

A MARKET FEASIBILITY STUDY OF:

HILTON HEAD

GARDENS

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HILTON HEAD GARDENS

Located at:
380 Southwood Park Drive
Hilton Head Island, Beaufort County, SC 29926

Inspection Date: January 7, 2021
Effective Date: March 24, 2021
Report Date: April 20, 2021

Prepared for:
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Prepared by:
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April 20, 2021

Bobbie Maliksi
Assistant Development Manager
Vitus Development IV, LLC
415 1st Avenue North #19240
Seattle, WA 98109

Re: Market Study for Hilton Head Gardens, located in Hilton Head Island, Beaufort County, South Carolina

Dear Ms. Maliksi:

At your request, Novogradac Consulting LLP has performed a study of the multifamily rental market in the Hilton Head, Beaufort County, South Carolina area relative to the above-referenced proposed affordable housing acquisition/rehabilitation project.

The purpose of this market study is to assess the viability of the acquisition/rehabilitation of Hilton Head Gardens (Subject), an existing 112-unit Section 8 multifamily property located at 380 Southwood Park Drive, in Hilton Head Island, Beaufort County, South Carolina. All of the Subject's units currently benefit from Section 8 subsidy; thus, tenants pay 30 percent of their income towards rent. Post renovation, all of the units will be LIHTC-restricted to families earning 60 percent of the Area Median Income (AMI) or below, and all 112 units will continue to benefit from Section 8 subsidy. As such, tenants will continue to pay just 30 percent of their income towards rent.

We are previously prepared an application appraisal and rent comparability study (RCS) for the Subject property, both of which are effective January 7, 2021. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the 2021 requirements of the South Carolina State Housing Finance and Development Authority (SC Housing), including the following:

- Inspecting the site of the proposed Subject and the general location (previously conducted in January 2021).
- Analyzing appropriateness of the proposed Subject's unit mix, rent levels, available amenities and site.
- Estimating market rent, absorption and stabilized occupancy levels for the market area.
- Investigating the health and conditions of the multifamily housing market.
- Calculating income bands, given the proposed Subject rents.
- Estimating the number of income-eligible households.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area in relation to the proposed project.
- Establishing the Subject Primary and Secondary Market Area(s) if applicable.
- Surveying competing projects, both Low-Income Housing Tax Credit (LIHTC) and market rate.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client and the requirements of SC Housing; both are identified intended users, and the intended use is for tax credit application submission. The report and the conclusions are subject to the *Assumptions and Limiting Conditions* attached.

The National Council of Housing Market Analysts (NCHMA) is a professional organization chartered to promote the development of high-quality market analysis for the affordable housing industry. Novogradac is a charter member of this organization. NCHMA has compiled model content standards for market studies. This report, which is a comprehensive market analysis full narrative report, conforms to those standards; any slight modifications or departures from those standards are considered incidental and result from client or agency-specific needs.

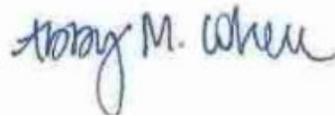
The Stated Purpose of this assignment is for application. You agree not to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated Purpose. Without limiting the general applicability of this paragraph, under no circumstances may the Report be used in advertisements, solicitations and/or any form of securities offering.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac Consulting LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac Consulting LLP



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EXECUTIVE SUMMARY

Property Summary of Subject

Subject Property Overview:

The Subject is an existing 112-unit Section 8 apartment property located at 380 Southwood Park Drive, Hilton Head Island, Beaufort County, SC 29926. The Subject’s units are contained in eight one and two-story garden-style residential buildings, along with a single-story community building, which were originally built in 1980. According to the client, the Subject underwent several capital improvements in 2019 relating to a HUD REAC inspection, which resulted in elevated operating, repairs, and maintenance expenses. Capital improvements included the installation of new electrical panels (20 units), replacement of tubs, counter tops, and other fixtures, as well as new flooring and the replacement of HVAC units. Based on our physical inspection, the Subject exhibits average overall condition.

The property currently offers 16 one-bedroom units, 21 two-bedroom units, 59 three-bedroom units, and 16 four-bedroom units targeted to family households, all of which benefit from a Section 8 HAP contract. As such, tenants pay just 30 percent of their income towards rents. Post-renovation, all of the Subject’s units will be LIHTC restricted at the 60 percent AMI level, and all units will continue to benefit from Section 8 subsidy. As such, tenants will continue to pay just 30 percent of their income towards rent. Further, all tenants are expected to remain income qualified post-renovation.

Targeted Tenancy:

For SC Housing purposes, the tenancy is considered general population. The targeted tenancy is not age-restricted and will consist primarily of households ranging from one to five-persons.

Proposed Rents, Unit Mix and Utility Allowance:

The following table details the Subject’s proposed rents, utility allowances, unit mix, and unit sizes. Post-renovation, all 112 units will be LIHTC restricted to families earning 60 percent of the AMI or below, and all units will continue to benefit from Section 8 subsidy. As such, tenants will continue to pay just 30 percent of their income towards rent, not to exceed the lesser of the LIHTC rents and contract rents.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2020 LIHTC Maximum Allowable Gross Rent	Proposed Net Contract Rent (2)	
@60% (Section 8)								
OBR / 1BA	467	16	\$783	\$73	\$856	\$856	\$970	
1BR / 1BA	676	16	\$842	\$75	\$917	\$917	\$1,125	
2BR / 1BA	832	64	\$992	\$109	\$1,101	\$1,101	\$1,300	
3BR / 1.5BA	1,092	16	\$1,142	\$130	\$1,272	\$1,272	\$1,650	
		112						

(1) Utility allowances dictated by HUD. Based on current rent schedule, effective 4/1/2020

(2) Proposed contract rents based on developer’s pro forma dated 3/19/2021

Scope of Renovations:

The total renovation hard costs are estimated to be approximately \$45,931 per unit. According to the relocation plan provided by the developer, renovations will occur with minimal disruption to tenants; however, residents may be temporarily relocated during the day. In the event that a unit will need extensive work, tenants may be relocated to a nearby hotel paid for by the developer. No tenants will be permanently displaced. The scope of renovations includes, but is not limited to:

- Parking and drives: full mill, overlay, and striping
- Jet all existing sanitary sewer lines from buildings to street
- Concrete repair and replace all steps, sidewalks, & curbs
- Make all accessible routes, ramps & handrails throughout compliant
- Add dumpster enclosures
- Site lighting
- Security cameras
- New signage package
- Landscape upgrades
- Replace playground
- Replace mailboxes & add overhead cover
- Upgrade leasing office
- ADA compliant community spaces
- Repair damaged railings in breezeways
- Replace and add additional exterior lighting
- Repair fence
- Paint exterior
- Repair masonry
- Replace vinyl siding
- Replace all exterior doors
- Upgrade kitchens to include flooring, painting, cabinets, and countertops
- New energy star appliance package refrigerator, microwave/rangehood combo, range
- Upgrade bathrooms to include flooring, painting, cabinets, & sinks
- Upgrade all fixtures and toilets to be low flow
- Upgrade to energy efficient lighting package
- Replace bathtub and shower surround
- Replace outdated ceiling fans and light fixtures
- Install new blinds
- Replace outlets and covers as needed

Market Vacancy

The following table summarizes overall weighted vacancy trends at the surveyed properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
90 Dillon Apartments	LIHTC	Family	48	0	0.0%
Ashley Pointe Apartments*	LIHTC	Family	56	0	0.0%
Cross Creek*	LIHTC/ Market	Family	144	2	1.4%
Magnolia Park Apartments*	LIHTC	Family	56	0	0.0%
May River Village	LIHTC	Family	108	0	0.0%
Vista View	LIHTC	Family	72	2	2.8%
29 Edgewater	Market	Family	300	3	1.0%
Bluestone Apartments	Market	Family	360	4	1.1%
Marsh Point	Market	Family	140	0	0.0%
Oak Tree Village*	Market	Family	98	47	48.0%
Stuart Towne Apartments*	Market	Family	94	0	0.0%
The Oaks At Broad River Landing*	Market	Family	248	5	2.0%
Total LIHTC			484	4	0.8%
Total Market Rate			1,240	59	4.8%
Market Rate (excluding Oak Tree Village)			1,142	12	1.1%
Overall Total			1,724	63	3.7%
Overall Total (excluding Oak Tree Village)			1,626	16	1.0%

*Located outside of the PMA

As shown, Oak Tree Village reported an elevated vacancy rate of 48.0 percent. However, according to the contact, all vacant units are being held offline for updates, which include new flooring and paint. The remaining comparables reported vacancy rates ranging from zero to 2.8 percent, with an overall average vacancy rate of just 1.0 percent. Managers at four of the six LIHTC properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was 0.8 percent, just below the 1.0 percent average reported by the market rate properties, excluding Oak Tree Village. The average LIHTC vacancy rate of 0.8 percent is considered low, and indicative of supply constrained conditions. Further, five of the six LIHTC comparables maintain waiting lists.

According to the Subject's rent roll dated December 29, 2020 (most recent available), the Subject is currently 100 percent occupied. Further, the Subject's historical financials indicated vacancy and collection loss between 0.5 and 5.3 percent between 2017 and 2019. Based on the performance of the LIHTC comparables, we expect the Subject will operate with a vacancy and collection loss of three percent or less. As an existing subsidized affordable property, we believe the impact on operations due to COVID-19 will be less severe for the Subject. Overall, the market has fared relatively well.

Capture Rates

The following table illustrates the capture rates for the Subject.

CAPTURE RATE ANALYSIS CHART

Bedrooms/AMI Level	Total Demand	Supply	Net Demand	Units Proposed	Capture Rate
@60% / Section 8 - As Proposed With Subsidy					
OBR - @60% / Section 8	301	0	301	16	5.3%
1BR - @60% / Section 8	353	0	353	16	4.5%
2BR - @60% / Section 8	744	0	744	64	8.6%
3BR - @60% / Section 8	568	0	568	16	2.8%
Overall - With Subsidy	1,966	0	1,966	112	5.7%
@60% - Absent Subsidy					
OBR - @60%	174	0	174	16	9.2%
1BR - @60%	204	0	204	16	7.8%
2BR - @60%	429	0	429	64	14.9%
3BR - @60%	328	0	328	16	4.9%
Overall - Absent Subsidy	807	0	807	112	13.9%

As the analysis illustrates, the Subject’s capture rates as proposed with subsidy range from 2.8 to 8.6 percent. Absent subsidy, the Subject’s capture rates at the 60 percent AMI level range from 4.9 to 14.9 percent. The overall capture rates for the Subject’s units as proposed and absent subsidy are 5.7 and 13.9 percent, respectively, which indicates there is adequate continued demand for the Subject. Further, capture rates for all units, as well as the overall property, are below the 30 percent capture rate threshold as determined by SC Housing.

Projected Absorption Period

We were able to obtain absorption information from two of the rent comparable, as well as two additional properties within a 20-mile radius of the Subject. As such, we included absorption information from six properties located within 10 miles of the Subject. The following table details our findings.

ABSORPTION

Property Name	Rent	Location	Tenancy	Year	Total Units	Absorption (units/month)
Marsh Pointe*	LIHTC	Port Royal, SC	Family	2018	48	12
Waters At Magnolia Bay	LIHTC	Summerville, SC	Family	2017	300	14
Parc At Broad River	Market	Beaufort, SC	Family	2016	246	20
Ashley Pointe Apartments*	LIHTC	Beaufort, SC	Family	2016	56	37
Average						21

*Utilized as a rental comparable

If the Subject were hypothetically 100 percent vacant, we would expect the property to experience a brief lease-up period due to the sustained demand for good quality affordable housing in the area. Assuming the Subject were completely vacant, we believe that the Subject would experience an absorption rate of approximately 20 units per month. This equates to an absorption period between five and six months. This is considered largely hypothetical as the Subject is currently 100 percent occupied and maintains a waiting list. Further, current tenants are expected to remain income eligible to remain at the property post-renovation. As such, we believe the Subject will stabilize within one to two months of rehabilitation completion.

Market Conclusions

Overall, the local multifamily market is performing well with a 3.7 percent vacancy rate among all of the surveyed comparable projects. Four of the six LIHTC properties are fully occupied and five properties maintain waiting lists, suggesting pent-up demand for affordable housing. Three of the six LIHTC comparables are achieving maximum allowable rents; however, the Subject represents a slightly inferior product relative to these properties due to its inferior amenities. As such, we have concluded to achievable LIHTC rents (absent subsidy) below the maximum allowable levels at **\$750, \$825, \$950, and \$1,050**, for the Subject's studio, one, two, and three-bedroom units, respectively. These conclusions provide rent advantages between 21 and 27 percent relative to our market rent conclusions. It is important to note that the Subject will continue to benefit from Section 8 subsidy post-renovation for all 112 units. As such, tenants will continue to pay just 30 percent of their income towards rent. Overall, we believe that the Subject will continue to be successful in the local market as proposed.

Recommendations

We believe there is ample demand for the Subject in the PMA and the market supports the renovation of the Subject development as proposed. The overall capture rates for the Subject's units as proposed and absent subsidy are 5.7 and 13.9 percent, respectively, both of which are well within the acceptable demand threshold and are considered excellent. Individual capture rates by bedroom type range from 2.8 to 8.6 percent as proposed, and from 4.9 to 14.9 percent absent subsidy, which are all considered excellent. Between 2020 and market entry, the total number of households is expected to increase at a rate of 2.2 percent annually in the PMA. The Subject is located within 1.7 miles of most community services and facilities that tenants would utilize on a consistent basis.

Three of the six LIHTC comparables are achieving maximum allowable rents; however, the Subject represents a slightly inferior product relative to these properties. As such, we have concluded to achievable LIHTC rents (absent subsidy) below the maximum allowable levels at **\$750, \$825, \$950, and \$1,050**, for the Subject's studio, one, two, and three-bedroom units, respectively. These conclusions provide rent advantages between 21 and 27 percent relative to our market rent conclusions. It is important to note that the Subject will continue to benefit from Section 8 subsidy post-renovation for all 112 units. As such, tenants will continue to pay just 30 percent of their income towards rent. Overall, we believe that the Subject will continue to be successful in the local market as proposed.

Further, there are several apparent strengths of the Subject's site, development scheme, and market, which include:

- Rehabilitation of the Subject's units will positively impact the surrounding area by improving the Subject's condition and street appeal, and thus representing an improvement to the neighborhood.
- All of the Subject's 112 units will continue to benefit Section 8 subsidy post-renovation; thus, these tenants will continue to pay 30 percent of their income towards rent.
- The Subject is an existing property that is 100 percent occupied and maintains a waiting list, and all tenants are expected to remain income qualified post-renovation.
- The Subject will be in good condition upon completion and will fill a need for good quality/newly renovated affordable housing in Hilton Head Island and the surrounding areas.

As such, we recommend the Subject as proposed, with no suggested modifications.

Long Term Impact on Existing LIHTC Properties in the PMA

Managers at four of the six LIHTC comparables reported being fully occupied, and all but one maintains a waiting list. Further, both LIHTC comparables located in the PMA (90 Dillon Apartments and May River Village) reported 100 percent occupancy. With a limited supply of affordable housing options in the PMA, and a stable and growing base of low-income tenants, we believe the Subject’s rehabilitation will have no long-term impact on the existing area LIHTC developments. In addition, no new units will be added to the market. Since the Subject will continue to operate with a subsidy, we do not expect any impact on the existing low-income rental assisted housing in the market.

Rent versus Buy Analysis

We performed a rent/buy analysis. The following analysis is hypothetical and assumes the Subject operates absent subsidy. In reality, all of the Subject’s units will continue to benefit from Section 8 subsidy, post-renovation. As such, tenants will continue to pay just 30 percent of their income towards rent.

Our inputs assume a three-bedroom single-family home listing on Zillow in the Subject’s neighborhood with a purchase price of \$200,000 and an interest rate of 3.25 percent for a 30-year fixed mortgage with a 10 percent down payment. This was compared to the cost to rent the Subject’s three-bedroom unit. This analysis indicates that with a monthly differential of \$199, indicating it is more affordable to rent the Subject’s three-bedroom unit rather than to purchase a home. The rent buy analysis is illustrated in the following table.

RENT BUY ANALYSIS				
Property Type:	Three-Bedroom Single Family Home			
Sale Price	\$200,000			
Down Payment at 10%	\$20,000			
Mortgage Amount	\$180,000			
Current Interest Rate	3.25%			
<i>Homeownership Costs</i>		<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment	\$783			\$9,400
Property Taxes	\$208	1.25%		\$2,500
Private Mortgage Insurance ¹	\$75	0.50%		\$900
Maintenance	\$333	2.00%		\$4,000
Utility Costs ²	\$114			\$1,368
Tax Savings	-\$173			-\$2,074
Cost Comparison				
		<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership		\$1,341		\$16,094
Cost of Renting At Subject	-	\$1,142		\$13,704
Differential		\$199		\$2,390
Cost of Occupancy				
<i>Homeownership</i>				
Closing Costs			3.0%	\$6,000
Down Payment at 10%			10.0%	\$20,000
Total				\$26,000
<i>Subject Rental</i>				
First Month's Rent		\$1,142		
Security Deposit		<u>\$1,142</u>		
Total		\$2,284		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

As illustrated, the “cash due at occupancy” category adds to \$26,000 for the down payment and closing costs. The cash necessary for homeownership is still a barrier to many families. In general, first-time homebuyers

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have difficulty saving for a down payment. For this reason, we believe that the Subject will face limited competition from homeownership if it were to lose subsidy.

2021 EXHIBIT S – 2 SCSHFA PRIMARY MARKET AREA ANALYSIS SUMMARY:									
Development Name: Hilton Head Gardens					Total # Units: 112				
Address: 380 Southwood Park Drive					# LIHTC Units: 112				
PMA Boundary: Port Royal and Laurel Bay to the north, the Atlantic Ocean to the east, and the Georgia state border to the south and west					Farthest Boundary Distance to Subject: 17.9 miles				
Development Type: <u>X</u> Family <u> </u> Older Persons									
RENTAL HOUSING STOCK (found on page 63-65)									
Type	# Properties	Total Units	Vacant Units	Average Occupancy					
All Rental Housing	20	2,679	63	97.6%					
Market-Rate Housing	8	1,594	59	96.3%					
Assisted/Subsidized Housing not to include LIHTC	1	145	0	100.0%					
LIHTC (All that are stabilized)*	6	484	4	99.2%					
Stabilized Comps**	12	1,724	63	96.3%					
Non-stabilized Comps	1	98	47	52.0%					
* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).									
** Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.									
Subject Development					2021 HUD Area FMR			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
16	0	1	467	\$783	\$1,032	\$2.21	24.1%		\$0.00
16	1	1	676	\$842	\$1,056	\$1.56	20.3%	\$1,246	\$1.84
64	2	1	832	\$992	\$1,204	\$1.45	17.6%	\$1,493	\$1.79
16	3	1.5	1,092	\$1,142	\$1,564	\$1.43	27.0%	\$1,944	\$1.78
Gross Potential Rent Monthly*				\$107,760	\$135,488		20.5%		
*Market Advantage is calculated using the following formula: Gross HUD FMR (minus) Net Proposed Tenant Rent (divided by) Gross HUD FMR. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.									
DEMOGRAPHIC DATA (found on page 47)									
	2010			2020			August 2022 (Market Entry)		
Renter Households	9,179	28.4%		9,595	23.5%		10,037	23.5%	
Income-Qualified Renter HHs (LIHTC)	N/A	N/A		4,377	45.6%		4,493	44.8%	
Income-Qualified Renter HHs (MR)	N/A	N/A		N/A	N/A		N/A	N/A	
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 55)									
Type of Demand	@60% - Absent Subsidy	Market- rate	Other:	Other:	Other:	Other:	Other:	Other:	Overall Affordable
Renter Household Growth	442	-	-	-	-	-	-	-	442
Existing Households (Overburd + Substand)	1,047	-	-	-	-	-	-	-	1,047
Homeowner conversion (Seniors)	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
Less Comparable/Competitive Supply	-	-	-	-	-	-	-	-	-
Net Income-qualified Renter HHs	1,489	-	-	-	-	-	-	-	1,489
CAPTURE RATES (found on page 55)									
Targeted Population	@60% - Absent Subsidy	Market- rate	Other:	Other:	Other:	Other:	Other:	Other:	Overall
Capture Rate	9.9%								9.9%
ABSORPTION RATE (found on page 61)									
Absorption Period 5-6 months									

2021 S-2 RENT CALCULATION WORKSHEET

# Units	Bedroom Type	Proposed Tenant Paid Rent	Net Proposed Tenant Rent by Bedroom Type	2021 Gross HUD FMR	Gross HUD FMR Total	Tax Credit Gross Rent Advantage
16	0 BR	\$783	\$12,528	\$1,032	\$16,512	24.1%
16	1 BR	\$842	\$13,472	\$1,058	\$16,928	20.4%
64	2 BR	\$992	\$63,488	\$1,204	\$77,056	17.6%
16	3 BR	\$1,142	\$18,272	\$1,584	\$25,344	27.9%
Total	112		\$107,760		\$135,840	20.7%

Source: SC Housing, Novogradac Consulting LLP, April 2021

A. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Development Location: The Subject is located at 380 Southwood Park Drive, Hilton Head Island, Beaufort County, SC 29926.

Construction Type: The Subject consists of eight one and two-story, garden-style residential buildings. The buildings are wood-frame construction with stucco and board/bat wood siding.

Year Built: The Subject was originally built in 1980. According to the client, the Subject underwent several capital improvements in 2019 relating to a HUD REAC inspection, which resulted in elevated operating, repairs, and maintenance expenses. Capital improvements included the installation of new electrical panels (20 units), replacement of tubs, counter tops, and other fixtures, as well as new flooring and the replacement of HVAC units. Based on our physical inspection, the Subject exhibits average overall condition.

Occupancy Type: For SC Housing purposes, the tenancy is considered general population. The targeted tenancy is not age-restricted and will consist primarily of households ranging from one to five-persons.

Target Income Group: The Subject will continue to target income-qualified family households with one to five persons. As proposed, the annual household income levels for the Subject’s units will range from \$0 to \$52,860. Absent subsidy, income limits for the Subject’s units would hypothetically range from \$29,349 to \$52,860.

Special Population Target: None.

Number of Units by Unit Type: The Subject includes 16 studio units, 16 one-bedroom units, 64 two-bedroom units, and 16 three-bedroom units.

Number of Buildings and Stories: The Subject consists of eight one and two-story, garden-style residential buildings.

Unit Mix: The following table summarizes the Subject’s unit sizes.

UNIT MIX AND SQUARE FOOTAGE			
Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area (SF)
OBR / 1BA	16	467	7,472
1BR / 1BA	16	676	10,816
2BR / 1BA	64	832	53,248
3BR / 1.5BA	16	1,092	17,472
TOTAL	112		89,008

Structure Type/Design: The Subject consists of eight one and two-story, garden-style residential buildings. The buildings are wood-frame construction with stucco and board/bat wood siding.

