County as a whole was seen to be \$37,141. The median income for the market area is estimated to be around \$47,817.

The median income for the census tract in which the site of the proposed development is located is estimated to be around \$32,321 - based on the American Community Survey data.

Table 11 - Household Income

	Hartsville		Market area		Darlington County	
	number	percent	number	percent	number	percent
less than \$10,000	335	11.9	930	7.9	2,424	6.2
\$10,000 to \$14,999	254	9.1	1,086	9.2	2,081	5.3
\$15,000 to \$19,999	159	5.7	663	5.6	1,689	4.3
\$20,000 to \$24,999	241	8.6	1,295	10.9	2,900	7.4
\$25,000 to \$29,999	146	5.2	449	3.8	1,793	4.6
\$30,000 to \$34,999	240	8.6	627	5.3	1,673	4.3
\$35,000 to \$39,999	127	4.5	359	3.0	1,227	3.1
\$40,000 to \$44,999	177	6.3	653	5.5	1,185	3.0
\$45,000 to \$49,999	40	1.4	360	3.0	890	2.3
\$50,000 to \$59,999	203	7.2	961	8.1	1,789	4.6
\$60,000 to \$74,999	200	7.1	1,044	8.8	2,157	5.5
\$75,000 to \$99,999	280	10.0	1,311	11.1	2,446	6.2
\$100,000 to \$124,999	120	4.3	653	5.5	1,342	3.4
\$125,000 to \$149,999	107	3.8	443	3.7	669	1.7
\$150,000 to \$199,999	89	3.2	660	5.6	1,189	3.0
\$200,000 or more	88	3.1	340	2.9	13,762	35.1
median income	\$36,111		\$47,817 *		\$37,141	

* estimate

Source: 2016 to 2020 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Hartsville, the market area, and Darlington County set out in Table 12, below. These figures are also taken from the 2016 to 2020 American Community Survey.

Here, it is seen that the median renter household income in Hartsville was \$24,688, and that for Darlington County as a whole was seen to be \$23,862. The median income for renters in the market area is estimated to be around \$26,649.

The median renter income for the census tract in which the site of the proposed development is located is estimated to be around \$21,617 - based on the American Community Survey data.

Table 12 - Household Income, Renter Households

	Hartsville		Market area		Darlington County	
	number	percent	number	percent	number	percent
less than \$10,000	217	16.7	565	17.0	1,454	18.3
\$10,000 to \$19,999	285	21.9	672	20.2	1,434	18.1
\$20,000 to \$34,999	390	30.0	969	29.1	2,543	32.1
\$35,000 to \$49,999	144	11.1	294	8.8	1,004	12.7
\$50,000 to \$74,999	80	6.1	420	12.6	840	10.6
\$75,000 to \$99,999	111	8.5	273	8.2	431	5.4
\$100,000 or more	74	5.7	137	4.1	219	2.8
median income	\$24,688		\$26,649 *		\$23,862	