Proposed Rents and Utility Allowance:

The following table details the Subject’s proposed rents, utility allowances, unit mix, and unit sizes. Post-renovation, all 112 units will be LIHTC restricted to families earning 60 percent of the AMI or below, and all units will continue to benefit from Section 8 subsidy. As such, tenants will continue to pay just 30 percent of their income towards rent, not to exceed the lesser of the LIHTC rents and contract rents.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2020 LIHTC Maximum Allowable Gross Rent	Proposed Net Contract Rent (2)
@60% (Section 8)							
OBR / 1BA	467	16	\$783	\$73	\$856	\$856	\$970
1BR / 1BA	676	16	\$842	\$75	\$917	\$917	\$1,125
2BR / 1BA	832	64	\$992	\$109	\$1,101	\$1,101	\$1,300
3BR / 1.5BA	1,092	16	\$1,142	\$130	\$1,272	\$1,272	\$1,650
		112					

(1) Utility allowances dictated by HUD. Based on current rent schedule, effective 4/1/2020
 (2) Proposed contract rents based on developer’s pro forma dated 3/19/2021

Utility Structure/Allowance:

The tenant is responsible for electric cooking, electric heating, electric water heating, and general electric expenses. The landlord is responsible for cold water, sewer, and trash expenses, as well as all common area utilities. The Subject’s utility allowances are dictated by HUD. There are no proposed changes to the tenant-paid utility structure post-renovation. The utility structure varies among the comparable properties; we have adjusted the comparable’ rents in accordance with the utility schedule obtained from the Beaufort Housing Authority, effective May 1, 2020, which is the most recent available.

Existing or Proposed Project-Based Rental Assistance:

All 112 units benefit from Section 8 subsidy; thus, tenants pay 30 percent of their income towards rent. All units will continue to benefit from Section 8 subsidy post-renovation.

Community Amenities

The Subject’s common area amenities include a central laundry facility, on-site management, and a playground. The comparables generally offer superior common area amenities relative to the Subject. These properties offer features including a business center/computer lab, community room, exercise facility, swimming pool, picnic area, and recreation area, all of which the Subject lacks. The differences in amenities have been accounted for in our determination of the Subject’s achievable rents.

Unit Amenities

The Subject’s in-unit amenities include blinds, carpet/vinyl flooring, central heating and air conditioning, and coat closets. Kitchen appliances include an oven/range and refrigerator. All of the comparables offer superior in-unit amenities relative to the Subject. These properties generally offer features including a patio/balcony, ceiling fan, walk-in closets, in-unit washer/dryers (or

hookups), dishwashers, and garbage disposals, all of which the Subject lacks. The differences in amenities have been accounted for in our determination of the Subject’s achievable rents.

Current Rents & Unit Mix:

According to the rent roll dated December 29, 2020 (most recent available), the Subject is currently 100 percent occupied. Further, the Subject’s historical financials indicated vacancy and collection loss between 0.5 and 5.3 percent between 2017 and 2019. The following table summarizes current tenant-paid rents at the Subject.

CURRENT TENANT-PAID RENTS

Unit Type	Unit Size (SF)	Number of Units	Occupied Units	Current Contract/LIHTC Rents	Minimum Tenant-Paid Rent	Maximum Tenant-Paid Rent	Average Tenant-Paid Rent
Section 8							
0BR / 1BA	467	16	16	\$806	\$0	\$691	\$346
1BR / 1BA	676	16	16	\$833	\$0	\$652	\$326
2BR / 1BA	832	64	64	\$1,000	\$0	\$1,000	\$500
3BR / 1.5BA	1,092	16	16	1,223	\$0	\$846	\$432
Total		112	112				

Source: Rent Roll, dated December 29,2020

Scope of Renovations:

The total renovation hard costs are estimated to be approximately \$45,931 per unit. According to the relocation plan provided by the developer, renovations will occur with minimal disruption to tenants; however, residents may be temporarily relocated during the day. In the event that a unit will need extensive work, tenants may be relocated to a nearby hotel paid for by the developer. No tenants will be permanently displaced. The scope of renovations includes, but is not limited to:

- Parking and drives: full mill, overlay, and striping
- Jet all existing sanitary sewer lines from buildings to street
- Concrete repair and replace all steps, sidewalks, & curbs
- Make all accessible routes, ramps & handrails throughout compliant
- Add dumpster enclosures
- Site lighting
- Security cameras
- New signage package
- Landscape upgrades
- Replace playground
- Replace mailboxes & add overhead cover
- Upgrade leasing office
- ADA compliant community spaces
- Repair damaged railings in breezeways
- Replace and add additional exterior lighting
- Repair fence

- Paint exterior
- Repair masonry
- Replace vinyl siding
- Replace all exterior doors
- Upgrade kitchens to include flooring, painting, cabinets, and countertops
- New energy star appliance package refrigerator, microwave/rangehood combo, range
- Upgrade bathrooms to include flooring, painting, cabinets, & sinks
- Upgrade all fixtures and toilets to be low flow
- Upgrade to energy efficient lighting package
- Replace bathtub and shower surround
- Replace outdated ceiling fans and light fixtures
- Install new blinds
- Replace outlets and covers as needed

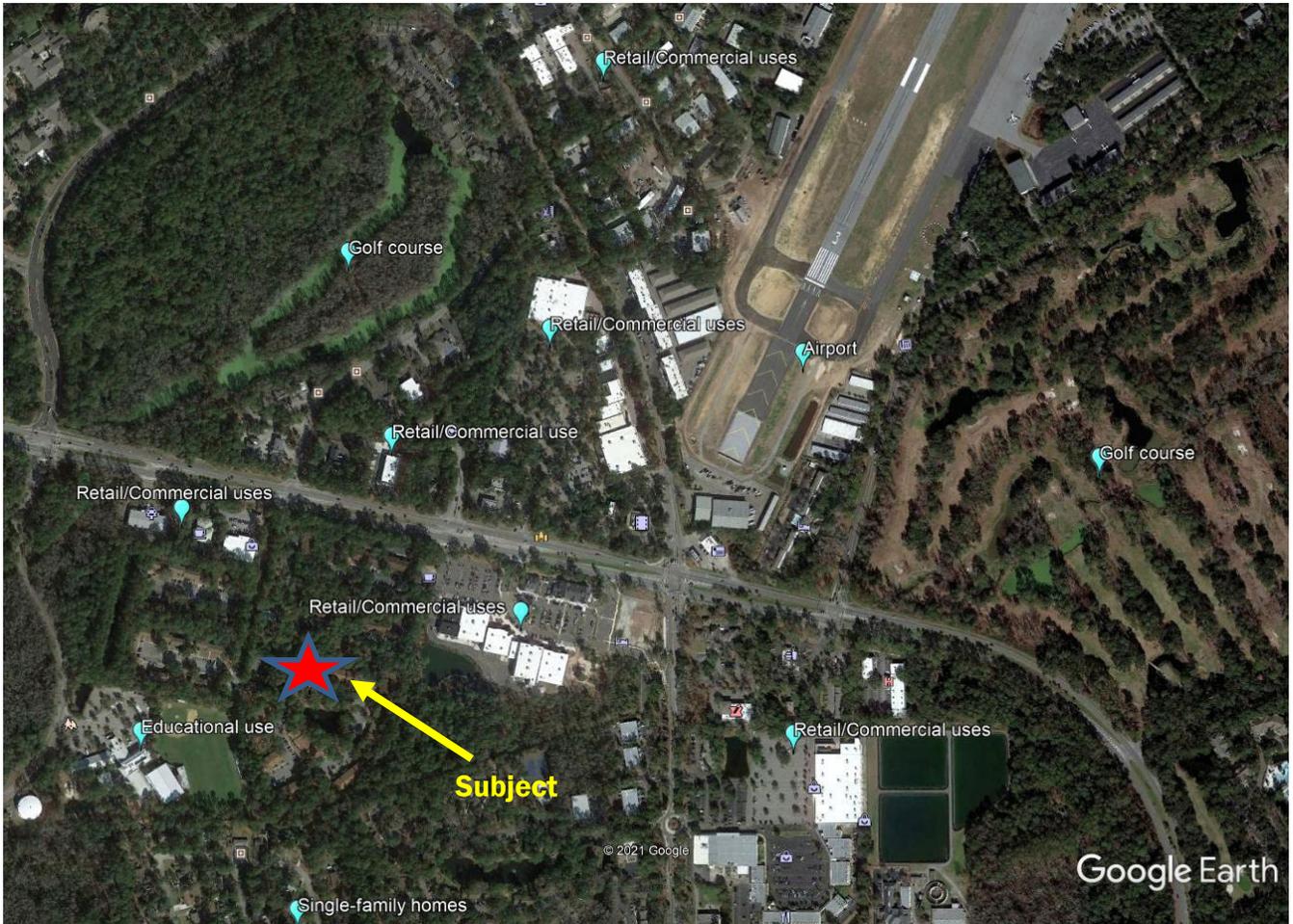
B. SITE DESCRIPTION

SITE DESCRIPTION

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety, and appeal of the project. The site description discusses the physical features of the site, as well as the layout, access issues, and traffic flow.

Date of Site Visit: January 7, 2021.

Surrounding Land Uses: The following map and pictures illustrate the surrounding land uses.



Source: Google Earth, April 2021

Physical Features of Site:

The Subject site is approximately 10.0 acres, or 435,600 square feet in size. The site is irregular in shape and is generally level. The site is improved with eight one and two-story garden-style residential buildings, along with a single-story community building, which were originally built in 1980. According to the Hilton Head Island Community Development Department, the Subject site is zoned RM-12 (Moderate to High Density Residential), which is designated for high density residential development.

Location/Surrounding Uses:

The Subject is located in a mixed-use neighborhood in the northeastern portion of Hilton Head Island. The neighborhood is

characterized by heavily wooded land, single-family homes, educational uses, commercial/retail uses, and Hilton Head Island Airport. Land use adjacent to the north of the Subject consists of The Oaks, a 114-unit multifamily property. This property was previously an affordable long-term rental property, but has been converted to a short-term rental property for vacationers. Land use to the south of the Subject consists of single-family homes in average to good condition. Land use to the west of the Subject consists of Hilton Head Christian Academy in good condition, as well as Sandalwood Terrace, a 145-unit Public Housing property in average condition. Sandalwood Terrace has not been utilized as a comparable due to its rent structure. Land use adjacent to the east of the Subject consists of commercial/retail uses in average to good condition.

The majority of commercial and retail amenities are concentrated to the north, northwest, and northeast of the Subject along William Hilton Parkway, including Starbucks, Jersey Mike's Subs, Dollar General, Shell Gasoline, CVS, and Home Goods, among others. During our inspection, commercial and retail uses appeared to be more than 95 percent occupied. According to Zillow, single-family homes in the Subject's neighborhood have recently sold between \$134,000 and \$235,000, and were built between 1975 and 1995. Overall, improvements in the Subject's neighborhood are in average condition. It should be noted that the Subject is located just 0.5 miles from Hilton Head Island Airport; however, we did not observe any noticeable disturbances during our site visit. Further, we do not believe this is a detrimental influence given the significant amount of commercial and retail development in the neighborhood, as well as the presence of other residential uses (both multifamily and single-family homes).

Photographs of Subject Site and Surrounding Uses



Subject's signage



Subject's exterior



Subject's exterior



Subject's exterior



Subject's exterior



Subject's exterior



Subject's exterior and typical off-street parking



Bike Rack



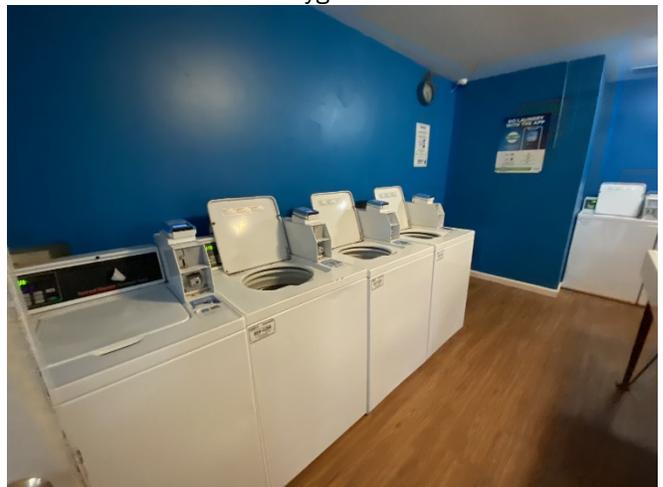
Playground



Playground



Office/laundry building



Central laundry facility



Central laundry facility



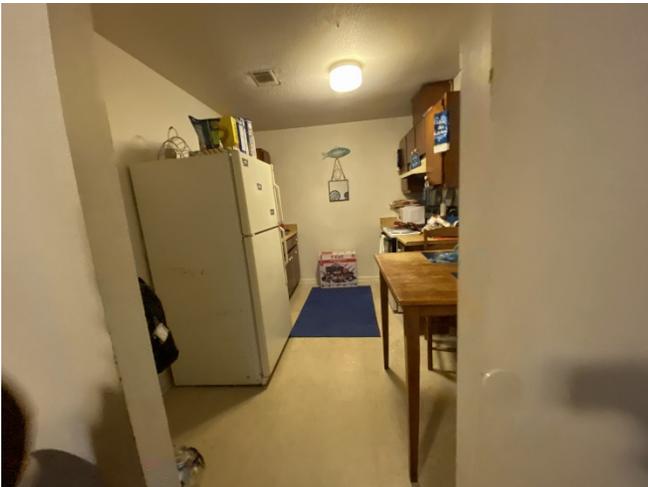
Mailboxes



Typical studio living area



Typical studio living area



Typical kitchen



Typical kitchen



Typical dining area



Typical bathroom



Typical bathroom



Typical closet



Typical living room



Typical living room



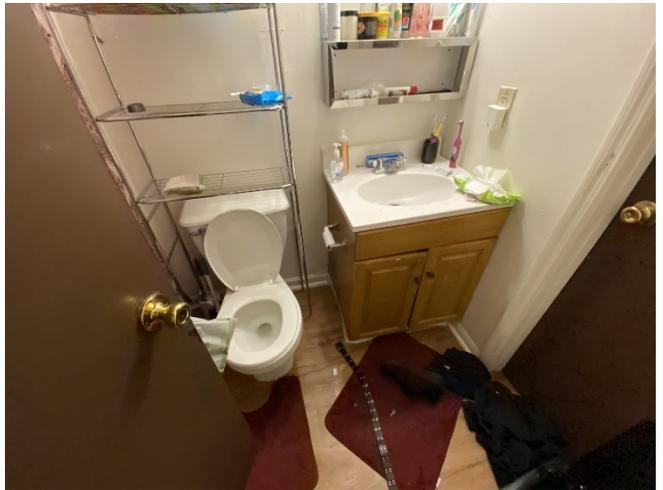
Typical kitchen



Typical kitchen



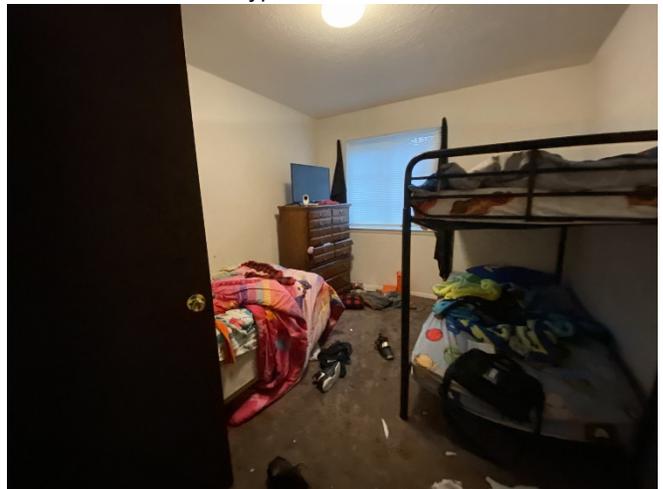
Typical dining area



Typical bathroom



Typical bathroom



Typical bedroom



Typical bedroom



Typical bedroom closet



Typical living room



Typical kitchen



Typical bathroom



Typical bathroom



Typical bedroom



Typical bedroom



Typical bedroom



Typical bedroom



Typical retail/commercial use north of Subject



Typical retail/commercial use north of Subject



Typical retail/commercial use east of Subject



Typical retail/commercial use east of Subject



Typical retail/commercial use east of Subject



Typical retail/commercial use north of Subject



The Oaks Apartments immediately north of Subject
(Excluded)



Hotel east of the Subject

Visibility/Views:

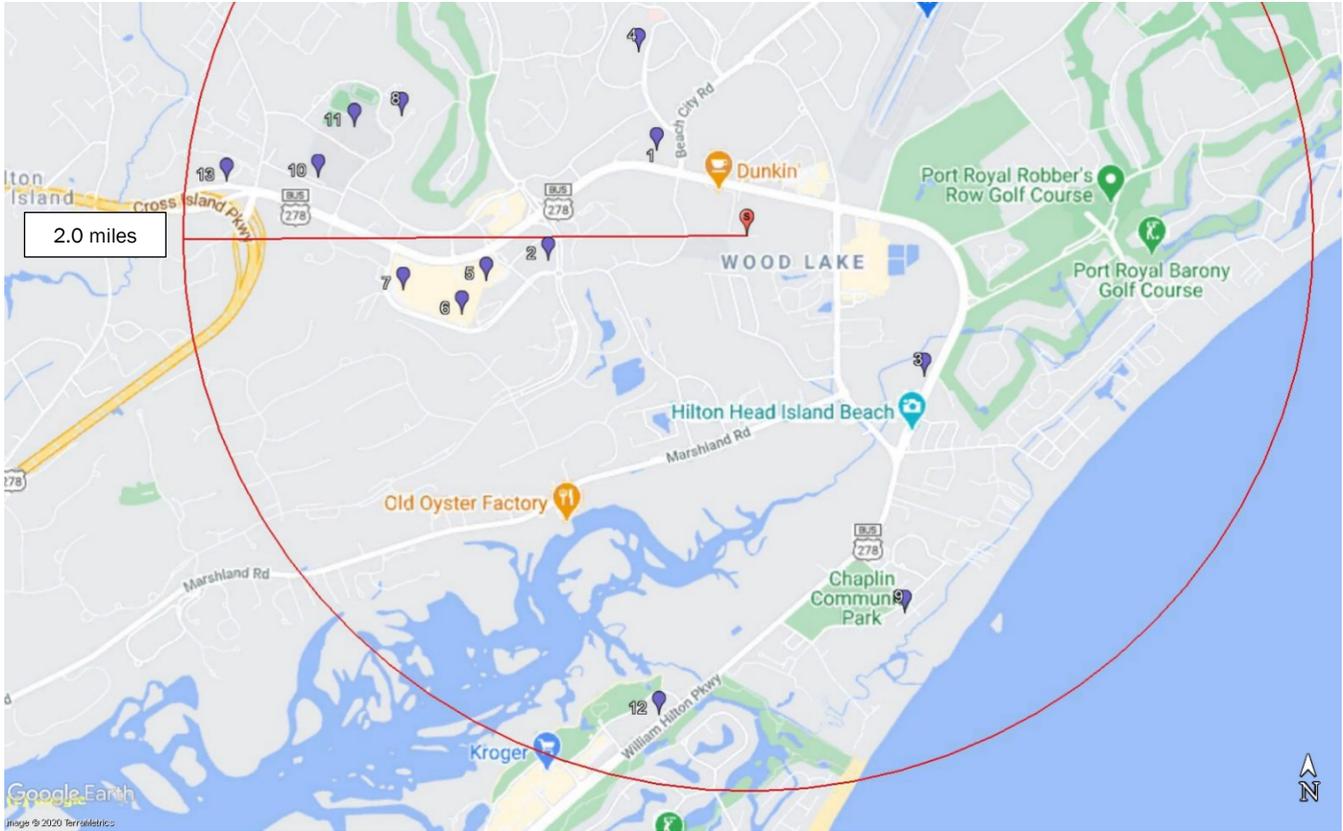
The Subject has limited visibility from Southwood Park Drive. Views in all directions primarily consist of heavily wooded land. To the north, there is limited visibility of The Oaks, a 114-unit multifamily property in average condition that was recently converted to a short-term rental property. To the west, there is limited visibility of Sandalwood Terrace, a 145-unit Public Housing development in average condition, as well as Hilton Head Christian Academy in good condition. Overall, visibility and views are considered average/typical.

Detrimental Influence:

The Subject is located just 0.5 miles from Hilton Head Island Airport; however, we did not observe any noticeable disturbances during our site visit. Further, we do not believe this is a detrimental influence given the significant amount of commercial and retail development in the neighborhood, as well as the presence of other residential uses (both multifamily and single-family homes).

Proximity to Local Services:

The Subject is located in reasonable proximity to local services including medical services and retail. The following table details the Subject's distance from key locational amenities. A *Locational Amenities Map* and table is following.



LOCATIONAL AMENITIES

Map #	Service or Amenity	Distance from Subject
1	Hilton Head Public Library	0.5 miles
2	SunTrust Bank	0.7 miles
3	Hilton Head Fire and Rescue	0.8 miles
4	Hilton Head Hospital	0.8 miles
5	Walgreens	0.9 miles
6	Publix	1.0 miles
7	Walmart	1.2 miles
8	Hilton Head Middle School	1.3 miles
9	Chaplin Community Park	1.4 miles
10	Hilton Head Elementary School	1.5 miles
11	Hilton Head High School	1.5 miles
12	Beaufort County Sheriff's Office	1.7 miles

Availability of Public Transportation:

Palmetto Breeze provides public transportation throughout Beaufort County and the Lowcountry area. However, the nearest bus routes end in Bluffton and do not travel onto the island. Fixed-route fares range from \$2.50 to \$4.00 one-way depending on the distance of the trip. Weekly or monthly tickets are available with discounts of 10 percent. Fares for the demand response routes range from \$3.75 to \$14.00 one-way depending on the distance of the trip.

Road/Infrastructure Proposed Improvements:

We witnessed no current road improvements within the Subject's immediate neighborhood.

Crime Rates:

The following table illustrates crime statistics in the Subject’s PMA compared to the MSA. Any number above 100 is above average compared to the national crime index, while any number below 100 indicates lower than average crime.

2020 CRIME INDICES

	PMA	MSA
Total Crime*	186	173
Personal Crime*	161	166
Murder	114	152
Rape	197	169
Robbery	70	103
Assault	202	196
Property Crime*	190	174
Burglary	171	173
Larceny	207	183
Motor Vehicle Theft	98	105

Source: Esri Demographics 2020, Novogradac Consulting LLP, November 2020

*Unweighted aggregations

Total crime indices in the PMA and MSA are modestly elevated relative to the national averages. The Subject offers video surveillance as a security features, which is superior to the majority of the comparables. According to conversations with Subject management, crime has not been an issue at the Subject site in the past.