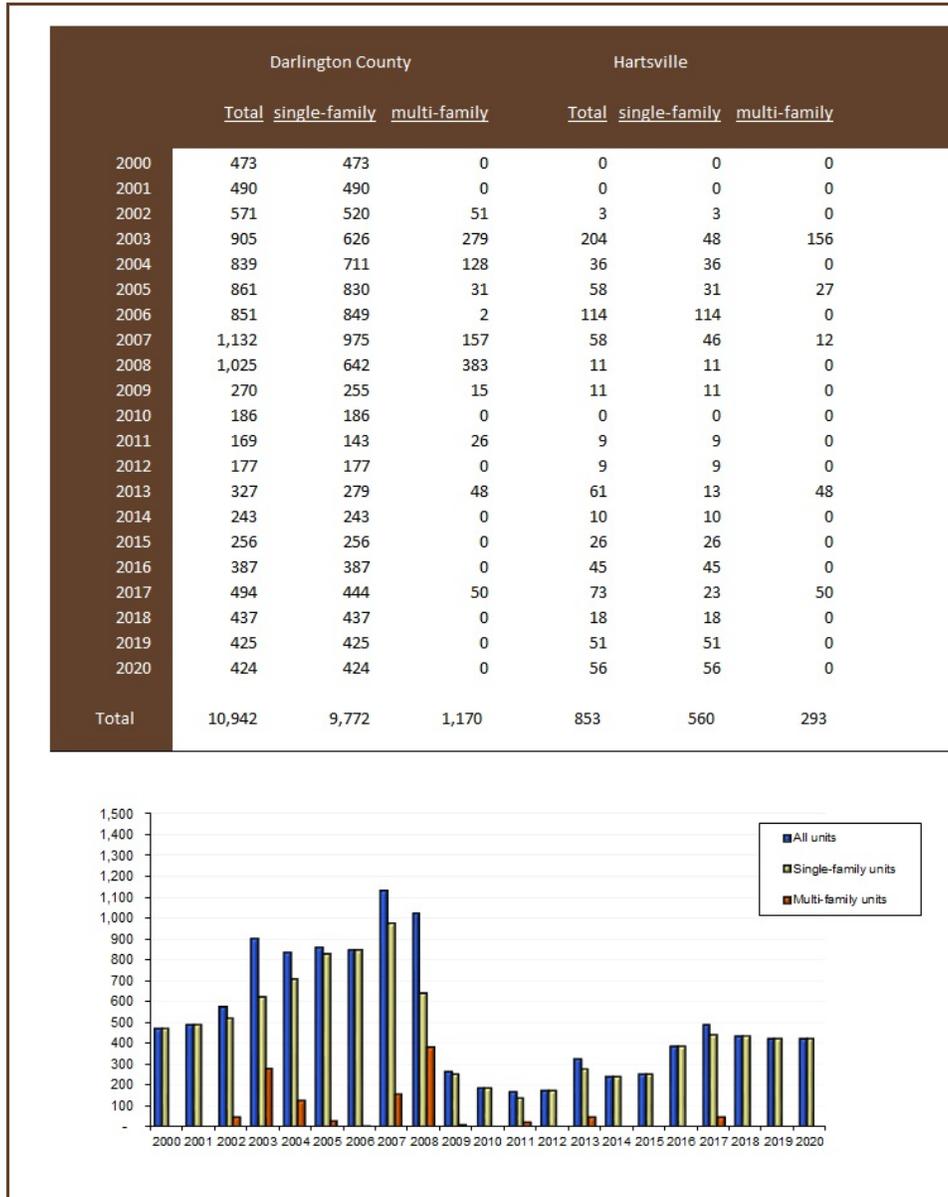
* estimate

Source: 2016 to 2020 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2000

Table 13 below gives details of residential construction in Darlington County since 2000. Here it can be seen that a total of 10,942 units were added in Darlington County, with 853 units added in the City of Hartsville of which 293 were multi-family units. No data are available for the market area.

Table 13 - Residential Construction Since 2000



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

F. PROJECT SPECIFIC DEMAND ANALYSIS

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

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 68 units to be rehabilitated, all will be targeted to households with incomes up to 60 percent of the median income - and therefore qualify the apartments for low income housing tax credit status. There is a mix of one- and, two- bedroom units.

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

Table 14 - Income Limits and Maximum Housing Costs

Income Limits	
	<u>60 percent</u>
1 person	\$29,940
2 person	\$34,200
3 person	\$38,520
4 person	\$42,780
5 person	\$46,200
6 person	\$49,620

Maximum Housing Costs	
	<u>60 percent</u>
1 bedroom	\$802
2 bedroom	\$963

Source: HUD

Information as to rents and income targeting, and qualifying income ranges are set out in Table 16, below

Table 16 - Rents and Income Targeting

income targeting		
	<u>60 percent</u>	<u>Total</u>
1 bedroom	44	44
2 bedroom	24	24
Total	68	68
proposed rents		
	<u>60 percent</u>	
1 bedroom	\$634	
2 bedroom	\$658	
proposed rents as a proportion (%) of maximum		
	<u>60 percent</u>	
1 bedroom	88.1	
2 bedroom	76.8	

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$82 and \$106 for the one- and two-bedroom units, respectively.

From the table above, it can be seen that housing expenses at the proposed apartments fall effectively at 77 to 88 percent of the maximum allowable.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. 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.

Table 17 - Qualifying Income Ranges

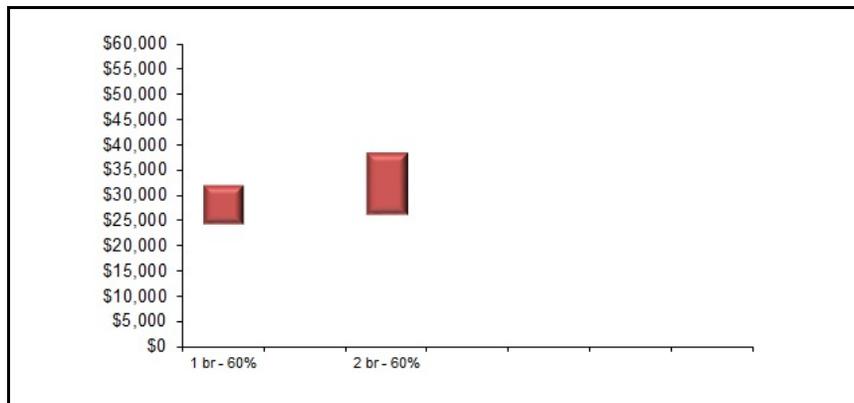
	60 percent	
	lower	upper
1 bedroom	\$24,549	\$32,070
2 bedroom	\$26,194	\$38,520
3 bedroom	\$30,309	\$44,490

Source: Applicant; T Ronald Brown: Research & Analysis

Incomes for households qualifying for the proposed project are seen to range from \$24,549 to \$44,490, reflecting the target incomes used (and assuming no rental assistance).