Access and Traffic Flow:

The Subject is accessible via Southwood Park Drive, a lightly trafficked, two-lane neighborhood street that generally traverses north/south. Southwood Park Drive provides access to William Hilton Parkway, approximately 0.2 miles north of the Subject. William Hilton Parkway is a four-lane arterial business loop of US-278 stretching 1.2 miles on the east side of Hilton Head Island. The loop provides access to US-278, approximately 2.0 miles west of the Subject. US-278 is the only access point to Hilton Head Island and provides the island with connectivity to Augusta, GA (110 miles to the northwest) and Atlanta, GA (240 miles to the northwest), as well as Interstate 95 (21.5 miles to the northwest). Overall, access is fair, and traffic flow in the Subject’s immediate area is considered light to moderate.

Positive/Negative Attributes:

The Subject has good access to area retail and community services on Hilton Head Island, most of which are within two miles of the Subject site. The Subject is considered to be in an adequate location for an affordable multifamily development.

C. MARKET AREA

PRIMARY MARKET AREA

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

The Subject is located in the central portion of Hilton Head Island, South Carolina. Hilton Head Island is located at the far southern end of South Carolina and is part of the Hilton Head-Bluffton-Beaufort, SC Metropolitan Statistical Area, which is comprised of Beaufort and Jasper Counties. According to the 2010 Census, Hilton Head Island had a year-round population of 37,099 in 2010, with the seasonal summer population swelling to over 150,000. The PMA for the Subject covers approximately 264 square miles, with a significant portion consisting of uninhabitable marshland. The PMA consists of the towns of Hilton Head Island and Bluffton, as well as portions of the communities of Parris Island, Brighton Beach, and Pritchardville. The boundaries of the PMA are defined as Port Royal and Laurel Bay to the north, the Atlantic Ocean to the east, and the Georgia state border to the south and west. Given the natural boundaries, as well as the Georgia state border, we anticipate that the vast majority of the Subject’s tenants will come from within the boundaries of the PMA. We confirmed the PMA with property managers in the area, including the Subject’s property manager. Approximate distances to the farthest boundaries of the PMA in each direction are as follows:

- North: 17.2 miles
- East: 2.4 miles
- South: 14.3 miles
- West: 17.9 miles

The PMA includes all or part of the following census tracts:

CENSUS TRACTS IN PMA		
45013011100	45013001104	45053950203
45013000300	45013002106	45013002102
45013010200	45013002101	45013011000
45013011300	45013011200	45013010700
45013002202	45013000503	45013001000
45013002110	45013990100	45053950302
45013002103	45053950301	45053950201
45013002107	45013002109	45013002201
45013002108	45013002105	45013010500
45013010300	45013000501	45013010100
45013010600	45013010400	45013000903
45013010800	45013010900	-

The primary market area has been identified based upon conversations with management at market rate and LIHTC properties in the area as well as other market participants in addition to demographic characteristics of census tracts within the area. Although we believe that neighborhood characteristics and geographic/infrastructure barriers are typically the best indicators of PMA boundaries, we have also examined demographic characteristics of census tracts in and around the Hilton Head Island area in an effort to better identify the Subject’s PMA. It is important to note however that we do not base our PMA determinations on census tract information alone as these boundaries are rarely known to the average person. The secondary market area (SMA) for the Subject is considered to be the Hilton Head-Bluffton-Beaufort, SC Metropolitan Statistical Area (MSA), which consists of Beaufort and Jasper Counties.

As per South Carolina State Housing Finance and Development Authority (SC Housing) guidelines, we have provided a table that illustrates the racial characteristics of the PMA, as well as data for the MSA and nation.

2010 POPULATION BY RACE

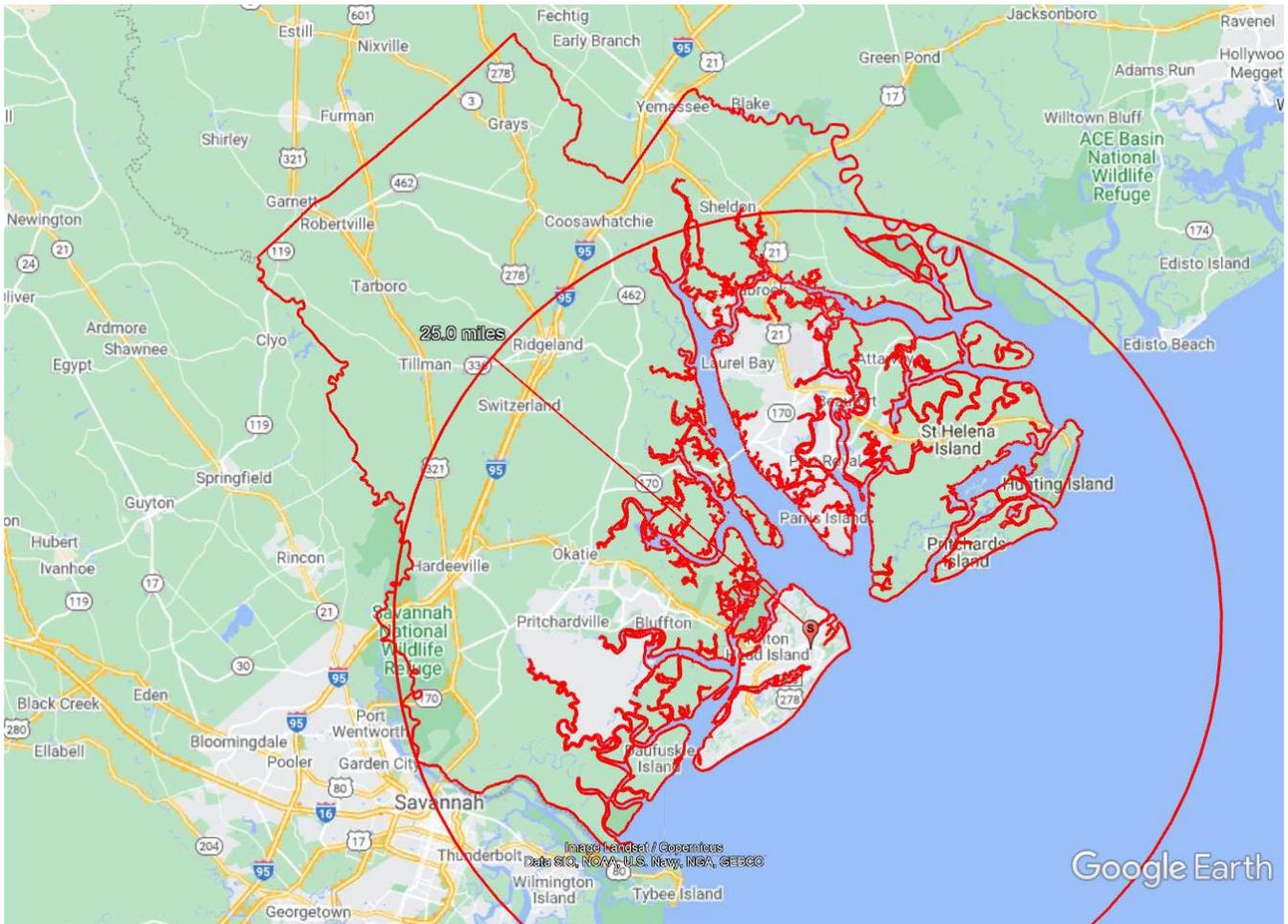
		PMA		MSA		USA	
Total		82,988	-	186,863	-	308,745,538	-
	White	65,908	79.4%	127,137	68.0%	223,553,265	72.4%
	Black	7,535	9.1%	42,691	22.8%	38,929,319	12.6%
	American Indian	203	0.2%	603	0.3%	2,932,248	0.9%
	Asian	989	1.2%	2,064	1.1%	14,674,252	4.8%
	Pacific	40	0.0%	132	0.1%	540,013	0.2%
	Other	6,679	8.0%	10,552	5.6%	19,107,368	6.2%
	Two or More Races	1,634	2.0%	3,684	2.0%	9,009,073	2.9%
Total Hispanic		14,506	-	23,299	-	50,477,594	-
	Hispanic: White	6,895	47.5%	10,715	46.0%	26,735,713	53.0%
	Hispanic: Black	282	1.9%	731	3.1%	1,243,471	2.5%
	Hispanic: American Indian	82	0.6%	216	0.9%	685,150	1.4%
	Hispanic: Asian	41	0.3%	74	0.3%	209,128	0.4%
	Hispanic: Pacific	25	0.2%	49	0.2%	58,437	0.1%
	Hispanic: Other	6,567	45.3%	10,314	44.3%	18,503,103	36.7%
	Hispanic: Two or More Races	614	4.2%	1,199	5.1%	3,042,592	6.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, April 2021

Per specific SC Housing guidelines, we have not accounted for leakage and have assumed 100 percent of demand will come from within the PMA boundaries.

The following maps outline the PMA and MSA, and identifies the census tracts included within the PMA boundaries.

Secondary Market Area Map



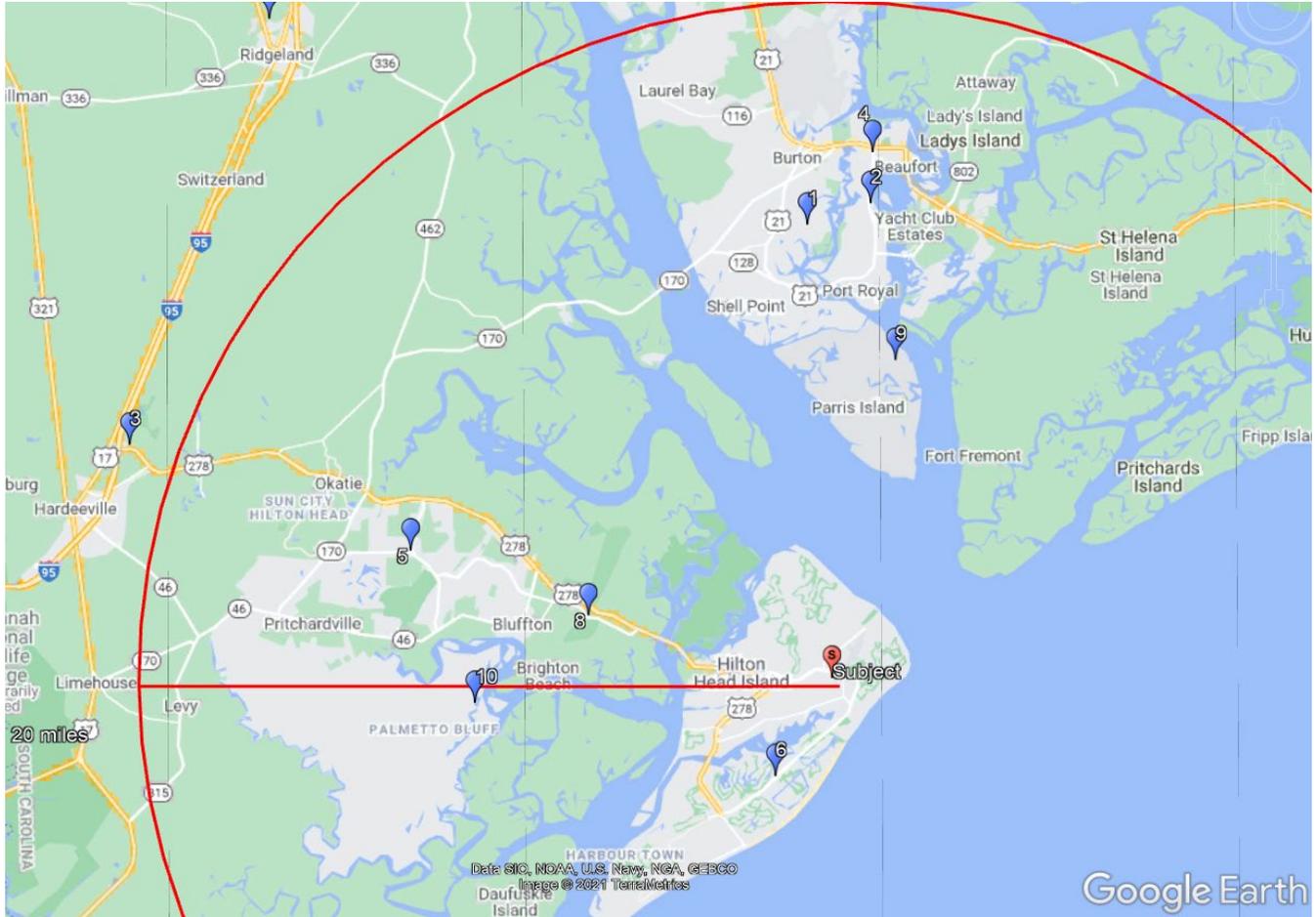
Source: Google Earth, April 2021

D. MARKET AREA ECONOMY

MARKET AREA ECONOMY

Map of Employment Centers

The following map illustrates the Subject's location compared to major employment centers in the surrounding areas.



Source: Google Earth, April 2021

MAJOR EMPLOYERS – BEAUFORT COUNTY, SC

Map #	Employer	Industry
1	Beaufort County School District	Educational Services
2	Beaufort Memorial Hospital	Healthcare/Social Assistance
3	Coastal Carolina Medical Center Inc.	Healthcare/Social Assistance
4	County of Beaufort	Public Administration
5	eviCore Healthcare	Healthcare/Social Assistance
6	Hargray Communications Group	Telecommunications
7	Jasper County Board of Disabilities	Public Administration
8	Lowe's Home Centers	Retail
9	Marine Corp Community Services	Federal Government
10	Montage Palmetto Bluff	Hospitality

Source: South Carolina Department of Employment & Workforce, retrieved March 2021.

Employment by Industry

The following table illustrates employment by industry for the PMA as of 2020.

2020 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	5,973	12.7%	22,313,586	15.1%
Construction	5,142	10.9%	10,829,187	7.4%
Retail Trade	4,923	10.4%	14,356,334	9.7%
Accommodation/Food Services	4,731	10.0%	8,202,612	5.6%
Prof/Scientific/Tech Services	4,006	8.5%	12,049,828	8.2%
Educational Services	3,428	7.3%	14,320,448	9.7%
Real Estate/Rental/Leasing	3,315	7.0%	3,082,197	2.1%
Admin/Support/Waste Mgmt Svcs	2,812	6.0%	5,786,624	3.9%
Other Services	2,531	5.4%	6,772,309	4.6%
Manufacturing	2,338	5.0%	15,550,554	10.6%
Public Administration	1,763	3.7%	7,071,492	4.8%
Arts/Entertainment/Recreation	1,642	3.5%	2,329,497	1.6%
Finance/Insurance	1,456	3.1%	7,169,665	4.9%
Transportation/Warehousing	1,241	2.6%	6,959,787	4.7%
Information	759	1.6%	2,723,217	1.8%
Wholesale Trade	515	1.1%	3,744,789	2.5%
Agric/Forestry/Fishing/Hunting	267	0.6%	1,852,333	1.3%
Utilities	229	0.5%	1,274,383	0.9%
Mgmt of Companies/Enterprises	90	0.2%	210,175	0.1%
Mining	42	0.1%	729,605	0.5%
Total Employment	47,203	100.0%	147,328,622	100.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

Employment in the PMA is concentrated in the healthcare/social assistance, construction, and retail trade industries, which collectively comprise 34.0 percent of local employment. The large share of PMA employment in accommodation/food services and retail trade is notable as both industries are historically volatile, are also most vulnerable to COVID-19 related restrictions and shutdowns, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the accommodation/food services, public administration, and construction industries. Conversely, the PMA is underrepresented in the manufacturing, finance/insurance, and professional/scientific/technology services industries.

The following table illustrates the changes in employment by industry from 2000 to 2020, in the Subject's PMA.

2000-2020 CHANGE IN EMPLOYMENT - PMA

Industry	2000		2020		2000-2020	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent Change
Agric/Forestry/Fishing/Hunting	468	0.9%	740	0.8%	14	2.9%
Mining	21	0.0%	42	0.0%	1	5.0%
Construction	7,247	13.7%	10,599	11.3%	168	2.3%
Manufacturing	3,674	6.9%	4,405	4.7%	37	1.0%
Wholesale Trade	1,316	2.5%	1,011	1.1%	-15	-1.2%
Retail Trade	6,849	12.9%	11,209	12.0%	218	3.2%
Transportation/Warehousing	1,426	2.7%	2,904	3.1%	74	5.2%
Utilities	588	1.1%	847	0.9%	13	2.2%
Information	1,429	2.7%	1,349	1.4%	-4	-0.3%
Finance/Insurance	1,789	3.4%	2,642	2.8%	43	2.4%
Real Estate/Rental/Leasing	2,210	4.2%	4,359	4.7%	107	4.9%
Prof/Scientific/Tech Services	2,618	4.9%	6,517	7.0%	195	7.4%
Mgmt of Companies/Enterprises	6	0.0%	102	0.1%	5	80.0%
Admin/Support/Waste Mgmt Svcs	2,151	4.1%	5,360	5.7%	160	7.5%
Educational Services	4,021	7.6%	6,997	7.5%	149	3.7%
Healthcare/Social Assistance	4,857	9.2%	13,282	14.2%	421	8.7%
Arts/Entertainment/Recreation	2,111	4.0%	2,510	2.7%	20	0.9%
Accommodation/Food Services	5,048	9.5%	9,051	9.7%	200	4.0%
Other Services	2,364	4.5%	4,713	5.0%	117	5.0%
Public Administration	2,888	5.4%	5,003	5.3%	106	3.7%
Total Employment	53,081	100.0%	93,642	100.0%	2,028	3.8%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

*Industry data current as of 2000. Other projections current as of 2020.

* Change in percentage is calculated as a rate of change by industry.

Total employment in the PMA increased at an annualized rate of 3.8 percent between 2000 and 2020. The industries which expanded most substantially during this period in terms of number of jobs include healthcare/social assistance, retail trade, accommodation/food services, and professional/scientific/technology services. Conversely, the wholesale trade and information sectors experienced minor contractions. Overall, we view the rise in healthcare-related employment as a positive aspect of the local economy.

Major Employers

The table below shows the largest employers in Beaufort County.

MAJOR EMPLOYERS – BEAUFORT COUNTY, SC

Employer	Industry	# of Employees
Beaufort County School District	Educational Services	2,300
Beaufort Memorial Hospital	Healthcare/Social Assistance	1,600
County of Beaufort	Public Administration	1,300
Hargray Communications Group Inc.	Prof/Scientific/Tech Services	885
Marine Corps Community Services	Healthcare/Social Assistance	624
The Greenery Inc.	Other Services	650
Wal-Mart Associates Inc.	Retail Trade	400
University of South Carolina	Educational Services	389
Technical College of the Lowcountry	Educational Services	308
Publix Super Markets Inc.	Retail Trade	150
Lowes Home Centers Inc.	Retail Trade	100

Source: Beaufort Chamber of Commerce, April 2021

The largest employer in Beaufort County is the Beaufort County School District, employing over 2,000. The largest employers in Beaufort County are concentrated in the educational services, healthcare/social assistance, public administration, professional/scientific/technology services, other services, and retail trade sectors. The concentration of employment in the healthcare/social assistance and public administration sectors is notable, as these sectors are historically known to exhibit greater stability during recessionary periods. We believe that the diverse industries represented by major employers provide stability to the local economy.

Expansions/Contractions

We consulted the Town of Hilton Head Island, the City of Beaufort Economic Development Department, and the Beaufort County Economic Development Corporation for information on recent business expansions in the area. Further, we conducted internet research on business developments in the area. This information regarding expansions is detailed below.

- According to an article by WJCL 22, StoneWorks, Inc., an interior craftsmanship company, announced in January 2020, that they would be expanding their operations in Beaufort County. As part of this expansion, the company will be relocating to a 37,000-square-foot facility located off of Robert Smalls Parkway in Port Royal. The investment will cost \$3.2-million and will create approximately 21 new jobs. The expansion was completed in Spring 2020.
- Salt Marsh Brewing, located on 11th Street in Port Royal, opened in 2020. The brewery includes an 11,000-square-foot warehouse, as well as a 7,000-square-foot outdoor dock, and represents a \$4.4-million investment. The opening created approximately 70 jobs.
- In fall 2020, Burnt Church Distillery opened a 20,000-square-foot distillery in Bluffton, which includes a 7,000-square-foot space for tastings, events, merchandise and displays of historical research. The site also includes a 5,000-square-foot rack house for the storage of aging whiskey barrels. The facility represents a \$7.7 million investment and created approximately 27 jobs.

WARN Notices

The following table illustrates the contractions to the economy of Beaufort County provided by the South Carolina Department of Employment and Workforce between 2017 and 2021 year-to-date (YTD).

**WARN LISTINGS
BEAUFORT COUNTY: JANUARY 2017 – 2021 YTD**

Company	Location	Industry	Employees Affected	Layoff Date
Beach House Resort	Hilton Head Island	Entertainment	57	3/23/2020
HGC Port Royal LLC	Hilton Head Island	Entertainment	31	3/25/2020
HGC Shipyard LLC	Hilton Head Island	Entertainment	25	3/25/2020
HGC Oyster Reef	Hilton Head Island	Entertainment	17	3/25/2020
Spectrum Pharmaceuticals	Bluffton	Manufacturing	1	4/12/2019
Total			131	

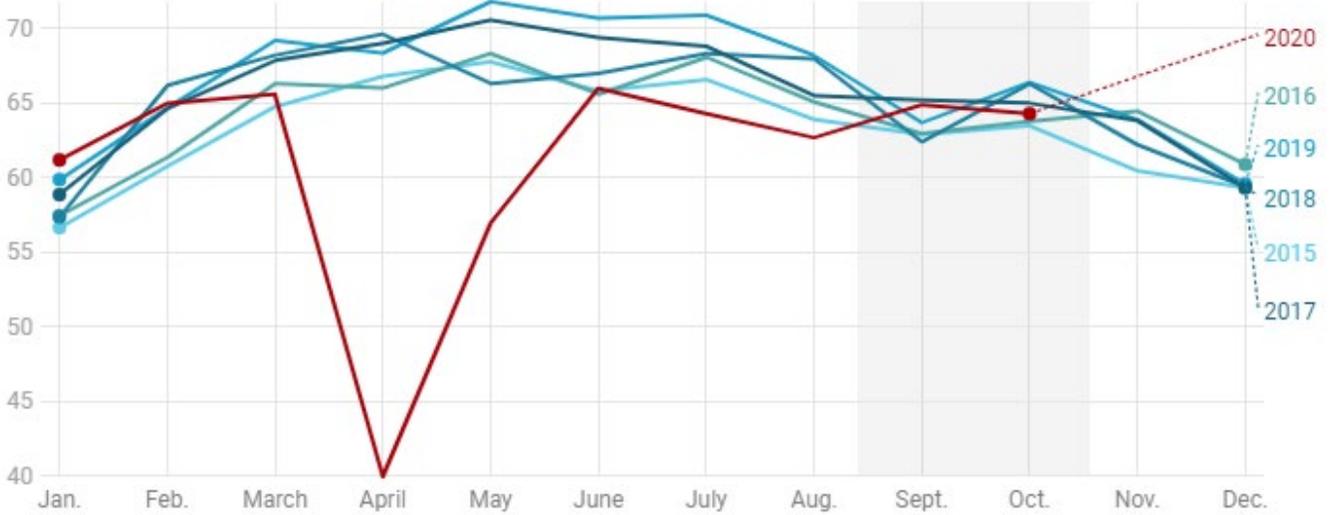
Source: South Carolina Works, March 2021

As shown, there were no layoffs reported in 2017 or 2018, and there was just one notice filed in 2019, affecting just one employee. However, there were four listings filed in March 2020 at the onset of the pandemic, affecting 130 employees. All of the 2020 layoffs were within the entertainment industry.