This table, and the graph below, show that the qualifying income ranges are relatively narrow, but not as narrow as would be the case if the rents were set at the maximum allowable.

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



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

Table 17 - Household Income, Renter Households

Income	Overburdened Renters			
	Number	Percent	Number	Percent
Up to \$10,000	1,454	18.3	1,002	34.2
\$10,000 - \$19,999	1,434	18.1	888	30.3
\$20,000 - \$34,999	2,543	32.1	961	32.8
\$35,000 - \$50,000	1,004	12.7	75	2.6
\$50,000 - \$75,000	840	10.6	0	0.0
\$75,000 - \$100,000	431	5.4	0	0.0
\$100,000 and over	219	2.8	0	0.0
Total	7,925		2,926	

Source: 2016 to 2020 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 2016 to 2010 - 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 18.1 percent have incomes between \$10,000 and \$20,000. Around 32.1 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 36.9 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups - those below \$35,000.

Based on the income ranges set out in Table 16 and the income distribution set out in Table 17, it is found that around 17.8 percent of market area renter households qualify for units at 60 percent of the median.

Projections of need and demand are based upon a 2021 to 2024 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 125 new rental units are needed between 2021 and 2024. A total of 22 units will be for households eligible for the proposed project (at the 60 percent level).

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 669 renter households in the qualifying income ranges in the project market area. This figure has to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 27.2 percent of renters qualifying for units at the 60 percent level are rent overburdened. Here, this proportion is applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This based on an annual average rate of 0.6 percent of the rental housing stock. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 13 units.

Total demand is therefore seen to amount to 222 units: all qualifying for units at 60 percent of the median.

These figures are based on a 2021 to 2024 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 demand is therefore for 222 units.

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

Table 18 - Demand Calculations

	<u>60 percent</u>	<u>Total</u>
(i) income eligible new renter households	22	22
(ii) income eligible existing renter households	691	691
(iii) existing households, likely to move	188	188
(iv) need from obsolete housing	13	13
Total demand (i)+(iii)+(iv)	222	222
Supply	0	0
Net demand	222	222

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 25 percent of the total, two-bedroom units should account for 42 percent of the total, and three-bedroom units should account for 25 percent of the total with four- or more bedroom units accounting for 9 percent.

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

Table 19 - Capture Rates

	<u>60 percent</u>	<u>Total</u>
Total demand		
1 bedroom	55	55
2 bedroom	93	93
3 bedroom	55	55
4 bedroom	19	19
Total	222	222
Supply		
1 bedroom	0	0
2 bedroom	0	0
3 bedroom	0	0
4 bedroom	0	0
Total	0	0
Net demand		
1 bedroom	55	55
2 bedroom	93	93
3 bedroom	55	55
4 bedroom	19	19
Total	222	222
Units proposed		
1 bedroom	44	44
2 bedroom	24	24
3 bedroom	0	0
4 bedroom	0	0
Total	68	68
Capture rates		
1 bedroom	80.0%	80.0%
2 bedroom	25.7%	25.7%
3 bedroom	0.0%	0.0%
4 bedroom	0.0%	0.0%
Total	30.6%	30.6%

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, a 68-unit unassisted development amounts to 30.6 percent of the total net need. The development equates to 45.8 percent of the net need for 148 one- and two- bedroom units.

The capture rates, by bedroom, are determined to be 80.0 percent for the 44 one-bedroom units, and 25.7 percent for the 24 two-bedroom units.

As noted, 58 of the 68 units at the Hartwood Village complex are rent assisted. Based on the above, the demand for the ten unassisted units is seen to be 4.5 percent.

The demand for rent-assisted units has been calculated - the methodology being the same that set out above, but based on a target income range of zero dollars up to the 60 percent income limits.

The demand for rent-assisted units is as set out, below.

Table 20 - Demand Calculations, Rent-assisted units

	<u>60 percent</u>	<u>Total</u>
<i>(i)</i> income eligible new renter households	92	92
<i>(ii)</i> income eligible existing renter households	2,878	2,878
<i>(iii)</i> existing households, likely to move	1,428	1,428
<i>(iv)</i> need from obsolete housing	52	52
 Total demand <i>(i)+(iii)+(iv)</i>	 1,572	 1,572
 Supply	 0	 0
 Net demand	 1,572	 1,572

Source: T. Ronald Brown: Research & Analysis

Capture rates for assisted units are illustrated in the table on the following page.

Table 21 - Capture Rates, Rent-assisted units

	<u>60 percent</u>	<u>Total</u>
Total demand		
1 bedroom	389	389
2 bedroom	660	660
3 bedroom	386	386
4 bedroom	137	137
Total	1,572	1,572
Supply		
1 bedroom	0	0
2 bedroom	0	0
3 bedroom	0	0
4 bedroom	0	0
Total	0	0
Net demand		
1 bedroom	389	389
2 bedroom	660	660
3 bedroom	386	386
4 bedroom	137	137
Total	1,572	1,572
Units proposed		
1 bedroom	44	44
2 bedroom	24	24
3 bedroom	0	0
4 bedroom	0	0
Total	68	68
Capture rates		
1 bedroom	11.3%	11.3%
2 bedroom	3.6%	3.6%
3 bedroom	0.0%	0.0%
4 bedroom	0.0%	0.0%
Total	4.3%	4.3%

Source: T. Ronald Brown: Research & Analysis

Given the calculations set out above, a 68-unit rent assisted property amounts to 4.3 percent of the total net need. The development equates to 6.5 percent of the net need for 1,049 one- and two-bedroom units.

The capture rates, by bedroom, are determined to be 11.3 percent for the 44 one-bedroom units, and 3.6 percent for the 24 two-bedroom units.

Given that there are 58 project-based rent-assisted units at the subject property, the capture rate for those units is seen to be 3.7 percent.

The previous calculations itemize demand for unassisted units and rent-assisted units. However, the project, as proposed, is effectively a blend of the two types of unit. In order to calculate demand for the project as proposed it is necessary to provide a further set of calculations that better represents what is proposed. In order to do so we have re-calculated the rent- assisted demand as defined as the income range for zero dollars up to the income needed to afford the unassisted units. This removes the potential double-counting when each type is considered separately. Under this scenario, project-specific demand is as set out as below.

Based on this scenario, it is seen that 72.8 percent of market area renters are income-eligible.

Table 22 - Demand Calculations, as proposed

	<u>Assisted</u>	<u>Unassisted</u>	<u>Total</u>
(i) income eligible new renter households	69	22	91
(ii) income eligible existing renter households	2,143	691	2,834
(iii) existing households, likely to move	1,210	188	1,398
(iv) need from obsolete housing	39	13	51
Total demand (i)+(iii)+(iv)	1,317	222	1,540
Supply	0	0	0
Net demand	1,317	222	1,540

Source: T. Ronald Brown: Research & Analysis

Thus, the project-specific capture rates are set out in the follow table. It should be noted that rental-assistance is not specific to any bedroom type.

Table 23 - Capture Rates, as proposed

	<u>Assisted</u>	<u>Unassisted</u>	<u>Total</u>
Total demand			
1 bedroom	326	55	381
2 bedroom	553	93	646
3 bedroom	324	55	378
4 bedroom	115	19	134
Total	1,317	222	1,540
Supply			
1 bedroom	0	0	0
2 bedroom	0	0	0
3 bedroom	0	0	0
4 bedroom	0	0	0
Total	0	0	0
Net demand			
1 bedroom	326	55	381
2 bedroom	553	93	646
3 bedroom	324	55	378
4 bedroom	115	19	134
Total	1,317	222	1,540
Units proposed			
Total	58	10	68
Capture rates			
Total	4.4%	4.5%	4.4%

Source: T. Ronald Brown: Research & Analysis

Given the calculations set out above, the 68-unit project, as proposed, represents 4.4 percent of demand, as calculated.

ABSORPTION RATES

Were the project to be developed as proposed, it could expect to lease-up over a period of time dictated by the rehabilitation process, plus three months or so. Here, this relates to the handicapped units where it is necessary to relocate the tenants on a temporary basis in order to carry out the rehabilitation program.

G. EXISTING RENTAL UNITS

There are several apartment complexes in Hartsville. These include two market rate properties, two unsubsidized low income housing tax credit properties, and five complexes subsidized for low and very low income renters (financed through USDA/Rural Development and/or HUD). Where useful information was made available to us, this is presented below.

Hartwood Village - the subject property - is one of those complexes in the area that is financed through the USDA/Rural Development Section 5151 Rural Rental Housing program - providing 68 units, developed in 1981. Of the 68-unit total, there are 44 one-bedroom units and 24 two-bedroom units. There are 58 units which have project-based rental assistance. Currently, two units are reported to be vacant - reflecting usual turnover. Hartwood Village is one of five complexes in the area which offer a total of 317 subsidized units, of which 12 are reported to be vacant - a 96.2 percent occupancy level.

Of the two tax credit properties in the area, the older is the Middletown Apartments, which opened in 1999 and offers 40 units. These units are targeted at 50 percent and 60 percent of the area median income - with two-bedroom units renting for \$425 and \$525, and three-bedroom units renting for \$450 and \$575. The project has four vacancies (90 percent occupancy), with the property reported to be effectively fully-occupied, with a waiting list. The newer tax credit property is the 72-unit Hartsville Garden complex, which dates from 2011. There is a mix of one-, two-, and three-bedroom units, targeted at the 50 and 60 percent income levels - with rents ranging from \$35 to \$785. This property is reported to be fully occupied.