Tourism and The Impact of COVID-19

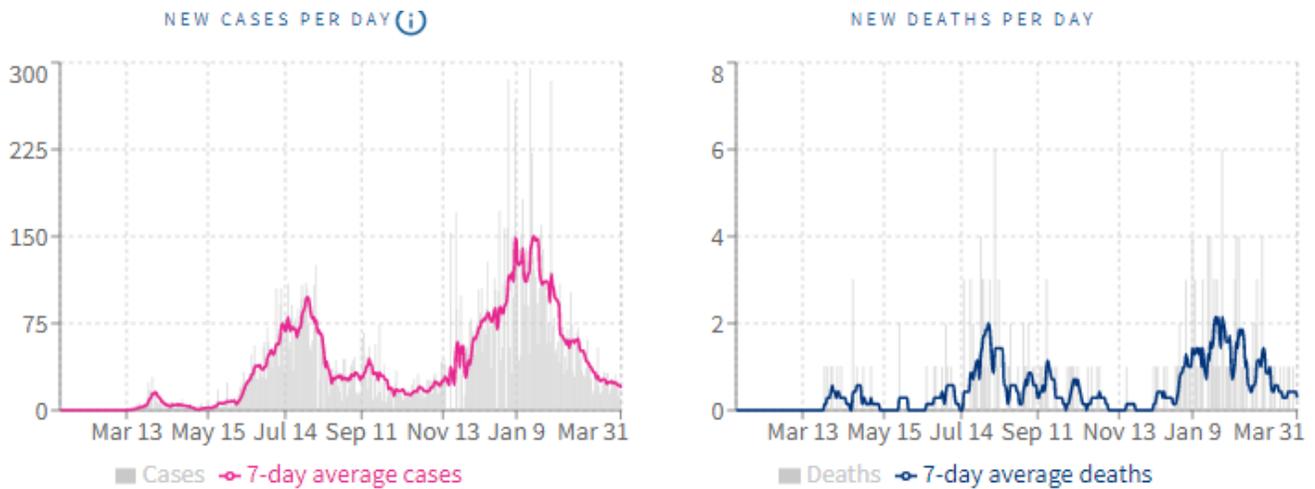
Hilton Head Island and Beaufort County are heavily reliant on the tourism industry, which brings over two million visitors annually. According to the Economic and Fiscal Impact Analysis report dated March 5, 2020 (most recent available), there were 2,684,328 visitations to the island in 2019, which was 50,000 greater than 2018. Further, the total economic impact on Beaufort County from tourist spending in 2019 was approximately \$1.5 billion, which directly and indirectly supports approximately 16,654 jobs countywide.

However, COVID-19 has significantly impacted tourism, as regulations have caused temporary closures and occupancy restrictions for restaurants and retail shops. In addition, several large events have been cancelled or have continued without crowds, including the PGA’s RBC Heritage golf tournament, which has a \$102 million footprint statewide and attracts around 140,000 visitors yearly. According to the Office of Tourism Analysis at College of Charleston, the total estimated economic loss resulting from the tourism decline was \$310 million in Beaufort County from March 8 to July 11. However, in the month of July, Hilton Head Island’s short-term rentals experienced occupancy rates of 72 percent, and the overall occupancy rate for short and long-term rentals was 90.1 percent according to the Hilton Head Island Chamber of Commerce. Both rates were similar to July 2019 figures. Further, July’s occupancy rate for island rentals through Airbnb and VRBO were 22 percent above the national average, and the island was ranked as one of the top performing Airbnb destinations over Labor Day Weekend. The following chart details the traffic counts on Hilton Head Island bridges from January 2020 through October 2020, with projections through December. Data beyond this point in time was not available.



As shown, traffic took a significant hit in April 2020, at the onset of the COVID-19 pandemic. However, it appears as though the island recovered quickly and is experiencing traffic at similar levels to prior years.

As of April 2, 2021, Beaufort County has 16,253 reported cases of COVID-19, with a seven-day average of 19 cases. According to the South Carolina Department of Health and Environmental Control (S.C. DHEC) over two million doses of the COVID-19 vaccine have been given statewide, and everyone over the age of 16 is now eligible. As shown in the following charts, the number of new cases per day has declined significantly since January.



Source: USAFacts, retrieved 4/2/2021

Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA from 2005 to January 2021.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2005	67,821	-	5.3%	-	141,730,000	-	5.1%	-
2006	70,533	4.0%	5.1%	-0.2%	144,427,000	1.9%	4.6%	-0.5%
2007	71,381	1.2%	4.7%	-0.4%	146,047,000	1.1%	4.6%	0.0%
2008	70,035	-1.9%	5.8%	1.1%	145,363,000	-0.5%	5.8%	1.2%
2009	66,752	-4.7%	9.1%	3.3%	139,878,000	-3.8%	9.3%	3.5%
2010	69,507	4.1%	8.9%	-0.2%	139,064,000	-0.6%	9.6%	0.3%
2011	69,681	0.2%	8.9%	0.0%	139,869,000	0.6%	9.0%	-0.7%
2012	70,972	1.9%	7.7%	-1.2%	142,469,000	1.9%	8.1%	-0.9%
2013	73,351	3.4%	6.5%	-1.2%	143,929,000	1.0%	7.4%	-0.7%
2014	76,238	3.9%	5.7%	-0.8%	146,305,000	1.7%	6.2%	-1.2%
2015	79,072	3.7%	5.4%	-0.3%	148,833,000	1.7%	5.3%	-0.9%
2016	80,639	2.0%	4.8%	-0.7%	151,436,000	1.7%	4.9%	-0.4%
2017	82,936	2.8%	4.0%	-0.7%	153,337,000	1.3%	4.4%	-0.5%
2018	85,766	3.4%	3.2%	-0.8%	155,761,000	1.6%	3.9%	-0.4%
2019	88,160	2.8%	2.6%	-0.6%	157,538,000	1.1%	3.7%	-0.2%
2020	87,194	-1.1%	5.4%	2.8%	147,795,000	-6.2%	8.1%	4.4%
2021 YTD Average*	84,393	-3.2%	4.6%	-0.8%	148,952,500	0.8%	6.7%	-1.4%
Jan-2020	88,705	-	2.6%	-	156,994,000	-	4.0%	-
Jan-2021	84,393	-4.9%	4.6%	2.0%	148,383,000	-5.5%	6.8%	2.8%

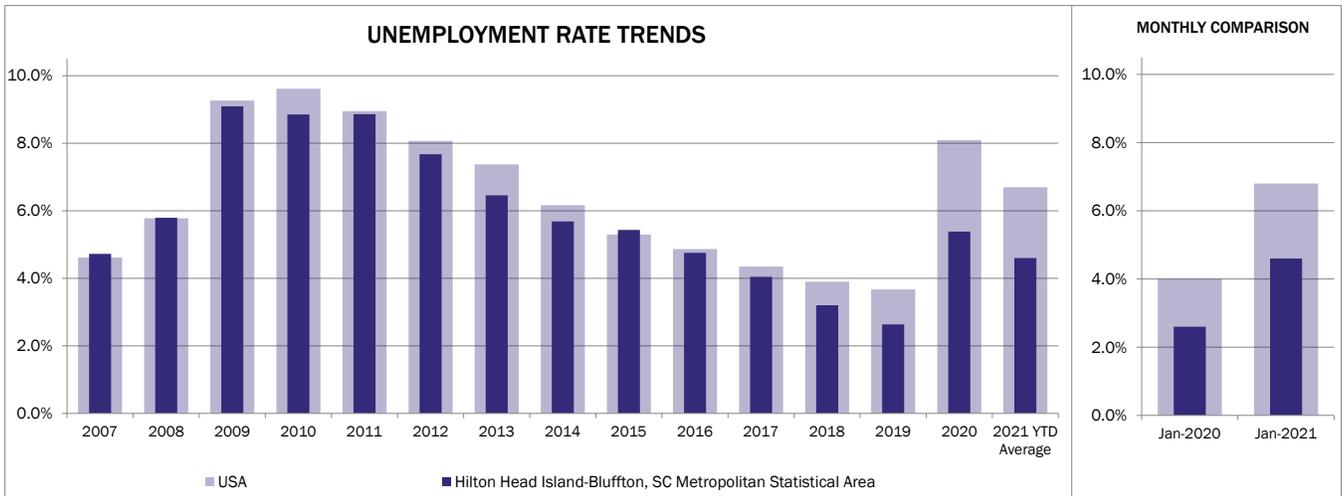
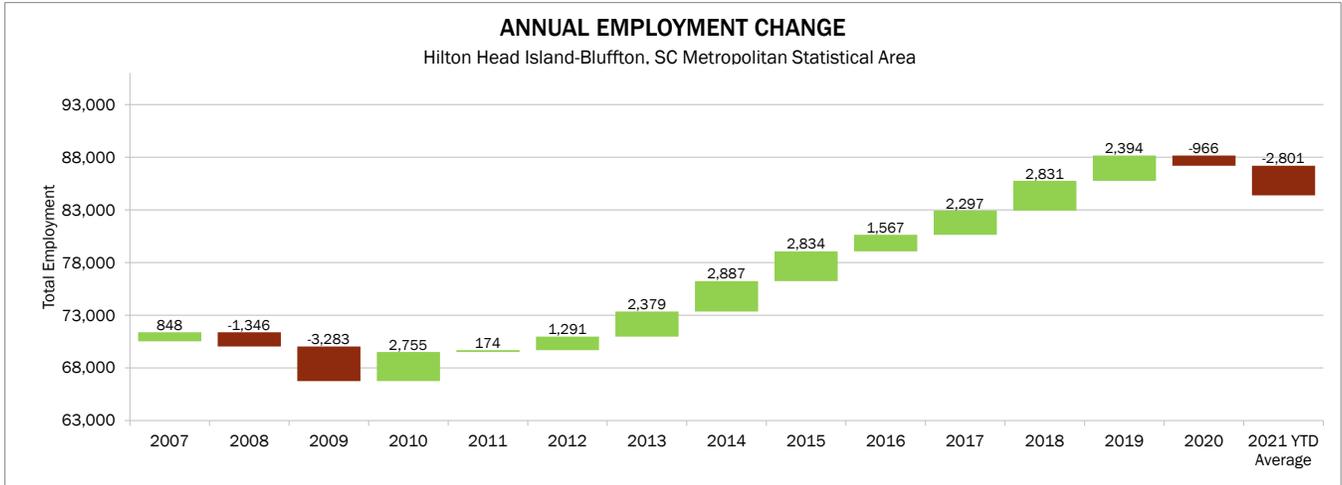
Source: U.S. Bureau of Labor Statistics, March 2021

*2021 data is through January

As shown, total employment in the MSA increased every year between 2010 and 2019. During this time, average annual employment growth in the MSA was 2.8 percent, compared to 1.2 percent nationwide. Employment declined slightly over 2019 levels as a result of the pandemic. Nonetheless, the economic fallout from COVID-19 appears to have affected the local economy to a slightly lesser degree than the nation. Between January 2020 and January 2021, total employment in the MSA decreased 4.9 percent, compared to a 5.5 percent decrease nationwide.

The MSA has also experienced a lower unemployment rate relative to the nation in all but one year since 2010. Unemployment in the MSA reached a historical low of 2.6 percent in 2019, compared to the national unemployment rate of 3.7 percent, which was also a historical low. In terms of unemployment, the local economy has fared well relative to the overall nation. According to the most recent labor statistics, the MSA unemployment rate as of January 2021 is 4.6 percent, below the national unemployment rate of 6.8 percent. Further, the MSA experienced a 2.0 percentage point increase in unemployment rate between January 2020 and January 2021, less than the 2.8 percentage point increase nationally. Overall, the local economy has shown resiliency during the COVID-19 pandemic and appears to be relatively well positioned for recovery.

The following tables provide more illustration of the changes in employment and unemployment rate trends in the MSA.



Housing and Economy

There are eight LIHTC and one Public Housing property in the Subject’s PMA, in addition to the Subject. Given the very low vacancy rates and presence of waiting lists among the LIHTC comparables, the availability of housing for low income renters is considered limited.

As noted prior, as of January 2021, the unemployment rate in the MSA is 4.6 percent, which is lower than the current national unemployment rate of 6.8 percent. The current recession caused by COVID-19 could lead residents of Hilton Head Island to consider more affordable housing options, such as the Subject.

According to Zillow, the median home value of Hilton Head Island is \$480,191, up 9.5 percent from last year. Further, the single-family home market is a seller’s market according to Realtor.com, indicating there are more people looking to buy than to sell.

According to RealtyTrac’s February 2021 estimates, Beaufort County experienced a foreclosure rate of one in every 4,916 housing units. The state of South Carolina had a foreclosure rate of one in every 8,350 housing units. Data for Hilton Head Island was not available.

Commuting Patterns

The following table details travel time to work for residents within the PMA.

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	1,396	3.6%
Travel Time 5-9 min	5,028	12.8%
Travel Time 10-14 min	6,625	16.9%
Travel Time 15-19 min	6,945	17.7%
Travel Time 20-24 min	5,887	15.0%
Travel Time 25-29 min	2,293	5.8%
Travel Time 30-34 min	5,310	13.5%
Travel Time 35-39 min	562	1.4%
Travel Time 40-44 min	1,226	3.1%
Travel Time 45-59 min	2,299	5.9%
Travel Time 60-89 min	1,043	2.7%
Travel Time 90+ min	598	1.5%

Source: US Census 2020, Novogradac Consulting LLP, March 2021

The highest percentage of commuters travel between 15 and 19 minutes. Further, approximately 66.0 percent of households within the PMA have commute times of less than 25 minutes, indicating that most households work in the local area.

Conclusion

Employment in the PMA is concentrated in the healthcare/social assistance, construction, and retail trade industries, which collectively comprise 34.0 percent of local employment. The large share of PMA employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Hilton Head Island and Beaufort County are also heavily reliant on the tourism, which brings over two million visitors annually, and directly and indirectly effects over 16,000 jobs countywide. Historically, MSA is an area of economic growth, experiencing increases in total employment every year between 2010 and 2019. During this time, the unemployment rate in the MSA has also declined every year. In terms of employment and unemployment, the MSA has shown resilience and has performed relatively well compared to the nation. According to the most recent labor statistics, the MSA unemployment rate is 4.6 percent as of January 2021, which is below the national unemployment rate of 6.8 percent. Nonetheless, it is important to note that local tourism has been significantly impacted by COVID-19, with an estimated economic loss of \$310 million in Beaufort County from March 8 to July 11, 2020 alone. Overall, the MSA's economy has fared well relative to the nation overall and appears to be well positioned for a quick recovery.

E. COMMUNITY DEMOGRAPHIC DATA

COMMUNITY DEMOGRAPHIC DATA

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and Hilton Head Island-Bluffton-Beaufort, SC Metropolitan Statistical Area, which serves as the Secondary Market Area (SMA), are areas of growth or contraction. The discussions will also describe typical household size and will provide a picture of the health of the community and the economy. The following demographic tables are specific to the populations of the PMA, MSA, and nation.

Population Trends

The following tables illustrate (a) Total Population/Growth Rate and (b) Population by Age Group.

POPULATION

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	62,415	-	132,629	-	280,304,282	-
2010	82,987	3.3%	186,862	4.1%	308,745,538	1.0%
2020	104,281	2.5%	224,278	2.0%	333,793,107	0.8%
Projected Mkt Entry	108,924	2.1%	233,117	1.9%	338,888,180	0.7%
2025	115,424	2.1%	245,492	1.9%	346,021,282	0.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

POPULATION BY AGE GROUP

Age Cohort	PMA				
	2000	2010	2020	Projected Mkt Entry	2025
0-4	3,226	5,155	5,789	5,940	6,612
5-9	3,547	4,826	5,918	6,029	6,524
10-14	3,741	4,271	5,807	5,931	6,481
15-19	3,247	5,425	6,555	6,697	7,328
20-24	3,244	5,642	6,401	6,501	6,948
25-29	3,723	5,404	6,214	6,297	6,669
30-34	4,043	5,132	5,889	6,122	7,162
35-39	4,470	5,230	6,157	6,247	6,647
40-44	4,369	4,806	5,728	5,846	6,370
45-49	3,990	4,992	5,858	5,844	5,784
50-54	4,215	4,633	5,681	5,721	5,901
55-59	4,170	4,855	6,372	6,309	6,028
60-64	4,063	6,247	6,690	6,810	7,342
65-69	4,113	5,783	7,338	7,444	7,917
70-74	3,455	3,899	7,261	7,304	7,498
75-79	2,425	2,872	5,031	5,367	6,866
80-84	1,395	1,952	2,878	3,098	4,080
85+	983	1,863	2,715	2,816	3,267
Total	62,419	82,987	104,282	106,325	115,424

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

In the PMA and MSA, annual population growth exceeded the nation between 2000 and 2010. Between 2010 and 2020, annual population growth slowed to 2.5 percent in the PMA, but continued increasing at a faster rate than the MSA and nation during this time. Through 2025, the PMA is projected to experience annual population growth of 2.1 percent, which is higher than the projected growth rates in the MSA and nation. Overall, the historical and projected population growth rates in the PMA and MSA are positive indications of future demand for all types of housing.

The population in the PMA in 2020 was concentrated in the age groups of 65 to 69, 70 to 74, 60 to 64, and 15 to 19, and combined these age groups represent 26.7 percent of the total population in the PMA. Through market entry and 2025, the age groups of 40 to 44, 50 to 54, zero to four, and 15 to 19 will have the highest representation in the PMA.

HOUSEHOLD TRENDS

Total Number of Households, Average Household Size, and Group Quarters

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	25,434	-	49,708	-	105,081,032	-
2010	32,371	2.7%	73,459	4.8%	116,716,293	1.1%
2020	40,774	2.5%	88,884	2.0%	126,083,847	0.8%
Projected Mkt Entry	42,657	2.2%	92,554	2.0%	127,989,949	0.7%
2025	45,294	2.2%	97,693	2.0%	130,658,491	0.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

The PMA experienced an annual household increase of 2.7 percent between 2000 and 2010, slower than the MSA but faster than the nation. Household growth in the PMA occurred at an annual rate of 2.5 percent between 2010 and 2020, which was above the MSA and nation. Annualized PMA growth is projected to be 2.2 percent through market entry and 2025, remaining above the MSA and nation.

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.39	-	2.51	-	2.59	-
2010	2.51	0.5%	2.45	-0.3%	2.57	-0.1%
2020	2.46	-0.2%	2.45	0.0%	2.58	0.0%
Projected Mkt Entry	2.46	0.0%	2.45	0.0%	2.58	0.0%
2025	2.46	0.0%	2.44	0.0%	2.59	0.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

As of 2020, the average household size in the PMA is 2.46 persons. The average household size is expected to remain stable in the PMA from 2020 through 2025.

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	1,698	-	7,768	-	7,651,876	-
2010	1,631	-0.4%	6,962	-1.0%	8,273,003	0.8%
2020	3,889	13.5%	6,769	-0.3%	8,091,273	-0.2%
Projected Mkt Entry	-	-	-	-	-	-
2025	-	-	-	-	-	-

Source: Esri Demographics 2020, Novogradac Consulting LLP, April 2021

The number of persons in group quarters increased significantly in the PMA between 2000 and 2020, while the MSA and nation experienced decreases. Note that forecasted data for the population in group quarters is

not available as growth in this population is more often a result of changes to local facilities than macro demographic trends.

Households by Tenure

The table below depicts household growth by tenure from 2000 through 2025.

TENURE PATTERNS PMA				
Year	Owner-Occupied Units		Renter-Occupied Units	
	Number	Percentage	Number	Percentage
2000	20,394	80.2%	5,040	19.8%
2020	31,179	76.5%	9,595	23.5%
Projected Mkt Entry	32,621	76.5%	10,037	23.5%
2025	34,639	76.5%	10,655	23.5%

Source: Esri Demographics 2020, Novogradac Consulting LLP, April 2021

As of 2020 the percentage of renter-occupied units is estimated to be 23.5 percent. This is above the estimated 32.2 percent of renter-occupied units across the overall nation (not shown). The percentage of renter-occupied units in the PMA are expected to remain stable through market entry and 2025; however, the number of renter-occupied units is projected to increase.

Household Income Distribution

The following table depicts household income in the PMA from 2020 to 2025.

HOUSEHOLD INCOME DISTRIBUTION - PMA						
Income Cohort	2020		Projected Mkt Entry		2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,595	3.9%	1,626	3.8%	1,669	3.7%
\$10,000-19,999	2,597	6.4%	2,590	6.1%	2,579	5.7%
\$20,000-29,999	3,029	7.4%	3,074	7.2%	3,136	6.9%
\$30,000-39,999	3,124	7.7%	3,196	7.5%	3,296	7.3%
\$40,000-49,999	3,113	7.6%	3,133	7.3%	3,161	7.0%
\$50,000-59,999	2,620	6.4%	2,761	6.5%	2,959	6.5%
\$60,000-74,999	4,089	10.0%	4,127	9.7%	4,180	9.2%
\$75,000-99,999	5,798	14.2%	5,997	14.1%	6,276	13.9%
\$100,000-124,999	3,990	9.8%	4,279	10.0%	4,684	10.3%
\$125,000-149,999	2,632	6.5%	2,873	6.7%	3,210	7.1%
\$150,000-199,999	3,223	7.9%	3,447	8.1%	3,760	8.3%
\$200,000+	4,964	12.2%	5,556	13.0%	6,384	14.1%
Total	40,774	100.0%	42,657	100.0%	45,294	100.0%

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, April 2021

As of 2020, approximately 39.4 percent of households in the PMA earn less than \$60,000 annually.

Renter Household Income Distribution

The following tables depict renter household incomes in the PMA in 2020, the August 2022 market entry date, and 2025.

RENTER HOUSEHOLD INCOME DISTRIBUTION - PMA

Income Cohort	2020		Projected Mkt Entry		2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	422	4.4%	434	4.3%	451	4.2%
\$10,000-19,999	888	9.3%	895	8.9%	904	8.5%
\$20,000-29,999	991	10.3%	1,024	10.2%	1,069	10.0%
\$30,000-39,999	917	9.6%	958	9.5%	1,015	9.5%
\$40,000-49,999	934	9.7%	944	9.4%	957	9.0%
\$50,000-59,999	786	8.2%	835	8.3%	904	8.5%
\$60,000-74,999	1,366	14.2%	1,390	13.8%	1,423	13.4%
\$75,000-99,999	1,345	14.0%	1,420	14.1%	1,524	14.3%
\$100,000-124,999	480	5.0%	518	5.2%	572	5.4%
\$125,000-149,999	322	3.4%	372	3.7%	441	4.1%
\$150,000-199,999	586	6.1%	623	6.2%	674	6.3%
\$200,000+	558	5.8%	626	6.2%	721	6.8%
Total	9,595	100.0%	10,037	100.0%	10,655	100.0%

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, April 2021

As of 2020, approximately 51.5 percent of renter households in the PMA earn less than \$60,000 annually.

Renter Households by Number of Persons in the Household

The following table illustrates household size for renter households in the PMA.

RENTER HOUSEHOLDS BY NUMBER OF PERSONS - PMA

Household Size	2020		Projected Mkt Entry		2025	
	Number	Percentage	Number	Percentage	Number	Percentage
1 Person	2,421	25.2%	2,560	25.5%	2,754	25.8%
2 Persons	2,495	26.0%	2,601	25.9%	2,749	25.8%
3 Persons	1,788	18.6%	1,861	18.5%	1,964	18.4%
4 Persons	1,452	15.1%	1,511	15.1%	1,594	15.0%
5+ Persons	1,439	15.0%	1,504	15.0%	1,594	15.0%
Total Households	9,595	100%	10,037	100%	10,655	100%

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, December 2020

The Subject offers studio, one, two, and three-bedroom units and will generally cater to households consisting of one to five people. Thus, as indicated in the previous table, the Subject will support the majority of renter household sizes within the PMA.

Conclusion

The PMA experienced an annual population growth rate of 2.2 percent between 2000 and 2010, which was behind the surrounding MSA but above the nation, during the same time period. Household growth in the PMA slowed to an annual growth rate of 1.5 percent between 2010 and 2019, slower than the MSA but above the nation. Annualized PMA growth is expected to be approximately 1.5 percent through market entry and 2024, slower than the MSA but above the overall nation. The average household size is expected to remain stable in the PMA from 2019 through market entry and 2024, similar to the MSA and nation during the same time period. Renter households with incomes less than \$60,000 represent 73.9 percent of the renter households in the PMA in 2019, and this share is expected to decrease slightly through market entry and 2024. Many of these households would income-qualify at the Subject.

F. PROJECT-SPECIFIC DEMAND ANALYSIS

PROJECT SPECIFIC DEMAND ANALYSIS

The following demand analysis evaluates the potential amount of qualified households, which the Subject would have a fair chance at capturing. The structure of the analysis is based on the guidelines provided by SC Housing.

1. Income Restrictions

LIHTC rents are based upon a percentage of the Area Median Gross Income (AMI), adjusted for household size and utilities. HUD and South Carolina State Housing Finance and Development Authority (SC Housing) will estimate the relevant income levels, with annual updates. The rents are calculated assuming that the maximum net rent a household will pay is 30 percent of its household income at the appropriate AMI level.

Household size is assumed to be 1.5 persons per bedroom for general population projects. For example, for one-bedroom units we assume the average income limits of a one and two-person household and for three-bedroom units we assume the average income limits for a four- and five-person household. This applies to family projects. For elderly projects, we have used a maximum income based on two-person households. Additionally, HUD assumes that one-person households are accommodated in one-bedroom units. For LIHTC income purposes, the actual size of the household is used.

To assess the likely number of tenants in the market area eligible to live in the Subject, we use Census information as provided by ESRI Business Information Solutions to estimate the number of potential tenants who would qualify to occupy the Subject as a LIHTC project.

The maximum income levels are based upon information obtained from the Rent and Income Limits Guidelines Table as accessed from Novogradac Consulting’s website.

2. Affordability

As discussed above, the maximum income for LIHTC units is set by HUD/SC Housing while the minimum is based upon the minimum income needed to support affordability. This is based upon a standard of 35 percent. Lower and moderate-income families typically spend greater than 30 percent of their income on housing. These expenditure amounts can range higher than 50 percent depending upon market area. However, the 30 to 40 percent range is generally considered a reasonable range of affordability. SC Housing guidelines utilize 35 percent for families and 40 percent for senior households, which we will use to set the minimum income levels for the demand analysis.

3. Minimum and Maximum Income Levels

The following tables illustrate the minimum and maximum allowable income levels for the Subject’s units, as proposed with Section 8 subsidy and absent subsidy.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	<i>@60% (Section 8)</i>	
OBR	\$0	\$34,260
1BR	\$0	\$39,120
2BR	\$0	\$44,040
3BR	\$0	\$52,860

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	@60%	
0BR	\$29,349	\$34,260
1BR	\$31,440	\$39,120
2BR	\$37,749	\$44,040
3BR	\$43,611	\$52,860

4. Demand

The demand for the Subject will be derived from two sources: existing households and new households. These calculations are illustrated in the following tables.

4a. Demand from New Renter Households

The number of new households entering the market is the first level of demand calculated. South Carolina State Housing Finance and Development Authority (SC Housing) has requested that we utilize 2020 as the base year for the analysis, with demographic projections to August 2022 (Subject’s market entry/anticipated completion date). This is considered the gross potential demand for the Subject property. This number is adjusted for income eligibility and renter tenure.

4b. Demand from Existing Households

Demand for existing households is estimated by summing three sources of potential tenants, plus a fourth allowance for other demand, if deemed applicable. (a) The first source is tenants who are rent overburdened. These are households who are paying over 35 percent of their income in housing costs for general occupancy housing or over 40 percent of their income in housing costs for elderly housing. This number is estimated using Census 2010 or American Community Survey (ACS) data. (b) The second source is households living in substandard housing. This number is estimated using 2010 Census data. (c) The third source is those seniors likely to move from their own homes into rental housing. Data from the American Housing Survey and interviews with area senior apartment property managers regarding the number or share of current renters who originated from homeownership must be used to refine the analysis. The Subject is urban and generally not likely to attract homeowners seeking to downsize into a family rental unit. (d) The fourth potential “Other” source of demand is demand which may exist that is not captured by the above methods, which may be allowed if the factors used can be fully justified.

4c. Additions to Supply

South Carolina State Housing Finance and Development Authority (SC Housing) guidelines indicate that units in all competing projects that were allocated, under construction, placed in service, or funded in 2020 as well as those units at properties that have not reached a stabilized occupancy of 93 percent should be removed from the demand analysis.

According to the South Carolina State Housing Finance and Development Authority (SC Housing) LIHTC allocation lists from 2017 to 2021 year-to-date, there have been no properties allocated tax credits in the PMA. Further, there are no unstabilized competitive properties in the PMA.

5. Method – Capture Rates

The above calculations and derived capture rates are illustrated in the following table.

60% AMI/Section 8

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - @60%/Section 8

Minimum Income Limit		\$0		Maximum Income Limit		\$52,860	
Income Category	New Renter Households - Total Change		Income Brackets	Percent within Cohort	Renter Households within Bracket		
	in Households PMA 2020 to Prj Mrkt Entry August 2022						
\$0-9,999	12	2.7%	\$9,999	100.0%	12		
\$10,000-19,999	7	1.5%	\$9,999	100.0%	7		
\$20,000-29,999	33	7.4%	\$9,999	100.0%	33		
\$30,000-39,999	41	9.2%	\$9,999	100.0%	41		
\$40,000-49,999	10	2.2%	\$9,999	100.0%	10		
\$50,000-59,999	49	11.1%	\$2,861	28.6%	14		
\$60,000-74,999	24	5.4%	\$0	0.0%	0		
\$75,000-99,999	75	16.9%	\$0	0.0%	0		
\$100,000-124,999	38	8.7%	\$0	0.0%	0		
\$125,000-149,999	50	11.2%	\$0	0.0%	0		
\$150,000-199,999	37	8.3%	\$0	0.0%	0		
\$200,000+	68	15.4%	\$0	0.0%	0		
Total	442	100.0%		26.2%	116		

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - @60%/Section 8

Minimum Income Limit		\$0		Maximum Income Limit		\$52,860	
Income Category	Total Renter Households PMA 2020		Income Brackets	Percent within Cohort	Households within Bracket		
\$0-9,999	422	4.4%	\$9,999	100.0%	422		
\$10,000-19,999	888	9.3%	\$9,999	100.0%	888		
\$20,000-29,999	991	10.3%	\$9,999	100.0%	991		
\$30,000-39,999	917	9.6%	\$9,999	100.0%	917		
\$40,000-49,999	934	9.7%	\$9,999	100.0%	934		
\$50,000-59,999	786	8.2%	\$2,861	28.6%	225		
\$60,000-74,999	1,366	14.2%	\$0	0.0%	0		
\$75,000-99,999	1,345	14.0%	\$0	0.0%	0		
\$100,000-124,999	480	5.0%	\$0	0.0%	0		
\$125,000-149,999	322	3.4%	\$0	0.0%	0		
\$150,000-199,999	586	6.1%	\$0	0.0%	0		
\$200,000+	558	5.8%	\$0	0.0%	0		
Total	9,595	100.0%		45.6%	4,377		

ASSUMPTIONS - @60%/Section 8

Tenancy		Family		% of Income towards Housing		35%	
Rural/Urban		Urban		Maximum # of Occupants		5	
Persons in Household	OBR	1BR	2BR	3BR	4BR+		
1	60%	40%	0%	0%	0%		
2	0%	30%	70%	0%	0%		
3	0%	0%	90%	10%	0%		
4	0%	0%	20%	80%	0%		
5+	0%	0%	0%	100%	0%		

Demand from New Renter Households 2020 to August 2022

Income Target Population	@60%
New Renter Households PMA	442
Percent Income Qualified	26.2%
New Renter Income Qualified Households	116

Demand from Existing Households 2020

Demand from Rent Overburdened Households

Income Target Population	@60%
Total Existing Demand	9,595
Income Qualified	45.6%
Income Qualified Renter Households	4,377
Percent Rent Overburdened Prj Mrkt Entry August 2022	37.6%
Rent Overburdened Households	1,645

Demand from Living in Substandard Housing

Income Qualified Renter Households	4,377
Percent Living in Substandard Housing	4.7%
Households Living in Substandard Housing	205

Total Demand

Total Demand from Existing Households	1,850
Total New Demand	116
Total Demand (New Plus Existing Households)	1,966

By Bedroom Demand

One Person	25.5%	501
Two Persons	25.9%	509
Three Persons	18.5%	365
Four Persons	15.1%	296
Five Persons	15.0%	295
Total	100.0%	1,966

To place Person Demand into Bedroom Type Units

Of one-person households in studio units	60%	301
Of one-person households in 1BR units	40%	201
Of two-person households in 1BR units	30%	153
Of two-person households in 2BR units	70%	357
Of three-person households in 2BR units	90%	328
Of four-person households in 2BR units	20%	59
Of three-person households in 3BR units	10%	36
Of four-person households in 3BR units	80%	237
Of five-person households in 3BR units	100%	295
Total Demand		1,966

Total Demand (Subject Unit Types)			Additions to Supply			Net Demand		
0 BR	301	-	0	=	301			
1 BR	353	-	0	=	353			
2 BR	744	-	0	=	744			
3 BR	568	-	0	=	568			
Total	1,966		0		1,966			
Developer's Unit Mix			Net Demand			Capture Rate		
0 BR	16	/	301	=	5.3%			
1 BR	16	/	353	=	4.5%			
2 BR	64	/	744	=	8.6%			
3 BR	16	/	568	=	2.8%			
Total	112		1,966		5.7%			

60% AMI – Absent Subsidy

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - @60% - Absent Subsidy

Minimum Income Limit		\$29,349		Maximum Income Limit		\$52,860	
Income Category	New Renter Households - Total Change		Income Brackets	Percent within Cohort	Renter Households within Bracket		
	in Households PMA 2020 to Prj Mrkt Entry August 2022						
\$0-9,999	12	2.7%	\$0	0.0%	0		
\$10,000-19,999	7	1.5%	\$0	0.0%	0		
\$20,000-29,999	33	7.4%	\$650	6.5%	2		
\$30,000-39,999	41	9.2%	\$9,999	100.0%	41		
\$40,000-49,999	10	2.2%	\$9,999	100.0%	10		
\$50,000-59,999	49	11.1%	\$7,139	71.4%	35		
\$60,000-74,999	24	5.4%	\$0	0.0%	0		
\$75,000-99,999	75	16.9%	\$0	0.0%	0		
\$100,000-124,999	38	8.7%	\$0	0.0%	0		
\$125,000-149,999	50	11.2%	\$0	0.0%	0		
\$150,000-199,999	37	8.3%	\$0	0.0%	0		
\$200,000+	68	15.4%	\$0	0.0%	0		
Total	442	100.0%		19.8%	88		

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - @60% - Absent Subsidy

Minimum Income Limit		\$29,349		Maximum Income Limit		\$52,860	
Income Category	Total Renter Households PMA 2020		Income Brackets	Percent within Cohort	Households within Bracket		
\$0-9,999	422	4.4%	\$0	0.0%	0		
\$10,000-19,999	888	9.3%	\$0	0.0%	0		
\$20,000-29,999	991	10.3%	\$650	6.5%	64		
\$30,000-39,999	917	9.6%	\$9,999	100.0%	917		
\$40,000-49,999	934	9.7%	\$9,999	100.0%	934		
\$50,000-59,999	786	8.2%	\$7,139	71.4%	561		
\$60,000-74,999	1,366	14.2%	\$0	0.0%	0		
\$75,000-99,999	1,345	14.0%	\$0	0.0%	0		
\$100,000-124,999	480	5.0%	\$0	0.0%	0		
\$125,000-149,999	322	3.4%	\$0	0.0%	0		
\$150,000-199,999	586	6.1%	\$0	0.0%	0		
\$200,000+	558	5.8%	\$0	0.0%	0		
Total	9,595	100.0%		25.8%	2,477		

ASSUMPTIONS - @60% - Absent Subsidy

Tenancy		Family		% of Income towards Housing		35%	
Rural/Urban		Urban		Maximum # of Occupants		5	
Persons in Household	OBR	1BR	2BR	3BR	4BR+		
1	60%	40%	0%	0%	0%		
2	0%	30%	70%	0%	0%		
3	0%	0%	90%	10%	0%		
4	0%	0%	20%	80%	0%		
5+	0%	0%	0%	100%	0%		

Demand from New Renter Households 2020 to August 2022

Income Target Population	@60%
New Renter Households PMA	442
Percent Income Qualified	19.8%
New Renter Income Qualified Households	88

Demand from Existing Households 2020

Demand from Rent Overburdened Households

Income Target Population	@60%
Total Existing Demand	9,595
Income Qualified	25.8%
Income Qualified Renter Households	2,477
Percent Rent Overburdened Prj Mrkt Entry August 2022	37.6%
Rent Overburdened Households	931

Demand from Living in Substandard Housing

Income Qualified Renter Households	2,477
Percent Living in Substandard Housing	4.7%
Households Living in Substandard Housing	116

Total Demand

Total Demand from Existing Households	1,047
Total New Demand	88
Total Demand (New Plus Existing Households)	1,135

By Bedroom Demand

One Person	25.5%	289
Two Persons	25.9%	294
Three Persons	18.5%	210
Four Persons	15.1%	171
Five Persons	15.0%	170
Total	100.0%	1,135

To place Person Demand into Bedroom Type Units

Of one-person households in studio units	60%	174
Of one-person households in 1BR units	40%	116
Of two-person households in 1BR units	30%	88
Of two-person households in 2BR units	70%	206
Of three-person households in 2BR units	90%	189
Of four-person households in 2BR units	20%	34
Of three-person households in 3BR units	10%	21
Of four-person households in 3BR units	80%	137
Of five-person households in 3BR units	100%	170
Total Demand		1,135

Total Demand (Subject Unit Types)			Additions to Supply		Net Demand
0 BR	174	-	0	=	174
1 BR	204	-	0	=	204
2 BR	429	-	0	=	429
3 BR	328	-	0	=	328
Total	1,135		0		1,135

Developer's Unit Mix			Net Demand		Capture Rate
0 BR	16	/	174	=	9.2%
1 BR	16	/	204	=	7.8%
2 BR	64	/	429	=	14.9%
3 BR	16	/	328	=	4.9%
Total	112		1,135		9.9%

60% AMI/Section 8 – Large Households

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - @60%/Section 8 - Large Family

Minimum Income Limit		\$0		Maximum Income Limit		\$52,860	
Income Category	New Renter Households - Total Change in Households PMA 2020 to Prj Mrkt Entry August 2022		Income Brackets	Percent within Cohort	Renter Households within Bracket		
\$0-9,999	12	2.7%	\$9,999	100.0%	12		
\$10,000-19,999	7	1.5%	\$9,999	100.0%	7		
\$20,000-29,999	33	7.4%	\$9,999	100.0%	33		
\$30,000-39,999	41	9.2%	\$9,999	100.0%	41		
\$40,000-49,999	10	2.2%	\$9,999	100.0%	10		
\$50,000-59,999	49	11.1%	\$2,861	28.6%	14		
\$60,000-74,999	24	5.4%	\$0	0.0%	0		
\$75,000-99,999	75	16.9%	\$0	0.0%	0		
\$100,000-124,999	38	8.7%	\$0	0.0%	0		
\$125,000-149,999	50	11.2%	\$0	0.0%	0		
\$150,000-199,999	37	8.3%	\$0	0.0%	0		
\$200,000+	68	15.4%	\$0	0.0%	0		
Total	442	100.0%		26.2%	116		

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - @60%/Section 8 - Large Family

Minimum Income Limit		\$0		Maximum Income Limit		\$52,860	
Income Category	Total Renter Households PMA 2020		Income Brackets	Percent within Cohort	Households within Bracket		
\$0-9,999	422	4.4%	\$9,999	100.0%	422		
\$10,000-19,999	888	9.3%	\$9,999	100.0%	888		
\$20,000-29,999	991	10.3%	\$9,999	100.0%	991		
\$30,000-39,999	917	9.6%	\$9,999	100.0%	917		
\$40,000-49,999	934	9.7%	\$9,999	100.0%	934		
\$50,000-59,999	786	8.2%	\$2,861	28.6%	225		
\$60,000-74,999	1,366	14.2%	\$0	0.0%	0		
\$75,000-99,999	1,345	14.0%	\$0	0.0%	0		
\$100,000-124,999	480	5.0%	\$0	0.0%	0		
\$125,000-149,999	322	3.4%	\$0	0.0%	0		
\$150,000-199,999	586	6.1%	\$0	0.0%	0		
\$200,000+	558	5.8%	\$0	0.0%	0		
Total	9,595	100.0%		45.6%	4,377		

ASSUMPTIONS - @60%/Section 8 - Large Family

Tenancy		Family		% of Income towards Housing		35%	
Rural/Urban		Urban		Maximum # of Occupants		5	
Persons in Household	0BR	1BR	2BR	3BR	4BR+		
1	0%	0%	0%	0%	0%	0%	
2	0%	0%	0%	0%	0%	0%	
3	0%	0%	90%	10%	0%	0%	
4	0%	0%	20%	80%	0%	0%	
5+	0%	0%	0%	100%	0%	0%	

HILTON HEAD GARDENS – HILTON HEAD ISLAND, SC – APPLICATION MARKET STUDY

Demand from New Renter Households 2020 to August 2022

Income Target Population	@60%/Section 8 - Large Family
New Renter Households PMA	442
Percent Income Qualified	26.2%
New Renter Income Qualified Households	116

Demand from Existing Households 2020

Demand from Rent Overburdened Households

Income Target Population	@60%/Section 8 - Large Family
Total Existing Demand	9,595
Income Qualified	45.6%
Income Qualified Renter Households	4,377
Percent Rent Overburdened Prj Mrkt Entry August 2022	37.6%
Rent Overburdened Households	1,645

Demand from Living in Substandard Housing

Income Qualified Renter Households	4,377
Percent Living in Substandard Housing	4.7%
Households Living in Substandard Housing	205

Total Demand

Total Demand from Existing Households	1,850
Total New Demand	116
Total Demand (New Plus Existing Households)	1,966

By Bedroom Demand

One Person	25.5%	501
Two Persons	25.9%	509
Three Persons	18.5%	365
Four Persons	15.1%	296
Five Persons	15.0%	295
Total	100.0%	1,966

To place Person Demand into Bedroom Type Units

Of three-person households in 2BR units	90%	328
Of four-person households in 2BR units	20%	59
Of three-person households in 3BR units	10%	36
Of four-person households in 3BR units	80%	237
Of five-person households in 3BR units	100%	295
Total Demand		955

Total Demand (Subject Unit Types)			Additions to Supply			Net Demand
2 BR	387	-	0	=		387
3 BR	568	-	0	=		568
Total	955		0			955
Developer's Unit Mix			Net Demand			Capture Rate
2 BR	64	/	387	=		16.5%
3 BR	16	/	568	=		2.8%
Total	80		955			8.4%

60% AMI – Large Households Absent Subsidy

NEW RENTER HOUSEHOLD DEMAND BY INCOME COHORT - @60% - Large Family

Minimum Income Limit		\$37,749		Maximum Income Limit		\$52,860	
New Renter Households - Total Change							
Income Category	in Households PMA 2020 to Prj Mrkt		Income Brackets	Percent within Cohort	Renter Households within Bracket		
Entry August 2022							
\$0-9,999	12	2.7%	\$0	0.0%	0		
\$10,000-19,999	7	1.5%	\$0	0.0%	0		
\$20,000-29,999	33	7.4%	\$0	0.0%	0		
\$30,000-39,999	41	9.2%	\$2,250	22.5%	9		
\$40,000-49,999	10	2.2%	\$9,999	100.0%	10		
\$50,000-59,999	49	11.1%	\$7,139	71.4%	35		
\$60,000-74,999	24	5.4%	\$0	0.0%	0		
\$75,000-99,999	75	16.9%	\$0	0.0%	0		
\$100,000-124,999	38	8.7%	\$0	0.0%	0		
\$125,000-149,999	50	11.2%	\$0	0.0%	0		
\$150,000-199,999	37	8.3%	\$0	0.0%	0		
\$200,000+	68	15.4%	\$0	0.0%	0		
Total	442	100.0%		12.2%	54		

POTENTIAL EXISTING HOUSEHOLD DEMAND BY INCOME COHORT - @60% - Large Family

Minimum Income Limit		\$37,749		Maximum Income Limit		\$52,860	
Income Category	Total Renter Households PMA 2020		Income Brackets	Percent within Cohort	Households within Bracket		
\$0-9,999	422	4.4%	\$0	0.0%	0		
\$10,000-19,999	888	9.3%	\$0	0.0%	0		
\$20,000-29,999	991	10.3%	\$0	0.0%	0		
\$30,000-39,999	917	9.6%	\$2,250	22.5%	206		
\$40,000-49,999	934	9.7%	\$9,999	100.0%	934		
\$50,000-59,999	786	8.2%	\$7,139	71.4%	561		
\$60,000-74,999	1,366	14.2%	\$0	0.0%	0		
\$75,000-99,999	1,345	14.0%	\$0	0.0%	0		
\$100,000-124,999	480	5.0%	\$0	0.0%	0		
\$125,000-149,999	322	3.4%	\$0	0.0%	0		
\$150,000-199,999	586	6.1%	\$0	0.0%	0		
\$200,000+	558	5.8%	\$0	0.0%	0		
Total	9,595	100.0%		17.7%	1,702		

ASSUMPTIONS - @60% - Large Family

ASSUMPTIONS - @60% - Large Family						
Tenancy	Family		% of Income towards Housing			35%
Rural/Urban	Urban		Maximum # of Occupants			5
Persons in Household	OBR	1BR	2BR	3BR	4BR+	
1	0%	0%	0%	0%	0%	
2	0%	0%	0%	0%	0%	
3	0%	0%	90%	10%	0%	
4	0%	0%	20%	80%	0%	
5+	0%	0%	0%	100%	0%	

Demand from New Renter Households 2020 to August 2022

Income Target Population	@60% - Large Family
New Renter Households PMA	442
Percent Income Qualified	12.2%
New Renter Income Qualified Households	54

Demand from Existing Households 2020

Demand from Rent Overburdened Households

Income Target Population	@60% - Large Family
Total Existing Demand	9,595
Income Qualified	17.7%
Income Qualified Renter Households	1,702
Percent Rent Overburdened Prj Mrkt Entry August 2022	37.6%
Rent Overburdened Households	640

Demand from Living in Substandard Housing

Income Qualified Renter Households	1,702
Percent Living in Substandard Housing	4.7%
Households Living in Substandard Housing	80

Total Demand

Total Demand from Existing Households	719
Total New Demand	54
Total Demand (New Plus Existing Households)	773

By Bedroom Demand

One Person	25.5%	197
Two Persons	25.9%	200
Three Persons	18.5%	143
Four Persons	15.1%	116
Five Persons	15.0%	116
Total	100.0%	773

To place Person Demand into Bedroom Type Units

Of three-person households in 2BR units	90%	129
Of four-person households in 2BR units	20%	23
Of three-person households in 3BR units	10%	14
Of four-person households in 3BR units	80%	93
Of five-person households in 3BR units	100%	116
Total Demand		376

Total Demand (Subject Unit Types)			Additions to Supply			Net Demand	
2 BR	152	-	0	=	152		
3 BR	223	-	0	=	223		
Total	376		0		376		
Developer's Unit Mix			Net Demand			Capture Rate	
2 BR	64	/	152	=	42.0%		
3 BR	16	/	223	=	7.2%		
Total	80		376		21.3%		

Conclusions

Several factors affect the indicated capture rates and are discussed following.