The two conventional properties are Palmetto Villas (a 72-unit project developed in 1972 and rehabilitated in 2009), and Oakview Townhouses (a property that was originally developed in 1984 through the USDA program). These two properties offer a total of 120 units, of which seven are reported to be vacant - a 94.2 percent occupancy level.

There are no comparable or competing complexes in the general vicinity of the site of the proposed development.

Based on the information at our disposal, occupancy at the two tax credit properties is 96.4 percent.. Occupancy for the market rate properties is 94.2 percent, and that for the various subsidized complexes, 96.2 percent. This yields a 95.8 percent overall occupancy level for the total survey.

Details of the various properties surveyed are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Forest Ridge	HUD § 8	1972/2010	89	4	95.5
Hartsville Garden	LIHTC	2011	72	0	100.0
Hartwood Village	USDA/RD	1981	68	2	97.1
Middletown	LIHTC	1999	40	4	90.0
Oakview Townhouses	conventional	1984	48	2	95.8
Palmetto	USDA/RD	1981	44	6	86.4
Palmetto Villas	conventional	1972/2009	72	5	93.1
Pine Bridge	USDA/RD	1985	44	0	100.0
Swift Creek	HUD § 8	1981	72	0	100.0

Report for the Hartwood Village Apartments in Hartsville, South Carolina

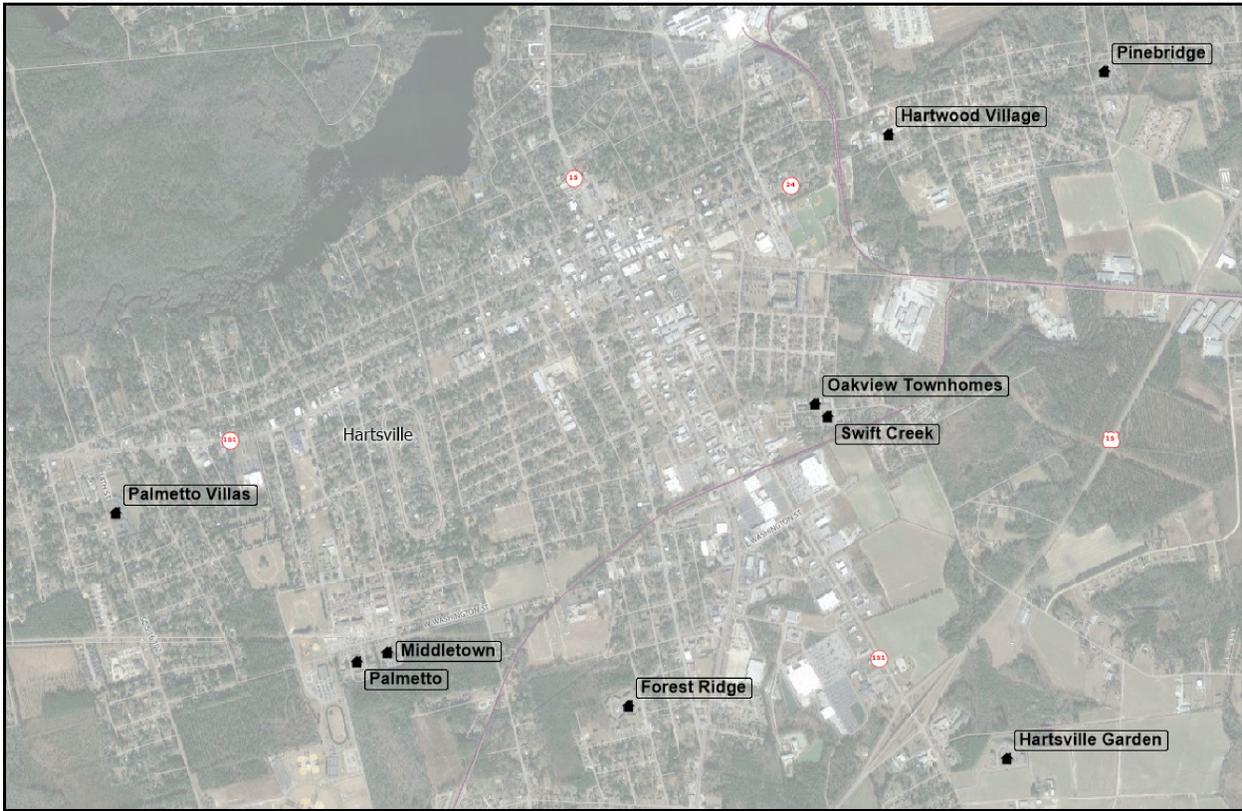
	0 br/1ba			1 br/1ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Forest Ridge				17	700	boi
Hartsville Garden				16	740	\$435-635
Hartwood Village				44	625	boi
Middletown						
Oakview Townhouses				16	n/a	\$579
Palmetto				10	n/a	boi
Palmetto Villas						
Pine Bridge				20	625	boi
Swift Creek				24	608	boi