- The number of general population renter households in the PMA is expected to increase 2.3 percent between 2020 and projected market entry of August 2022.
- This demand analysis does not measure the PMA’s or Subject’s ability to attract additional or latent demand into the market from elsewhere by offering an affordable option. We believe this to be moderate and therefore the demand analysis is somewhat conservative in its conclusions because this demand is not included.

The following table illustrates demand and net demand for the Subject’s units. Note that these capture rates are not based on appropriate bedroom types, as calculated previously.

DEMAND AND NET DEMAND

	HH @60% AMI/ Section 8 (\$0 to \$52,860)	HH @60% AMI - Absent Subsidy (\$29,349 to \$52,860)	HH @60% AMI/ Section 8 - Large HH(\$0 to \$52,860)	HH @60% AMI - Absent Subsidy - Large HH (\$29,349 to \$52,860)	Overall Demand
Demand from New Households (age and income appropriate)	116	88	116	54	116
PLUS	+	+	+	+	+
Demand from Existing Renter Housholds - Rent Overburdened Households	1,645	931	1,645	640	1,645
PLUS	+	+	+	+	+
Demand from Existing Renter Households - Substandard Housing	205	116	205	80	205
=	=	=	=	=	=
Sub Total	1,966	1,135	1,966	773	1,966
Demand from Existing Households - Elderly Homeowner Turnover (Limited to 20% where applicable)	0	0	0	0	0
Equals Total Demand	1,966	1,135	1,966	773	1,966
Less	-	-	-	-	-
New Supply	0	0	0	0	0
Equals Net Demand	1,966	1,135	1,966	773	1,966

Note that the above *Demand and Net Demand* estimates include all income-eligible renter households. These estimates are then adjusted to reflect only the size-appropriate households by bedroom type in the following *Capture Rate Analysis*.

CAPTURE RATE ANALYSIS CHART

Bedrooms/AMI Level	Total Demand	Supply	Net Demand	Units Proposed	Capture Rate
@60% / Section 8 - As Proposed With Subsidy					
OBR - @60% / Section 8	301	0	301	16	5.3%
1BR - @60% / Section 8	353	0	353	16	4.5%
2BR - @60% / Section 8	744	0	744	64	8.6%
3BR - @60% / Section 8	568	0	568	16	2.8%
Overall - With Subsidy	1,966	0	1,966	112	5.7%
@60% - Absent Subsidy					
OBR - @60%	174	0	174	16	9.2%
1BR - @60%	204	0	204	16	7.8%
2BR - @60%	429	0	429	64	14.9%
3BR - @60%	328	0	328	16	4.9%
Overall - Absent Subsidy	807	0	807	112	13.9%

As the analysis illustrates, the Subject’s capture rates as proposed with subsidy range from 2.8 to 8.6 percent. Absent subsidy, the Subject’s capture rates at the 60 percent AMI level range from 4.9 to 14.9 percent. The overall capture rates for the Subject’s units as proposed and absent subsidy are 5.7 and 13.9 percent, respectively, which indicates there is adequate continued demand for the Subject. Further, capture rates for all units, as well as the overall property, are below the 30 percent capture rate threshold as determined by SC Housing.

Absorption Rate Projected Absorption Period

We were able to obtain absorption information from two of the rent comparable, as well as two additional properties within a 20-mile radius of the Subject. As such, we included absorption information from six properties located within 10 miles of the Subject. The following table details our findings.

ABSORPTION

Property Name	Rent	Location	Tenancy	Year	Total Units	Absorption (units/month)
Marsh Pointe*	LIHTC	Port Royal, SC	Family	2018	48	12
Waters At Magnolia Bay	LIHTC	Summerville, SC	Family	2017	300	14
Parc At Broad River	Market	Beaufort, SC	Family	2016	246	20
Ashley Pointe Apartments*	LIHTC	Beaufort, SC	Family	2016	56	37
Average						21

*Utilized as a rental comparable

If the Subject were hypothetically 100 percent vacant, we would expect the property to experience a brief lease-up period due to the sustained demand for good quality affordable housing in the area. Assuming the Subject were completely vacant, we believe that the Subject would experience an absorption rate of approximately 20 units per month. This equates to an absorption period between five and six months. This is considered largely hypothetical as the Subject is currently 100 percent occupied and maintains a waiting list. Further, current tenants are expected to remain income eligible to remain at the property post-renovation. As such, we believe the Subject will stabilize within one to two months of rehabilitation completion.

G. SUPPLY ANALYSIS

SURVEY OF COMPARABLE PROJECTS

Comparable properties are examined on the basis of physical characteristics, i.e. building type, age/quality, level of common amenities, absorption, as well as similarity in rent. We attempted to compare the Subject to complexes from the competing market to provide a broader picture of the health and available supply in the market. We surveyed many properties that we chose not to use in the survey because they were not as comparable to the Subject as others that were selected.

Description of Property Types Surveyed/Determination of Number of Tax Credit Units

We interviewed numerous properties to determine which ones were considered “true” competition for the Subject. Several properties in the market area were interviewed and not included because of their dissimilarity or other factors. Fully subsidized properties were excluded due to differing rent structures from the Subject; however, it should be noted that subsidized properties in the market area were found to have stable occupancies. The following table illustrates the excluded properties. It should be noted that Simmons Cay Apartments is in the process of converting to an unrestricted market rate property, which will be known as Onyx Luxury Apartments. According to the contact, units are being converted as they turn over.

EXCLUDED PROPERTIES IN THE PMA

Property Name	Program	Tenancy	Total Units	Reason for Exclusion
Bluffton House	LIHTC	Senior	272	Tenancy
Simmons Cay Apartments	LIHTC	Family	48	Converting to market rate
Simmons Townhomes	LIHTC	Family	32	Unable to contact
White Oak Apartments	LIHTC	Family	72	Unable to contact
Hallmark Homes At Malphrus	LIHTC	Family	32	Unable to contact
Sandalwood Terrace	Public Housing	Family	145	Subsidized
The Oaks	Market	Family	114	Short-term rental
WaterWalk @ Shelter Cove Towne Center	Market	Family	240	New construction

New Supply

We spoke with Nicole Dixon, Development Review Administrator of the Town of Hilton Head Island Community Development Department, but were unable to reach a contact with the Bluffton Growth Management Department regarding planned, proposed, or under construction developments in the PMA. Ms. Dixon said that there is one currently property currently approved for construction on Hilton Head Island:

- 55 Gardner is a 260-unit market rate development scheduled to begin construction in Spring 2021. The project is the redevelopment of a former school and will consist of four two and three-story buildings. The project will offer one, two, and three-bedroom units. A construction timeline was not provided.

We also conducted online research and utilized a CoStar new construction report. The results of our findings are detailed below.

- Legends North of Broad is an under construction 200-unit market rate development to be located at 100 Pinckney Marsh Lane in Beaufort. The development will offer 90 one-bedroom units, 82, two-bedroom units, and 28 three-bedroom units targeted towards the general population. Amenities will include central laundry facilities, a pool, grill, pet play area, and walking/biking trails. Construction is expected to be completed in 2021. As a market rate development, this property will not directly compete with the Subject.

- Habersham Row is an under construction, 48-unit market rate development located at 1 Village Row in Beaufort. The development will offer 16 one-bedroom units and 32 two-bedroom units targeted towards the general population. Amenities will include a playground, pool, tennis court, waterfront, pet play area, walking/biking trails, and on-site maintenance. Construction is expected to be completed in 2021. As a market rate development, this property will not directly compete with the Subject.

LIHTC Competition / Recent and Proposed Construction

According to the South Carolina State Housing Finance and Development Authority (SC Housing) LIHTC allocation lists from 2017 to 2021 year-to-date, there have been no properties allocated tax credits in the PMA.

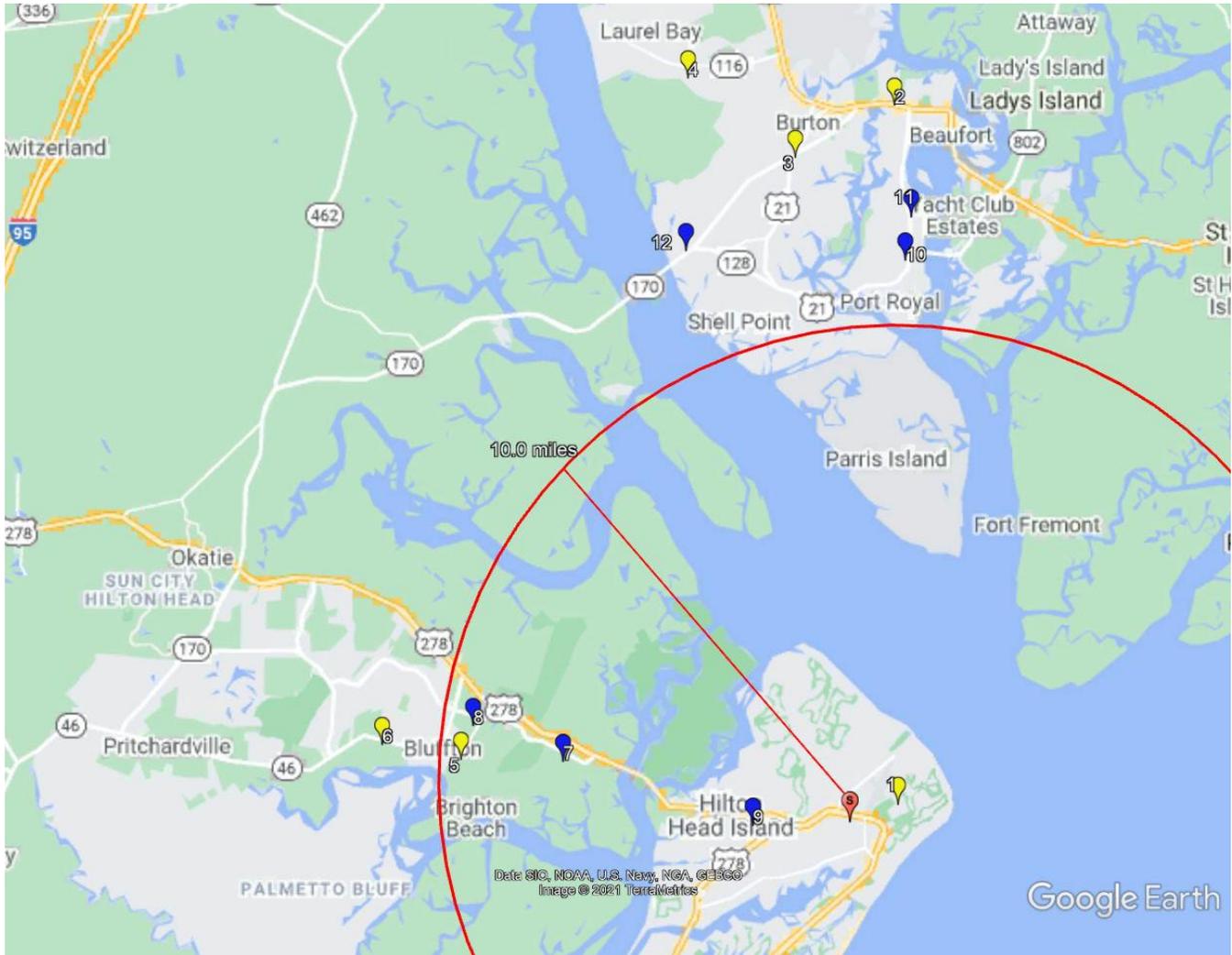
Comparable Properties

Property managers and realtors were interviewed for information on unit mix, size, absorption, unit features and project amenities, tenant profiles, and market trends in general. Our competitive survey includes 12 comparable properties containing 1,724 units. It should be noted that there is a lack of traditional, long-term multifamily supply on Hilton Head Island. Further, there is a lack of studio units in the PMA.

The availability of LIHTC data is considered average. We included six affordable developments located between 1.3 and 17.0 miles from the Subject, three of which are located outside the PMA (Ashley Pointe Apartments, Cross Creek, and Magnolia Park Apartments). The market rate data is also considered average. However, as previously noted, there is a lack of studio units in the PMA. We included six market rate properties located between 2.1 and 13.6 miles from the Subject, three of which are located outside the PMA (Oak Tree Village, Stuart Towne Apartments, and The Oaks At Broad River Landing). Overall, we believe the availability of data is adequate to support our conclusions.. Other market rate properties were excluded based on unit types and inability to contact the properties.

A detailed matrix describing the individual competitive properties as well as the proposed Subject is provided on the following pages. A Comparable Properties Map, illustrating the location of the Subject in relation to comparable properties is also provided on the following page. The properties are further profiled in the write-ups following. The property descriptions include information on vacancy, turnover, absorption, age, competition, and the general health of the rental market, when available. Throughout the course of performing this analysis of the local rental market, many apartment managers, realtors, leasing agents, and owners were contacted in person, or through the telephone or email.

COMPARABLE RENTAL PROPERTY MAP



COMPARABLE PROPERTIES

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
1	90 Dillon Apartments	Hilton Head Island	LIHTC	Family	1.3 miles
2	Ashley Pointe Apartments*	Beaufort	LIHTC	Family	16.0 miles
3	Cross Creek*	Beaufort	LIHTC/ Market	Family	14.9 miles
4	Magnolia Park Apartments*	Beaufort	LIHTC	Family	17.0 miles
5	May River Village	Bluffton	LIHTC	Family	8.7 miles
6	Vista View	Bluffton	LIHTC	Family	10.4 miles
7	29 Edgewater	Bluffton	Market	Family	6.5 miles
8	Bluestone Apartments	Bluffton	Market	Family	8.6 miles
9	Marsh Point	Hilton Head Island	Market	Family	2.1 miles
10	Oak Tree Village*	Port Royal	Market	Family	12.7 miles
11	Stuart Towne Apartments*	Port Royal	Market	Family	13.6 miles
12	The Oaks At Broad River Landing*	Beaufort	Market	Family	13.3 miles

*Located outside PMA

HILTON HEAD GARDENS – HILTON HEAD ISLAND, SC – APPLICATION MARKET STUDY

The following tables illustrate unit mix by bedroom type and income level, square footage by bedroom type, year built, common area and in-unit amenities, rent per square foot, monthly rents and utilities included, and vacancy information for the comparable properties and the Subject in a comparative framework.

SUMMARY MATRIX																		
Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate				
Subject	Hilton Head Gardens 380 Southwood Park Drive Hilton Head Island, SC 29926 Beaufort County	-	Garden 2-stories 1980 / 2019 / 2022 Family	Section 8	0BR / 1BA	16	14.3%	467	@60% (Section 8)	\$783	Yes	Yes	0	0.0%				
					1BR / 1BA	16	14.3%	676	@60% (Section 8)	\$842	Yes	Yes	0	0.0%				
					2BR / 1BA	64	57.1%	832	@60% (Section 8)	\$992	Yes	Yes	0	0.0%				
					3BR / 1.5BA	16	14.3%	1,092	@60% (Section 8)	\$1,142	Yes	Yes	0	0.0%				
						112										0	0.0%	
1	90 Dillon Apartments 90 Dillon Road Hilton Head Island, SC 29926 Beaufort County	1.3 miles	Townhouse 2-stories 1992 / 2017 Family	@50%, @60%	2BR / 1.5BA	5	10.4%	966	@50%	\$695	No	Yes	0	0.0%				
					2BR / 1.5BA	19	39.6%	966	@60%	\$830	No	Yes	0	0.0%				
					3BR / 1.5BA	5	10.4%	1,092	@50%	\$780	No	Yes	0	0.0%				
					3BR / 1.5BA	18	37.5%	1,092	@60%	\$930	No	Yes	0	0.0%				
					3BR / 1.5BA	1	2.1%	1,092	Non-Rental	-	N/A	No	0	0.0%				
	48											0	0.0%					
2	Ashley Pointe Apartments 2105 Carolina Wren Drive Beaufort, SC 29902 Beaufort County	16.0 miles	Garden 3-stories 2016 / n/a Family	@50%, @60%	2BR / 2BA	6	10.7%	1,100	@50%	\$816	Yes	Yes	0	0.0%				
					2BR / 2BA	34	60.7%	1,100	@60%	\$1,000	Yes	Yes	0	0.0%				
					3BR / 2BA	8	14.3%	1,250	@50%	\$937	Yes	Yes	0	0.0%				
					3BR / 2BA	8	14.3%	1,250	@60%	\$1,149	Yes	Yes	0	0.0%				
						56										0	0.0%	
3	Cross Creek 325 Ambrose Run Beaufort, SC 29906 Beaufort County	14.9 miles	Garden 3-stories 2009 / n/a Family	@60%, Market	1BR / 1BA	19	13.2%	733	@60%	\$795	Yes	No	1	5.3%				
					1BR / 1BA	5	3.5%	733	Market	\$880	N/A	Yes	0	0.0%				
					2BR / 2BA	36	25.0%	933	@60%	\$935	Yes	No	0	0.0%				
					2BR / 2BA	24	16.7%	933	Market	\$1,035	N/A	Yes	0	0.0%				
					3BR / 2BA	33	22.9%	1,149	@60%	\$1,055	Yes	No	0	0.0%				
	27	18.8%	1,149	Market	\$1,100	N/A	Yes	1	3.7%									
	144											2	1.4%					
4	Magnolia Park Apartments 314 Laurel Bay Road Beaufort, SC 29906 Beaufort County	17.0 miles	Garden 2-stories 2001 / n/a Family	@50%, @60%	2BR / 2BA	6	10.7%	990	@50%	\$804	Yes	No	0	0.0%				
					2BR / 2BA	18	32.1%	990	@60%	\$995	Yes	No	0	0.0%				
					3BR / 2BA	8	14.3%	1,189	@50%	\$934	Yes	No	0	0.0%				
					3BR / 2BA	24	42.9%	1,189	@60%	\$1,155	Yes	No	0	0.0%				
						56										0	0.0%	
5	May River Village 5736 Patriot Lane Bluffton, SC 29910 Beaufort County	8.7 miles	Garden 3-stories 2011 / n/a Family	@50%, @60%	1BR / 1BA	17	15.7%	726	@50%	\$677	Yes	Yes	0	0.0%				
					1BR / 1BA	17	15.7%	726	@60%	\$880	N/A	Yes	0	0.0%				
					2BR / 2BA	22	20.4%	1,026	@50%	\$806	Yes	Yes	0	0.0%				
					2BR / 2BA	22	20.4%	1,026	@60%	\$990	Yes	Yes	0	0.0%				
					3BR / 2BA	15	13.9%	1,247	@50%	\$927	Yes	Yes	0	0.0%				
	15	13.9%	1,247	@60%	\$1,139	Yes	Yes	0	0.0%									
	108											0	0.0%					
6	Vista View 39 Haigler Blvd Bluffton, SC 29910 Beaufort County	10.4 miles	Garden 2-stories 1998 / n/a Family	@60%	3BR / 2BA	72	100.0%	1,350	@60%	\$1,076	No	Yes	2	2.8%				
						72										2	2.8%	
7	29 Edgewater 29 Edgewater Circle Bluffton, SC 29910 Beaufort County	6.5 miles	Various 2-stories 1998 / 2018 Family	Market	1BR / 1BA	84	28.0%	750	Market	\$1,246	N/A	No	3	3.6%				
					2BR / 2BA	120	40.0%	1,000	Market	\$1,474	N/A	No	0	0.0%				
					2BR / 2BA	40	13.3%	1,145	Market	\$1,493	N/A	No	0	0.0%				
					3BR / 2.5BA	56	18.7%	1,428	Market	\$1,944	N/A	No	0	0.0%				
						300										3	1.0%	
8	Bluestone Apartments 4921 Bluffton Parkway Bluffton, SC 29910 Beaufort County	8.6 miles	Garden 3-stories 2004 / 2019 Family	Market	1BR / 1BA	N/A	N/A	728	Market	\$1,384	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,105	Market	\$1,453	N/A	No	4	N/A				
					3BR / 3BA	N/A	N/A	1,510	Market	\$1,752	N/A	No	0	N/A				
						360										4	1.1%	
9	Marsh Point 100 Marsh Point Drive Hilton Head Island, SC 29915 Beaufort County	2.1 miles	Garden 2-stories 1991 / 2018 Family	Market	1BR / 1BA	60	42.9%	790	Market	\$1,225	N/A	No	0	0.0%				
					2BR / 2BA	80	57.1%	980	Market	\$1,400	N/A	No	0	0.0%				
						140										0	0.0%	
10	Oak Tree Village 2208 Southside Boulevard Port Royal, SC 29902 Beaufort County	12.7 miles	Garden 2-stories 1977 / 1997 Family	Market	1BR / 1BA	16	16.3%	645	Market	\$934	N/A	No	N/A	N/A				
					2BR / 1.5BA	64	65.3%	884	Market	\$1,063	N/A	No	N/A	N/A				
					3BR / 2BA	18	18.4%	1,180	Market	\$1,302	N/A	No	N/A	N/A				
						98										47	48.0%	
11	Stuart Towne Apartments 100 Stuart Towne Lane Port Royal, SC 29902 Beaufort County	13.6 miles	Various 2-stories 1968 / 2014 Family	Market	1BR / 1BA	4	4.3%	850	Market	\$998	N/A	No	0	0.0%				
					2BR / 1.5BA	38	40.4%	1,178	Market	\$1,098	N/A	No	0	0.0%				
					2BR / 1.5BA	37	39.4%	1,243	Market	\$1,098	N/A	No	0	0.0%				
					3BR / 2BA	4	4.3%	1,300	Market	\$1,307	N/A	No	0	0.0%				
					3BR / 2BA	11	11.7%	1,325	Market	\$1,307	N/A	No	0	0.0%				
	94											0	0.0%					
12	The Oaks At Broad River Landing 100 Riverchase Boulevard Beaufort, SC 29906 Beaufort County	13.3 miles	Garden 3-stories 2001 / n/a Family	Market	1BR / 1BA	24	9.7%	660	Market	\$1,129	N/A	No	2	8.3%				
					1BR / 1BA	24	9.7%	771	Market	\$1,204	N/A	No	3	12.5%				
					1BR / 1BA	24	9.7%	934	Market	\$1,273	N/A	No	0	0.0%				
					2BR / 2BA	60	24.2%	1,070	Market	\$1,313	N/A	No	0	0.0%				
					2BR / 2BA	60	24.2%	1,192	Market	\$1,323	N/A	No	0	0.0%				
	56	22.6%	1,414	Market	\$1,413	N/A	No	0	0.0%									
	248											5	2.0%					

HILTON HEAD GARDENS – HILTON HEAD ISLAND, SC – APPLICATION MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.									
	Units Surveyed:	1,724	Weighted Occupancy:	96.3%		Weighted Occupancy:	96.3%		
	Market Rate	1,240	Market Rate	95.2%		Market Rate	95.2%		
	Tax Credit	484	Tax Credit	99.2%		Tax Credit	99.2%		
Studio One Bath		One Bedroom One Bath			Two Bedroom One Bath			Three Bedroom One and a Half Bath	
Property		Property			Property			Property	
Average		Average			Average			Average	
RENT	Hilton Head Gardens (@60%)	\$783	Bluestone Apartments (Market)	\$1,384	29 Edgewater (Market)(2BA)	\$1,493	29 Edgewater (Market)(2.5BA)	\$1,944	
			The Oaks At Broad River Landing (Market)	\$1,273	29 Edgewater (Market)(2BA)	\$1,474	Bluestone Apartments (Market)(3BA)	\$1,752	
			29 Edgewater (Market)	\$1,246	Bluestone Apartments (Market)(2BA)	\$1,453	The Oaks At Broad River Landing (Market)(2BA)	\$1,413	
			Marsh Point (Market)	\$1,225	Marsh Point (Market)(2BA)	\$1,400	Stuart Towne Apartments (Market)(2BA)	\$1,307	
			The Oaks At Broad River Landing (Market)	\$1,204	The Oaks At Broad River Landing (Market)(2BA)	\$1,323	Stuart Towne Apartments (Market)(2BA)	\$1,307	
			The Oaks At Broad River Landing (Market)	\$1,129	The Oaks At Broad River Landing (Market)(2BA)	\$1,313	Oak Tree Village (Market)(2BA)	\$1,302	
			Stuart Towne Apartments (Market)	\$998	Stuart Towne Apartments (Market)(1.5BA)	\$1,098	Magnolia Park Apartments (@60%)(2BA)	\$1,155	
			Oak Tree Village (Market)	\$934	Stuart Towne Apartments (Market)(1.5BA)	\$1,098	Ashley Pointe Apartments (@60%)(2BA)	\$1,149	
			Cross Creek (Market)	\$880	Oak Tree Village (Market)(1.5BA)	\$1,063	Hilton Head Gardens (@60%)	\$1,142	
			Hilton Head Gardens (@60%)	\$842	Cross Creek (Market)(2BA)	\$1,035	May River Village (@60%)(2BA)	\$1,139	
			May River Village (@60%)	\$830	Ashley Pointe Apartments (@60%)(2BA)	\$1,000	Cross Creek (Market)(2BA)	\$1,100	
			Cross Creek (@60%)	\$795	Magnolia Park Apartments (@60%)(2BA)	\$995	Vista View (@60%)(2BA)	\$1,076	
			May River Village (@50%)	\$677	Hilton Head Gardens (@60%)	\$992	Cross Creek (@60%)(2BA)	\$1,055	
					May River Village (@60%)(2BA)	\$990	Ashley Pointe Apartments (@50%)(2BA)	\$937	
					Cross Creek (@60%)(2BA)	\$935	Magnolia Park Apartments (@50%)(2BA)	\$934	
					90 Dillon Apartments (@60%)(1.5BA)	\$830	90 Dillon Apartments (@60%)	\$930	
					Ashley Pointe Apartments (@50%)(2BA)	\$816	May River Village (@50%)(2BA)	\$927	
					May River Village (@50%)(2BA)	\$806	90 Dillon Apartments (@50%)	\$780	
					Magnolia Park Apartments (@50%)(2BA)	\$804			
					90 Dillon Apartments (@50%)(1.5BA)	\$695			
SQUARE FOOTAGE	Hilton Head Gardens (@60%)	467	The Oaks At Broad River Landing (Market)	934	Stuart Towne Apartments (Market)(1.5BA)	1,243	Bluestone Apartments (Market)(3BA)	1,510	
			Stuart Towne Apartments (Market)	850	The Oaks At Broad River Landing (Market)(2BA)	1,192	29 Edgewater (Market)(2.5BA)	1,428	
			Marsh Point (Market)	790	Stuart Towne Apartments (Market)(1.5BA)	1,178	The Oaks At Broad River Landing (Market)(2BA)	1,414	
			The Oaks At Broad River Landing (Market)	771	29 Edgewater (Market)(2BA)	1,145	Vista View (@60%)(2BA)	1,350	
			29 Edgewater (Market)	750	Bluestone Apartments (Market)(2BA)	1,105	Stuart Towne Apartments (Market)(2BA)	1,325	
			Cross Creek (Market)	733	Ashley Pointe Apartments (@50%)(2BA)	1,100	Stuart Towne Apartments (Market)(2BA)	1,300	
			Cross Creek (@60%)	733	Ashley Pointe Apartments (@60%)(2BA)	1,100	Ashley Pointe Apartments (@60%)(2BA)	1,250	
			Bluestone Apartments (Market)	728	The Oaks At Broad River Landing (Market)(2BA)	1,070	Ashley Pointe Apartments (@50%)(2BA)	1,250	
			May River Village (@50%)	726	May River Village (@50%)(2BA)	1,026	May River Village (@60%)(2BA)	1,247	
			May River Village (@60%)	726	May River Village (@60%)(2BA)	1,026	May River Village (@50%)(2BA)	1,247	
			Hilton Head Gardens (@60%)	676	29 Edgewater (Market)(2BA)	1,000	Magnolia Park Apartments (@50%)(2BA)	1,189	
			The Oaks At Broad River Landing (Market)	660	Magnolia Park Apartments (@60%)(2BA)	990	Magnolia Park Apartments (@60%)(2BA)	1,189	
			Oak Tree Village (Market)	645	Magnolia Park Apartments (@50%)(2BA)	990	Oak Tree Village (Market)(2BA)	1,180	
					Marsh Point (Market)(2BA)	980	Cross Creek (Market)(2BA)	1,149	
					90 Dillon Apartments (@60%)(1.5BA)	966	Cross Creek (@60%)(2BA)	1,149	
					90 Dillon Apartments (@50%)(1.5BA)	966	90 Dillon Apartments (Non-Rental)	1,092	
					Cross Creek (Market)(2BA)	933	90 Dillon Apartments (@50%)	1,092	
					Cross Creek (@60%)(2BA)	933	Hilton Head Gardens (@60%)	1,092	
					Oak Tree Village (Market)(1.5BA)	884	90 Dillon Apartments (@60%)	1,092	
					Hilton Head Gardens (@60%)	832			
RENT PER SQUARE FOOT	Hilton Head Gardens (@60%)	\$1.68	Bluestone Apartments (Market)	\$1.90	29 Edgewater (Market)(2BA)	\$1.47	29 Edgewater (Market)(2.5BA)	\$1.36	
			The Oaks At Broad River Landing (Market)	\$1.71	Marsh Point (Market)(2BA)	\$1.43	Bluestone Apartments (Market)(3BA)	\$1.16	
			29 Edgewater (Market)	\$1.66	Bluestone Apartments (Market)(2BA)	\$1.31	Oak Tree Village (Market)(2BA)	\$1.10	
			The Oaks At Broad River Landing (Market)	\$1.56	29 Edgewater (Market)(2BA)	\$1.30	Hilton Head Gardens (@60%)	\$1.05	
			Marsh Point (Market)	\$1.55	The Oaks At Broad River Landing (Market)(2BA)	\$1.23	Stuart Towne Apartments (Market)(2BA)	\$1.01	
			Oak Tree Village (Market)	\$1.45	Oak Tree Village (Market)(1.5BA)	\$1.20	The Oaks At Broad River Landing (Market)(2BA)	\$1.00	
			The Oaks At Broad River Landing (Market)	\$1.36	Hilton Head Gardens (@60%)	\$1.19	Stuart Towne Apartments (Market)(2BA)	\$0.99	
			Hilton Head Gardens (@60%)	\$1.25	The Oaks At Broad River Landing (Market)(2BA)	\$1.11	Magnolia Park Apartments (@60%)(2BA)	\$0.97	
			Cross Creek (Market)	\$1.20	Cross Creek (Market)(2BA)	\$1.11	Cross Creek (Market)(2BA)	\$0.96	
			Stuart Towne Apartments (Market)	\$1.17	Magnolia Park Apartments (@60%)(2BA)	\$1.01	Ashley Pointe Apartments (@60%)(2BA)	\$0.92	
			May River Village (@60%)	\$1.14	Cross Creek (@60%)(2BA)	\$1.00	Cross Creek (@60%)(2BA)	\$0.92	
			Cross Creek (@60%)	\$1.08	May River Village (@60%)(2BA)	\$0.96	May River Village (@60%)(2BA)	\$0.91	
			May River Village (@50%)	\$0.93	Stuart Towne Apartments (Market)(1.5BA)	\$0.93	90 Dillon Apartments (@60%)	\$0.85	
					Ashley Pointe Apartments (@60%)(2BA)	\$0.91	Vista View (@60%)(2BA)	\$0.80	
					Stuart Towne Apartments (Market)(1.5BA)	\$0.88	Magnolia Park Apartments (@50%)(2BA)	\$0.79	
					90 Dillon Apartments (@60%)(1.5BA)	\$0.86	Ashley Pointe Apartments (@50%)(2BA)	\$0.75	
					Magnolia Park Apartments (@50%)(2BA)	\$0.81	May River Village (@50%)(2BA)	\$0.74	
					May River Village (@50%)(2BA)	\$0.79	90 Dillon Apartments (@50%)	\$0.71	
					Ashley Pointe Apartments (@50%)(2BA)	\$0.74			
					90 Dillon Apartments (@50%)(1.5BA)	\$0.72			

HILTON HEAD GARDENS – HILTON HEAD ISLAND, SC – APPLICATION MARKET STUDY

AMENITY MATRIX

	Subject	90 Dillon Apartments	Ashley Pointe Apartments	Cross Creek	Magnolia Park Apartments	May River Village	Vista View	29 Edgewater	Bluestone Apartments	Marsh Point	Oak Tree Village	Stuart Towne Apartments	The Oaks At Broad River Landing
	Section 8	LIHTC	LIHTC	LIHTC/ Market	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market
Building													
Property Type	Garden	Townhouse	Garden	Garden	Garden	Garden	Garden	Various	Garden	Garden	Garden	Various	Garden
# of Stories	2-stories	2-stories	3-stories	3-stories	2-stories	3-stories	2-stories	2-stories	3-stories	2-stories	2-stories	2-stories	3-stories
Year Built	1980	1992	2016	2009	2001	2011	1998	1998	2004	1991	1977	1968	2001
Year Renovated	2019/2022	2017	n/a	n/a	n/a	n/a	n/a	2018	2019	2018	1997	2014	n/a
Utility Structure													
Cooking	no	no	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no	no
Water	yes	yes	yes	yes	yes	yes	no	yes	no	yes	no	no	no
Sewer	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	no	no
Trash	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Unit Amenities													
Balcony/Patio	no	yes	yes	yes	no	yes	no	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting / Vinyl	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	no	yes	yes	yes	yes	no	yes	yes	yes	no	no	yes
Coat Closet	yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes
Exterior Storage	no	yes	no	yes	no	no	no	yes	no	no	no	no	yes
Walk-In Closet	no	no	yes	yes	yes	yes	no	yes	yes	no	no	yes	yes
Washer/Dryer	no	no	no	yes	no	no	no	yes	yes	yes	no	no	yes
W/D Hookup	no	yes	yes	no	yes	yes	yes	no	no	yes	yes	no	yes
Kitchen													
Dishwasher	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Microwave	no	yes	yes	no	no	yes	no	no	yes	yes	no	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Community													
Business Center	no	yes	yes	no	yes	yes	no	yes	yes	no	no	no	yes
Community Room	no	yes	yes	yes	yes	yes	no	yes	yes	no	yes	no	yes
Central Laundry	yes	yes	no	no	yes	yes	no	no	no	yes	yes	yes	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Recreation													
Basketball Court	no	no	no	no	yes	no	no	no	no	no	no	no	no
Exercise Facility	no	no	yes	yes	no	no	no	yes	yes	yes	yes	no	yes
Playground	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes	no	yes
Swimming Pool	no	no	no	no	yes	no	no	yes	no	yes	yes	yes	yes
Picnic Area	no	no	yes	yes	no	yes	no	yes	yes	no	yes	no	yes
Recreational Area	no	no	no	no	no	no	no	yes	yes	no	no	no	no
Security													
Patrol	no	no	no	yes	yes	no	no	yes	no	no	yes	yes	no
Perimeter Fencing	no	no	no	no	no	no	no	no	no	no	no	yes	no
Video Surveillance	yes	yes	no	yes	no	yes	no	yes	no	no	no	no	no
Parking													
Garage	no	no	no	no	no	no	no	yes	yes	no	no	no	yes
Garage Fee	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$125	\$120	n/a	n/a	n/a	\$120
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

PROPERTY PROFILE REPORT

90 Dillon Apartments

Effective Rent Date	4/05/2021
Location	90 Dillon Road Hilton Head Island, SC 29926 Beaufort County
Distance	1.3 miles
Units	48
Vacant Units	0
Vacancy Rate	0.0%
Type	Townhouse (2 stories)
Year Built/Renovated	1992 / 2017
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Property Manager
Phone	843-689-5904



Market Information

Program	@50%, @60%
Annual Turnover Rate	7%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	N/A
Concession	N/A
Waiting List	Yes; 3 years

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1.5	Townhouse (2 stories)	5	966	\$695	\$0	@50%	Yes	0	0.0%	no	None
2	1.5	Townhouse (2 stories)	19	966	\$830	\$0	@60%	Yes	0	0.0%	no	None
3	1.5	Townhouse (2 stories)	5	1,092	\$780	\$0	@50%	Yes	0	0.0%	no	None
3	1.5	Townhouse (2 stories)	18	1,092	\$930	\$0	@60%	Yes	0	0.0%	no	None
3	1.5	Townhouse (2 stories)	1	1,092	N/A	\$0	Non-Rental	No	0	0.0%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1.5BA	\$695	\$0	\$695	\$0	\$695	2BR / 1.5BA	\$830	\$0	\$830	\$0	\$830
3BR / 1.5BA	\$780	\$0	\$780	\$0	\$780	3BR / 1.5BA	\$930	\$0	\$930	\$0	\$930
Non-Rental	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
3BR / 1.5BA	N/A	\$0	N/A	\$0	N/A						

90 Dillon Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Video Surveillance	None
Carpeting	Central A/C		
Dishwasher	Exterior Storage		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Playground		

Comments

The contact reported no issues caused by the pandemic. Rents are kept below maximum allowable level to maintain affordability for tenants. The contact stated that the property does accept Housing Choice Vouchers but does not currently have any HCV tenants.

Trend Report

Vacancy Rates

3Q15	2Q21
0.0%	0.0%

Trend: @50%

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	\$609	\$0	\$609	\$609
2021	2	0.0%	\$695	\$0	\$695	\$695

3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	\$695	\$0	\$695	\$695
2021	2	0.0%	\$780	\$0	\$780	\$780

Trend: @60%

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	\$761	\$0	\$761	\$761
2021	2	0.0%	\$830	\$0	\$830	\$830

3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	\$867	\$0	\$867	\$867
2021	2	0.0%	\$930	\$0	\$930	\$930

Trend: Non-Rental

3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	N/A	\$0	N/A	N/A
2021	2	0.0%	N/A	\$0	N/A	N/A

Trend: Comments

3Q15 N/A

2Q21 The contact reported no issues caused by the pandemic. Rents are kept below maximum allowable level to maintain affordability for tenants. The contact stated that the property does accept Housing Choice Vouchers but does not currently have any HCV tenants.

PROPERTY PROFILE REPORT

Ashley Pointe Apartments

Effective Rent Date	3/24/2021
Location	2105 Carolina Wren Drive Beaufort, SC 29902 Beaufort County
Distance	16 miles
Units	56
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2016 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Sea Pointe, Marsh Pointe
Tenant Characteristics	Single parents, families, seniors mostly from Beaufort area
Contact Name	Britney
Phone	843-379-9746



Market Information

Program	@50%, @60%
Annual Turnover Rate	5%
Units/Month Absorbed	37
HCV Tenants	25%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased to max
Concession	None
Waiting List	Yes; 150 households

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (3 stories)	6	1,100	\$816	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	34	1,100	\$1,000	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	8	1,250	\$937	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	8	1,250	\$1,149	\$0	@60%	Yes	0	0.0%	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$816	\$0	\$816	\$0	\$816	2BR / 2BA	\$1,000	\$0	\$1,000	\$0	\$1,000
3BR / 2BA	\$937	\$0	\$937	\$0	\$937	3BR / 2BA	\$1,149	\$0	\$1,149	\$0	\$1,149

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Off-Street Parking		
On-Site Management	Picnic Area		
Playground			

Comments

The contact noted that the property has not experienced a significant impact on operations due to the ongoing pandemic, as it is 100 percent occupied and maintains a waiting list.

Trend Report

Vacancy Rates

1Q19	3Q20	1Q21
0.0%	0.0%	0.0%

Trend: @50%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$702	\$0	\$702	\$702
2020	3	0.0%	\$766	\$0	\$766	\$766
2021	1	0.0%	\$816	\$0	\$816	\$816

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$807	\$0	\$807	\$807
2020	3	0.0%	\$875	\$0	\$875	\$875
2021	1	0.0%	\$937	\$0	\$937	\$937

Trend: @60%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$865	\$0	\$865	\$865
2020	3	0.0%	\$945	\$0	\$945	\$945
2021	1	0.0%	\$1,000	\$0	\$1,000	\$1,000

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$990	\$0	\$990	\$990
2020	3	0.0%	\$1,082	\$0	\$1,082	\$1,082
2021	1	0.0%	\$1,149	\$0	\$1,149	\$1,149

Trend: Comments

- 1Q19 The property accepts Housing Choice Vouchers. Currently, there are 13 tenants utilizing HCVs. The property maintains a waiting list of 146 households. The contact claimed that the property reached full occupancy one and a half months after beginning leasing, which means they absorbed roughly 37 units per month. She also mentioned that she believed that demand for affordable housing in the area is high, as she referenced the property's extensive waiting list.
- 3Q20 The contact noted that the property has not experienced a significant impact on operations due to the ongoing pandemic, as it is 100 percent occupied and maintains a waiting list. However, the contact stated that rents have been kept at 2019 maximum allowable levels in response to COVID-19, and there are no plans to raise to 2020 levels.
- 1Q21 The contact noted that the property has not experienced a significant impact on operations due to the ongoing pandemic, as it is 100 percent occupied and maintains a waiting list.

Photos



PROPERTY PROFILE REPORT

Cross Creek

Effective Rent Date	3/24/2021
Location	325 Ambrose Run Beaufort, SC 29906 Beaufort County
Distance	14.9 miles
Units	144
Vacant Units	2
Vacancy Rate	1.4%
Type	Garden (3 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	N/A
Leasing Began	6/01/2010
Last Unit Leased	1/31/2010
Major Competitors	Ashton Pointe, Preserve at Port Royal
Tenant Characteristics	Military, state and federal government are major employers
Contact Name	Denise
Phone	843-536-8416



Market Information

Program	@60%, Market
Annual Turnover Rate	8%
Units/Month Absorbed	N/A
HCV Tenants	20%
Leasing Pace	Within one week
Annual Chg. in Rent	Increased 2-5% since 1Q19
Concession	None
Waiting List	Yes; unknown length for market rate units

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	19	733	\$795	\$0	@60%	No	1	5.3%	yes	None
1	1	Garden (3 stories)	5	733	\$880	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (3 stories)	36	933	\$935	\$0	@60%	No	0	0.0%	yes	None
2	2	Garden (3 stories)	24	933	\$1,035	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Garden (3 stories)	33	1,149	\$1,055	\$0	@60%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	27	1,149	\$1,100	\$0	Market	Yes	1	3.7%	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$795	\$0	\$795	\$0	\$795	1BR / 1BA	\$880	\$0	\$880	\$0	\$880
2BR / 2BA	\$935	\$0	\$935	\$0	\$935	2BR / 2BA	\$1,035	\$0	\$1,035	\$0	\$1,035
3BR / 2BA	\$1,055	\$0	\$1,055	\$0	\$1,055	3BR / 2BA	\$1,100	\$0	\$1,100	\$0	\$1,100

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C	Video Surveillance	
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking	On-Site Management		
Picnic Area	Playground		

Comments

The contact noted a decrease in moveouts and that some tenants have been affected by job losses and furloughs due to the ongoing COVID-19 pandemic. The contact reported that the property is offering payment plans to residents having difficulty paying rent, and approximated that under 10 tenants have required payment plans.