	2 br/1-1½ ba			2 br/2 ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Forest Ridge	40	819	boi			
Hartsville Garden				40	888	\$512-730
Hartwood Village	24	825	boi			
Middletown	24	n/a	\$425-525			
Oakview Townhouses	32	n/a	\$619-679			
Palmetto	30	n/a	boi			
Palmetto Villas	72	800	\$600-750			
Pine Bridge	24	825	boi			
Swift Creek	40	768	boi	40	1,088	

	3 br/1-1½ ba			3 br/2+ ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Forest Ridge	28	1,035	noi			
Hartsville Garden				16	1,069	\$588-785
Hartwood Village						
Middletown	16	n/a	\$450-575			
Oakview Townhouses						
Palmetto	4	n/a	boi			
Palmetto Villas						
Pine Bridge				16	1,150	
Swift Creek	8	1,072	boi	20	1,219	

	4 br		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Forest Ridge	4	1,370	boi

A map showing the locations of these properties (including the subject property) is provided, below.



The age and/or development history of the two unsubsidized, non tax credit complexes, in Hartsville suggest that they are not comparable to the proposed development.

In order estimate market rents, following South Carolina Housing guidelines, several market rate properties have been identified as potential comparable properties in adjacent markets (four complexes in Florence, and one in Camden). These have been chosen on the basis of age, location, and bedroom mix. Information for one and two bedroom units in these properties are summarized below

Table 24 - Market Rate Properties

<u>Property</u>	<u>Location</u>	<u>Year built</u>	<u>One-bedroom rents</u>	<u>Two-bedroom rents</u>
Brittany Place	Florence	2000		\$925
Charles Pointe	Florence	2001	\$930	\$1,070
Fox Run	Camden	2001	\$959	\$1,038-1,063
Reserve at Mill Creek	Florence	1996	\$1,150-1,320	\$1,370
Woodlake	Florence	2012		\$975-1,025

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



Brittany Place



Charles Pointe



Fox Run



Reserve at Mill Creek



Woodlake

The location, rent levels, unit size, age, features, and amenities at these properties were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$956 for a one-bedroom unit and \$1,000 for a two-bedroom unit.

Based on the proposed rents at the proposed development, those rents is found to be reasonably below the gross adjusted market rent (38.72 percent less).

Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Adjusted Market Rent	Gross Adjusted Market Rent	Tax Credit Gross Rent Advantage
	0 BR					
	0 BR					
	0 BR					
	1 BR					
	1 BR					
44	1 BR	\$634	\$27,896	\$956	\$42,085	
	2 BR					
	2 BR					
	2 BR					
24	2 BR	\$658	\$15,792	\$1,000	\$23,995	
	2 BR					
	2 BR					
	3 BR					
	3 BR					
	3 BR					
	4 BR					
	4 BR					
Totals	68		\$43,688		\$66,080	33.89%

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

Units	Bedroom Type	Proposed Tenant Paid Rent	Gross Proposed Tenant Rent	Gross HUD FMR	Gross HUD FMR Total	Tax Credit Gross Rent Advantage
	0 BR					
	0 BR					
	0 BR					
	1 BR					
	1 BR					
44	1 BR	\$634	\$27,896	\$621	\$27,324	
	2 BR					
	2 BR					
	2 BR					
24	2 BR	\$658	\$15,792	\$721	\$17,304	
	2 BR					
	3 BR					
	3 BR					
	3 BR					
	3 BR					
	4 BR					
	4 BR					
Totals	68		\$43,688		\$44,628	2.11%

Rents at Hartwood Village are based on income - where tenants pay rent that does not exceed 30 percent of their income. Based on information from the property management, it is seen that the average tenant-paid rent for a one-bedroom unit is \$243, and that for a two-bedroom unit is \$424. The relationship between the average rent paid for the property and the HUD Fair Market Rents, as per the S-2 Exhibit, are set out, below.

Units	Bedroom Type	Gross		Gross HUD FMR	Gross HUD FMR Total	Tax Credit Gross Rent Advantage
		Proposed Tenant Paid Rent	Proposed Tenant Rent			
	0 BR					
	0 BR					
	0 BR					
	1 BR					
	1 BR					
44	1 BR	\$243	\$10,692	\$621	\$27,324	
	2 BR					
	2 BR					
24	2 BR	\$424	\$10,176	\$721	\$17,304	
	2 BR					
	3 BR					
	3 BR					
	3 BR					
	3 BR					
	4 BR					
	4 BR					
Totals	68		\$20,868		\$44,628	53.24%



Forest Ridge

Location: 1212 Myrtle Street, Hartsville
Financing: HUD § 8
Year Built: 1972, renovated 2010
Total units: 89
Vacant units: 4 (95.5 percent occupied)
Waiting list: ✓

Telephone: 864.332.2162
Management: Pendergraph Management
Contact: (4/12) telephone ✓ onsite □ other □

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>	
1/1	17	700	\$739	Clubhouse/community room	□
2/1	40	819	\$825	Fitness Center	✓
3/1	28	1,035	\$924	Business Center	□
4/1	4	1,370	\$999	Pool	□
				Playground	✓
				Controlled access/gated	□
				Elevator	□
				Garages	□
				Storage	□
				Laundry	□
				<u>Unit Amenities</u>	
				Microwave	✓
				Dishwasher	✓
				Washer/dryer	□
				Washer/dryer hook-up	✓
				9' ceilings	□
				High-end kitchen	□
				Wood/style floors	□
				Fireplaces	□
				Patios/balconies	□
				<u>Utilities in rent:</u>	
				Water/sewer	✓
				Trash	✓
				Electricity	□
				Heat	□



Hartsville Garden

Location: 780 Tailwind Lane, Hartsville

Financing: LIHTC (targeting: 50% and 60% of AMI)

Year Built: 2011

Telephone: 843.917.0327

Total units: 72

Management: Landmark Group

Vacant units: 0 (100 percent occupied)

Contact: Courtney (4/12) telephone onsite other

Waiting list:

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Basic/Market Rent</u>	<u>UA</u>	<u>Community Amenities</u>
1/1	16	740	\$435-633	\$80	Clubhouse/community room <input checked="" type="checkbox"/> Fitness Center <input checked="" type="checkbox"/> Business Center <input checked="" type="checkbox"/> Pool <input type="checkbox"/> Playground <input checked="" type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input checked="" type="checkbox"/> Laundry <input checked="" type="checkbox"/>
2/2	40	888	\$512-730	\$103	
3/2	16	1,069	\$588-785	\$127	

Unit Amenities

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

Utilities in rent:

- Water/sewer Trash Electricity Heat



Hartwood Village

Location: 725 East Carolina Avenue, Hartsville

Financing: USDA/RD

Year Built: 1981

Total units: 68

Vacant units: 2 (97.1 percent occupied)

Waiting list:

Telephone: 843.622.1771

Management: Partnership Property Management

Contact: (4/12) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Basic/Market Rent</u>	<u>RentUA</u>	<u>Community Amenities</u>
1/1	44	625	\$634/763	\$82	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input checked="" type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input type="checkbox"/>
2/1	24	825	\$658/858	\$106	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input checked="" type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input type="checkbox"/>
					<u>Unit Amenities</u>
					Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input checked="" type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
					<u>Utilities in rent:</u>
					Water/sewer <input type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Middletown

Location: 600 West Washington Street, Hartsville

Financing: LIHTC (targeting: 50% and 60% of AMI)

Year Built: 1999

Telephone: 843.917.0105

Total units: 40

Management: Santee Lynches Affordable Housing

Vacant units: 4 (90.0 percent occupied)

Contact: (4/21) telephone onsite other

Waiting list:

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Rent</u>	<u>UA</u>	<u>Community Amenities</u>
2/1	24	n/a	\$425-525	\$179	Clubhouse/community room <input checked="" type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input checked="" type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
3/1½	16	n/a	\$450-575	\$226	
					<u>Unit Amenities</u>
					Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patio/balconies <input checked="" type="checkbox"/>
					<u>Utilities in rent:</u>
					Water/sewer <input type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Oakview Townhomes

Location: 236 Swift Creek Road, Hartsville
Year Built: 1984
Total units: 48
Vacant units: 2 (95.8 percent occupied)
Waiting list:

Telephone: 843.332.0424
Management: Intermark Management
Contact: Keshawna (4/12) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Rent</u>	<u>rent/sq. ft.</u>	<u>Community Amenities</u>
1/1	16	n/a	\$579	n/a	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input checked="" type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input type="checkbox"/>
2/1	32	n/a	\$619-679	n/a	
					<u>Unit Amenities</u>
					Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
					<u>Utilities in rent:</u>
					Water/sewer <input type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Palmetto

Location: 655 West Washington Street, Hartsville

Financing: USDA/RD

Year Built: 1981

Total units: 44

Vacant units: 6 (86.4 percent occupied)

Waiting list:

Telephone: 843.332.1991

Management: United Management

Contact: (4/21) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Basic/Market Rent</u>	<u>Community Amenities</u>
1/1	10	n/a	\$470/628	Clubhouse/community room <input type="checkbox"/>
2/1	30	n/a	\$490/678	Fitness Center <input type="checkbox"/>
3/1	4	n/a	\$510/725	Business Center <input type="checkbox"/>
				Pool <input type="checkbox"/>
				Playground <input type="checkbox"/>
				Controlled access/gated <input type="checkbox"/>
				Elevator <input type="checkbox"/>
				Garages <input type="checkbox"/>
				Storage <input type="checkbox"/>
				Laundry <input type="checkbox"/>
				<u>Unit Amenities</u>
				Microwave <input type="checkbox"/>
				Dishwasher <input type="checkbox"/>
				Washer/dryer <input type="checkbox"/>
				Washer/dryer hook-up <input type="checkbox"/>
				9' ceilings <input type="checkbox"/>
				High-end kitchen <input type="checkbox"/>
				Wood/style floors <input type="checkbox"/>
				Fireplaces <input type="checkbox"/>
				Patios/balconies <input type="checkbox"/>
				<u>Utilities in rent:</u>
				Water/sewer <input type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Palmetto Villas

Location: 207 14th Street, Hartsville

Year Built: 1972, renovated 2009

Total units: 72

Vacant units: 5 (93.1 percent occupied)

Waiting list:

Telephone: 803.305.7026

Management: Confluence Group

Contact: Valerie (4/21) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Rent</u>	<u>Community Amenities</u>
2/1	72	800	\$600-750	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input checked="" type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input type="checkbox"/>
				<u>Unit Amenities</u>
				Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
				<u>Utilities in rent:</u>
				Water/sewer <input type="checkbox"/> Trash <input type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Pinebridge

Location: 1101 East Home Street, Hartsville

Financing: USDA/RD

Year Built: 1085

Total units: 44

Vacant units: 0 (100 percent occupied)

Waiting list:

Telephone: 843.662.1771

Management: Partnership Property Management

Contact: (4/12) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Basic/Market Rent</u>	<u>Community Amenities</u>	
1/1	20	625	\$641/694	Clubhouse/community room	<input type="checkbox"/>
				Fitness Center	<input type="checkbox"/>
				Business Center	<input type="checkbox"/>
				Pool	<input type="checkbox"/>
				Playground	<input checked="" type="checkbox"/>
				Controlled access/gated	<input type="checkbox"/>
				Elevator	<input type="checkbox"/>
				Garages	<input type="checkbox"/>
				Storage	<input type="checkbox"/>
				Laundry	<input type="checkbox"/>
				<u>Unit Amenities</u>	
				Microwave	<input type="checkbox"/>
				Dishwasher	<input type="checkbox"/>
				Washer/dryer	<input type="checkbox"/>
				Washer/dryer hook-up	<input type="checkbox"/>
				9' ceilings	<input type="checkbox"/>
				High-end kitchen	<input type="checkbox"/>
				Wood/style floors	<input type="checkbox"/>
				Fireplaces	<input type="checkbox"/>
				Patios/balconies	<input type="checkbox"/>
				<u>Utilities in rent:</u>	
				Water/sewer	<input type="checkbox"/>
				Trash	<input type="checkbox"/>
				Electricity	<input type="checkbox"/>
				Heat	<input type="checkbox"/>



Swift Creek

Location: 405 Swift Creek Road, Hartsville

Financing: HUD § 8

Year Built: 1981

Total units: 72

Vacant units: 0r (100 percent occupied)

Waiting list:

Telephone: 843.383.5785

Management: Walden Affordable Group

Contact: Elaine (4/13) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>	
1/1	24	608	\$813	Clubhouse/community room	<input type="checkbox"/>
2/1	40	768	\$910	Fitness Center	<input type="checkbox"/>
3/1½	8	1,072	\$1,075	Business Center	<input type="checkbox"/>
				Pool	<input type="checkbox"/>
				Playground	<input checked="" type="checkbox"/>
				Controlled access/gated	<input type="checkbox"/>
				Elevator	<input type="checkbox"/>
				Garages	<input type="checkbox"/>
				Storage	<input type="checkbox"/>
				Laundry	<input checked="" type="checkbox"/>
				<u>Unit Amenities</u>	
				Microwave	<input type="checkbox"/>
				Dishwasher	<input type="checkbox"/>
				Washer/dryer	<input type="checkbox"/>
				Washer/dryer hook-up	<input type="checkbox"/>
				9' ceilings	<input type="checkbox"/>
				High-end kitchen	<input type="checkbox"/>
				Wood/style floors	<input type="checkbox"/>
				Fireplaces	<input type="checkbox"/>
				Patios/balconies	<input type="checkbox"/>
				<u>Utilities in rent:</u>	
				Water/sewer	<input checked="" type="checkbox"/>
				Trash	<input checked="" type="checkbox"/>
				Electricity	<input checked="" type="checkbox"/>
				Heat	<input checked="" type="checkbox"/>

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.

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: June 8, 2022

ANALYST QUALIFICATIONS

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

The President of the firm is T. Ronald Brown. He has more than 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 more than 2,500 studies in at least 20 states, predominantly in the Southeast.

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

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

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

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

MARKET STUDY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Concession - discount given to a prospective tenant to induce the tenant to sign a 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.e. at marriage or separation), changes in average household size, and net *migration*.

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

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

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

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

Market area - See *primary market area*.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Programmatic rents - See *restricted rents*.

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

Redevelopment - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Terms

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

Area Median Income (AMI) - 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 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tenant - one who rents real property from another.

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

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

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

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