Trend Report

Vacancy Rates

3Q19	4Q19	3Q20	1Q21
0.0%	4.9%	0.0%	1.4%

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$770	\$0	\$770	\$770
2019	4	N/A	\$770	\$0	\$770	\$770
2020	3	0.0%	\$770	\$0	\$770	\$770
2021	1	5.3%	\$795	\$0	\$795	\$795

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$910	\$0	\$910	\$910
2019	4	N/A	\$910	\$0	\$910	\$910
2020	3	0.0%	\$910	\$0	\$910	\$910
2021	1	0.0%	\$935	\$0	\$935	\$935

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$1,030	\$0	\$1,030	\$1,030
2019	4	N/A	\$1,030	\$0	\$1,030	\$1,030
2020	3	0.0%	\$1,030	\$0	\$1,030	\$1,030
2021	1	0.0%	\$1,055	\$0	\$1,055	\$1,055

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$855	\$0	\$855	\$855
2019	4	N/A	\$855	\$0	\$855	\$855
2020	3	0.0%	\$855	\$0	\$855	\$855
2021	1	0.0%	\$880	\$0	\$880	\$880

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$1,010	\$0	\$1,010	\$1,010
2019	4	N/A	\$1,010	\$0	\$1,010	\$1,010
2020	3	0.0%	\$1,010	\$0	\$1,010	\$1,010
2021	1	0.0%	\$1,035	\$0	\$1,035	\$1,035

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$1,100	\$0	\$1,100	\$1,100
2019	4	N/A	\$1,100	\$0	\$1,100	\$1,100
2020	3	0.0%	\$1,100	\$0	\$1,100	\$1,100
2021	1	3.7%	\$1,100	\$0	\$1,100	\$1,100

Trend: Comments

3Q19	The contact had no additional comments.
4Q19	The property manager stated that all seven of the vacant units is currently pre-leased.
3Q20	The contact noted that some tenants have been affected by job losses and furloughs due to the ongoing COVID-19 pandemic. The property is offering payment plans to residents having difficulty paying rent.
1Q21	The contact noted a decrease in moveouts and that some tenants have been affected by job losses and furloughs due to the ongoing COVID-19 pandemic. The contact reported that the property is offering payment plans to residents having difficulty paying rent, and approximated that under 10 tenants have required payment plans.

Photos



PROPERTY PROFILE REPORT

Magnolia Park Apartments

Effective Rent Date	4/01/2021
Location	314 Laurel Bay Road Beaufort, SC 29906 Beaufort County
Distance	17 miles
Units	56
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Shell Pointe
Tenant Characteristics	Mix of families from Beaufort County
Contact Name	Katy
Phone	843-846-1138



Market Information

Program	@50%, @60%
Annual Turnover Rate	15%
Units/Month Absorbed	N/A
HCV Tenants	50%
Leasing Pace	Within one week
Annual Chg. in Rent	Increased to 2020 max
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (2 stories)	6	990	\$804	\$0	@50%	No	0	0.0%	yes	None
2	2	Garden (2 stories)	18	990	\$995	\$0	@60%	No	0	0.0%	yes	None
3	2	Garden (2 stories)	8	1,189	\$934	\$0	@50%	No	0	0.0%	yes	None
3	2	Garden (2 stories)	24	1,189	\$1,155	\$0	@60%	No	0	0.0%	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$804	\$0	\$804	\$0	\$804	2BR / 2BA	\$995	\$0	\$995	\$0	\$995
3BR / 2BA	\$934	\$0	\$934	\$0	\$934	3BR / 2BA	\$1,155	\$0	\$1,155	\$0	\$1,155

Magnolia Park Apartments, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Patrol	None
Central A/C	Coat Closet		
Dishwasher	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Basketball Court	Business Center/Computer Lab	None	None
Clubhouse/Meeting Room/Community	Central Laundry		
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The contact noted that they have not experienced a significant impact to leasing due to COVID-19, and the property plans to increase their rents to the 2021 maximum allowable level. The property does not maintain a waiting list, but follows up with prospective tenants when they have an availability coming up and typically is able to pre-lease vacant units.

Magnolia Park Apartments, continued

Trend Report

Vacancy Rates

1Q19	3Q19	3Q20	2Q21
0.0%	0.0%	0.0%	0.0%

Trend: @50%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$719	\$0	\$719	\$719
2019	3	0.0%	\$853	\$0	\$853	\$853
2020	3	0.0%	\$853	\$0	\$853	\$853
2021	2	0.0%	\$804	\$0	\$804	\$804

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$822	\$0	\$822	\$822
2019	3	0.0%	\$980	\$0	\$980	\$980
2020	3	0.0%	\$980	\$0	\$980	\$980
2021	2	0.0%	\$934	\$0	\$934	\$934

Trend: @60%

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$886	\$0	\$886	\$886
2019	3	0.0%	\$1,044	\$0	\$1,044	\$1,044
2020	3	0.0%	\$1,044	\$0	\$1,044	\$1,044
2021	2	0.0%	\$995	\$0	\$995	\$995

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	1	0.0%	\$1,015	\$0	\$1,015	\$1,015
2019	3	0.0%	\$1,201	\$0	\$1,201	\$1,201
2020	3	0.0%	\$1,201	\$0	\$1,201	\$1,201
2021	2	0.0%	\$1,155	\$0	\$1,155	\$1,155

Trend: Comments

1Q19	The property accepts Housing Choice Vouchers. Currently 21 tenants are utilizing HCVs. The contact stated that pest control is also included in the property's rents. She also stated that she believes demand for affordable housing in the area is high.
3Q19	The contact provided no additional comments.
3Q20	The contact noted that rents are still at 2019 maximum allowable levels. The contact noted that they have not experienced a significant impact to leasing due to COVID-19, as the property is 100 percent occupied and maintains a waiting list. However, the property has delayed increasing rents to 2020 maximum allowable levels until the pandemic slows, but did not have a specific date planned.
2Q21	The contact noted that they have not experienced a significant impact to leasing due to COVID-19, and the property plans to increase their rents to the 2021 maximum allowable level. The property does not maintain a waiting list, but follows up with prospective tenants when they have an availability coming up and typically is able to pre-lease vacant units.

Photos



PROPERTY PROFILE REPORT

May River Village

Effective Rent Date	3/30/2021
Location	5736 Patriot Lane Bluffton, SC 29910 Beaufort County
Distance	8.7 miles
Units	108
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2011 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixture of families and couples
Contact Name	Angelina
Phone	843-837-9400



Market Information

Program	@50%, @60%
Annual Turnover Rate	10%
Units/Month Absorbed	8
HCV Tenants	19%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None reported since 2020
Concession	None
Waiting List	Yes; two months to one year

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	17	726	\$677	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	17	726	\$830	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	22	1,026	\$806	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	22	1,026	\$990	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	15	1,247	\$927	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	15	1,247	\$1,139	\$0	@60%	Yes	0	0.0%	yes	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$677	\$0	\$677	\$0	\$677	1BR / 1BA	\$830	\$0	\$830	\$0	\$830
2BR / 2BA	\$806	\$0	\$806	\$0	\$806	2BR / 2BA	\$990	\$0	\$990	\$0	\$990
3BR / 2BA	\$927	\$0	\$927	\$0	\$927	3BR / 2BA	\$1,139	\$0	\$1,139	\$0	\$1,139

May River Village, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Video Surveillance	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Playground			

Comments

The property consists of two phases, built in 2011 and 2015. Phase II consists of 12 one-bedroom, 16 two-bedroom, and 12 three-bedroom units, for 40 total units. The contact stated that the property had seen an increase in moveouts due to the ongoing COVID-19 pandemic, but that conditions at the property have almost returned to normal.

May River Village, continued

Trend Report

Vacancy Rates

4Q16	4Q19	3Q20	1Q21
0.0%	0.0%	0.0%	0.0%

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	4	0.0%	\$555	\$0	\$555	\$555
2019	4	0.0%	\$657	\$0	\$657	\$657
2020	3	0.0%	\$677	\$0	\$677	\$677
2021	1	0.0%	\$677	\$0	\$677	\$677

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	4	0.0%	\$655	\$0	\$655	\$655
2019	4	0.0%	\$780	\$0	\$780	\$780
2020	3	0.0%	\$806	\$0	\$806	\$806
2021	1	0.0%	\$806	\$0	\$806	\$806

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	4	0.0%	\$742	\$0	\$742	\$742
2019	4	0.0%	\$897	\$0	\$897	\$897
2020	3	0.0%	\$927	\$0	\$927	\$927
2021	1	0.0%	\$927	\$0	\$927	\$927

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	4	0.0%	\$685	\$0	\$685	\$685
2019	4	0.0%	\$806	\$0	\$806	\$806
2020	3	0.0%	\$830	\$0	\$830	\$830
2021	1	0.0%	\$830	\$0	\$830	\$830

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	4	0.0%	\$809	\$0	\$809	\$809
2019	4	0.0%	\$959	\$0	\$959	\$959
2020	3	0.0%	\$990	\$0	\$990	\$990
2021	1	0.0%	\$990	\$0	\$990	\$990

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	4	0.0%	\$915	\$0	\$915	\$915
2019	4	0.0%	\$1,104	\$0	\$1,104	\$1,104
2020	3	0.0%	\$1,139	\$0	\$1,139	\$1,139
2021	1	0.0%	\$1,139	\$0	\$1,139	\$1,139

Trend: Comments

4Q16	Contact stated the property was 100 percent occupied and estimated the annual turnover rate to be two percent or less. The property has five tenants utilizing HCV's. Contact stated there is definitely a need for more affordable housing units in the area.
4Q19	The property consists of two phases, built in 2011 and 2015. Phase II consists of 12 one-bedroom, 16 two-bedroom, and 12 three-bedroom units, for 40 total units.
3Q20	The property consists of two phases, built in 2011 and 2015. Phase II consists of 12 one-bedroom, 16 two-bedroom, and 12 three-bedroom units, for 40 total units. The contact noted that the rents were about \$10 less than the maximum allowable levels; however, she could not explain why the rents were being kept below the maximum allowable levels. The contact noted that tenants have been affected by job losses and furloughs due to the ongoing COVID-19 pandemic. The property is offering payment plans to residents having difficulties paying rent.
1Q21	The property consists of two phases, built in 2011 and 2015. Phase II consists of 12 one-bedroom, 16 two-bedroom, and 12 three-bedroom units, for 40 total units. The contact stated that the property had seen an increase in moveouts due to the ongoing COVID-19 pandemic, but that conditions at the property have almost returned to normal.

Photos



PROPERTY PROFILE REPORT

Vista View

Effective Rent Date	4/06/2021
Location	39 Haigler Blvd Bluffton, SC 29910 Beaufort County
Distance	10.4 miles
Units	72
Vacant Units	2
Vacancy Rate	2.8%
Type	Garden (2 stories)
Year Built/Renovated	1998 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Hallmark, Bluffton House
Tenant Characteristics	Mixed tenancy
Contact Name	Bonnie
Phone	(843) 706-3560



Market Information

Program	@60%
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	11%
Leasing Pace	Pre-leased
Annual Chg. in Rent	None
Concession	None
Waiting List	Yes, N/Av.

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
3	2	Garden (2 stories)	72	1,350	\$1,050	\$0	@60%	Yes	2	2.8%	no	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
3BR / 2BA	\$1,050	\$0	\$1,050	\$26	\$1,076

Amenities

In-Unit		Security	Services
Blinds		None	None
Central A/C	Carpeting		
Garbage Disposal	Dishwasher		
Refrigerator	Oven		
	Washer/Dryer hookup		
Property		Premium	Other
Off-Street Parking	On-Site Management	None	None
Playground			

Comments

The contact reported no impact from COVID-19 at the property. The contact stated rents are kept below max but did not provide additional information.

Trend Report

Vacancy Rates

1Q08	3Q11	3Q15	2Q21
0.0%	0.0%	0.0%	2.8%

Trend: @60%

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	1	0.0%	\$750	\$0	\$750	\$776
2011	3	0.0%	\$824	\$0	\$824	\$850
2015	3	0.0%	\$892	\$0	\$892	\$918
2021	2	2.8%	\$1,050	\$0	\$1,050	\$1,076

Trend: Comments

1Q08	Contact stated that annual turnover rate varies each year.
3Q11	Contact stated that annual turnover rate varies each year. 9/21/2011: Pest control is also included in utilities.
3Q15	The contact reported that rent restrictions on all units have been increased to the 60 percent of AMI level and were previously at the 45 percent of AMI level. The contact could not comment on the length of the waiting list.
2Q21	The contact reported no impact from COVID-19 at the property. The contact stated rents are kept below max but did not provide additional information.

Photos



PROPERTY PROFILE REPORT

29 Edgewater

Effective Rent Date	3/31/2021
Location	29 Edgewater Circle Bluffton, SC 29910 Beaufort County
Distance	6.5 miles
Units	300
Vacant Units	3
Vacancy Rate	1.0%
Type	Various (2 stories)
Year Built/Renovated	1998 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Brittney
Phone	843-837-7700



Market Information

Program	Market
Annual Turnover Rate	32%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Fluctuates daily
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	84	750	\$1,246	\$0	Market	No	3	3.6%	N/A	None
2	2	Garden (2 stories)	120	1,000	\$1,474	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (2 stories)	40	1,145	\$1,493	\$0	Market	No	0	0.0%	N/A	None
3	2.5	Townhouse (2 stories)	56	1,428	\$1,944	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,246	\$0	\$1,246	\$0	\$1,246
2BR / 2BA	\$1,474 - \$1,493	\$0	\$1,474 - \$1,493	\$0	\$1,474 - \$1,493
3BR / 2.5BA	\$1,944	\$0	\$1,944	\$0	\$1,944

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C	Video Surveillance	
Coat Closet	Dishwasher		
Exterior Storage(\$60.00)	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Vaulted Ceilings		
Walk-In Closet	Washer/Dryer		
Property		Premium	Other
Business Center/Computer Lab	Car Wash	None	None
Clubhouse/Meeting Room/Community	Courtyard		
Exercise Facility	Garage(\$125.00)		
Off-Street Parking	On-Site Management		
Picnic Area	Playground		
Recreation Areas	Swimming Pool		

Comments

The property does not accept Housing Choice Vouchers. Garage parking and exterior storage is available for an additional fee of \$125 and \$60 per month, respectively. In-unit washer/dryers are included in rent with all unit types. Units were renovated in 2018 with new paint, appliances, cabinets, countertops, flooring, and ceiling fans, as well as common area upgrades. The contact noted that rents increased approximately \$100 to \$200 post-renovation. The property utilizes a LRO pricing system; therefore, rents change daily. The contact reported no impact from the COVID-19 pandemic at the property.

Trend Report

Vacancy Rates

3Q15	4Q16	4Q20	1Q21
1.3%	3.7%	3.7%	1.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	1.2%	\$984	\$0	\$984	\$984
2016	4	N/A	\$1,073	\$0	\$1,073	\$1,073
2020	4	3.6%	\$1,410	\$0	\$1,410	\$1,410
2021	1	3.6%	\$1,246	\$0	\$1,246	\$1,246

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	1.9%	\$1,299 - \$1,377	\$0	\$1,299 - \$1,377	\$1,299 - \$1,377
2016	4	N/A	\$1,422 - \$1,436	\$0	\$1,422 - \$1,436	\$1,422 - \$1,436
2020	4	3.8%	\$1,470 - \$1,535	\$0	\$1,470 - \$1,535	\$1,470 - \$1,535
2021	1	0.0%	\$1,474 - \$1,493	\$0	\$1,474 - \$1,493	\$1,474 - \$1,493

3BR / 2.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	\$1,513	\$0	\$1,513	\$1,513
2016	4	N/A	\$1,502	\$0	\$1,502	\$1,502
2020	4	3.6%	\$1,730	\$0	\$1,730	\$1,730
2021	1	0.0%	\$1,944	\$0	\$1,944	\$1,944

Trend: Comments

3Q15	The contact reported that the property is using an LRO system. All of the rents reported in this profile represent averages. The one-bedrooms range from \$897 to \$1071. The small two-bedrooms (1,000 square feet) range from \$1,312 to \$1,443. The large two-bedrooms (1,145 square feet) range from \$1,237 to \$1,362. The three-bedrooms range from \$1,294 to \$1,733.
4Q16	Contact stated the property had 11 units vacant and that management does not accept HCV's. She also stated that rents have remained steady over the last year.
4Q20	The property does not accept Housing Choice Vouchers. Garage parking and exterior storage is available for an additional fee of \$125 and \$60 per month, respectively. The contact noted that the property has seen a slight uptick in vacancy due to the ongoing pandemic. In-unit washer/dryers are included in rent with all unit types. Units were renovated in 2018 with new paint, appliances, cabinets, countertops, flooring, and ceiling fans, as well as common area upgrades. The contact noted that rents increased approximately \$100 to \$200 post-renovation. The property utilizes a LRO pricing system; therefore, rents change daily.
1Q21	The property does not accept Housing Choice Vouchers. Garage parking and exterior storage is available for an additional fee of \$125 and \$60 per month, respectively. In-unit washer/dryers are included in rent with all unit types. Units were renovated in 2018 with new paint, appliances, cabinets, countertops, flooring, and ceiling fans, as well as common area upgrades. The contact noted that rents increased approximately \$100 to \$200 post-renovation. The property utilizes a LRO pricing system; therefore, rents change daily. The contact reported no impact from the COVID-19 pandemic at the property.

Photos



PROPERTY PROFILE REPORT

Bluestone Apartments

Effective Rent Date	3/31/2021
Location	4921 Bluffton Parkway Bluffton, SC 29910 Beaufort County
Distance	8.6 miles
Units	360
Vacant Units	4
Vacancy Rate	1.1%
Type	Garden (3 stories)
Year Built/Renovated	2004 / 2019
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Deb
Phone	843-757-1700



Market Information

Program	Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	Fluctuates daily
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	728	\$1,340	\$0	Market	No	0	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,105	\$1,405	\$0	Market	No	4	N/A	N/A	None
3	3	Garden (3 stories)	N/A	1,510	\$1,695	\$0	Market	No	0	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,340	\$0	\$1,340	\$44	\$1,384
2BR / 2BA	\$1,405	\$0	\$1,405	\$48	\$1,453
3BR / 3BA	\$1,695	\$0	\$1,695	\$57	\$1,752

Bluestone Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Courtyard	Exercise Facility		
Garage(\$120.00)	Off-Street Parking		
On-Site Management	Picnic Area		
Recreation Areas			

Comments

The property does not accept Housing Choice Vouchers. The property utilizes a LRO pricing system; therefore, rents change daily. Garage parking is available for an additional \$120 per month. The contact noted stable occupancy during the COVID-19 pandemic; however, a few tenants have had to set up payment plans. The property underwent renovations for some units from 2015-2019 and there is an upcharge on renovated units. The contact would not specify the amount of that upcharge.

Photos



PROPERTY PROFILE REPORT

Marsh Point

Effective Rent Date	4/05/2021
Location	100 Marsh Point Drive Hilton Head Island, SC 29915 Beaufort County
Distance	2.1 miles
Units	140
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	1991 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Marcy
Phone	843-681-6550



Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Annual increase of 1-2%
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	60	790	\$1,225	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (2 stories)	80	980	\$1,400	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,225	\$0	\$1,225	\$0	\$1,225
2BR / 2BA	\$1,400	\$0	\$1,400	\$0	\$1,400

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Vaulted Ceilings		
Washer/Dryer			
Property		Premium	Other
Exercise Facility	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Swimming Pool			

Comments

The property does not accept Housing Choice Vouchers. The property was renovated in 2018, and rents were increased between \$150 and \$200. Renovations included new vinyl/plank flooring, appliances, kitchen backsplashes, lighting, granite countertops, and bathroom fixtures. The contact noted little to no impact from COVID-19.

Trend Report

Vacancy Rates

1Q08	3Q15	4Q20	2Q21
8.6%	0.0%	0.0%	0.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	1	N/A	\$750	\$0	\$750	\$750
2015	3	0.0%	\$950	\$0	\$950	\$950
2020	4	0.0%	\$1,225	\$0	\$1,225	\$1,225
2021	2	0.0%	\$1,225	\$0	\$1,225	\$1,225

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2008	1	N/A	\$875	\$0	\$875	\$875
2015	3	0.0%	\$1,250	\$0	\$1,250	\$1,250
2020	4	0.0%	\$1,400	\$0	\$1,400	\$1,400
2021	2	0.0%	\$1,400	\$0	\$1,400	\$1,400

Trend: Comments

1Q08	Contact stated that the property had condos in the area that they compete with.
3Q15	The contact could not comment on the length of the waiting list.
4Q20	The property does not accept Housing Choice Vouchers. The property was renovated in 2018, and rents were increased between \$150 and \$200. Renovations included new vinyl/plank flooring, appliances, kitchen backsplashes, lighting, granite countertops, and bathroom fixtures. The contact noted little impact from COVID-19.
2Q21	The property does not accept Housing Choice Vouchers. The property was renovated in 2018, and rents were increased between \$150 and \$200. Renovations included new vinyl/plank flooring, appliances, kitchen backsplashes, lighting, granite countertops, and bathroom fixtures. The contact noted little to no impact from COVID-19.

Photos



PROPERTY PROFILE REPORT

Oak Tree Village

Effective Rent Date	3/31/2021
Location	2208 Southside Boulevard Port Royal, SC 29902 Beaufort County
Distance	12.7 miles
Units	98
Vacant Units	47
Vacancy Rate	48.0%
Type	Garden (2 stories)
Year Built/Renovated	1977 / 1997
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy with majority families; ten percent senior tenancy
Contact Name	Dawn
Phone	844-296-1089



Market Information

Program	Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	10%
Leasing Pace	Within two weeks
Annual Chg. in Rent	No change
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	16	645	\$890	\$0	Market	No	N/A	N/A	N/A	None
2	1.5	Garden (2 stories)	64	884	\$1,015	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (2 stories)	18	1,180	\$1,245	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$890	\$0	\$890	\$44	\$934
2BR / 1.5BA	\$1,015	\$0	\$1,015	\$48	\$1,063
3BR / 2BA	\$1,245	\$0	\$1,245	\$57	\$1,302

Oak Tree Village, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	Dog Park
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

Comments

The property manager reported all vacant units are currently being held vacant for typical turnover upgrades such as new floors and paint. Further, The property manager stated the minor renovations will not increase the rent, done in bulk to save money, and to improve marketability. Any unit can be upgraded with a washer and dryer, microwave, and new appliances for a \$150 premium. The rents profiled above are base rents. During the COVID-19 pandemic, a few residents have been unable to pay their rent on time. However, payment plans are in place for the delinquent tenants. The property manager reported a strong demand for rental housing in the area.

Trend Report

Vacancy Rates

3Q19	3Q20	4Q20	1Q21
6.1%	8.2%	3.1%	48.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	25.0%	\$850	\$0	\$850	\$894
2020	3	12.5%	\$880	\$0	\$880	\$924
2020	4	6.2%	\$890	\$0	\$890	\$934
2021	1	N/A	\$890	\$0	\$890	\$934

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	3.1%	\$950	\$0	\$950	\$998
2020	3	9.4%	\$980	\$0	\$980	\$1,028
2020	4	3.1%	\$1,015	\$0	\$1,015	\$1,063
2021	1	N/A	\$1,015	\$0	\$1,015	\$1,063

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$1,100	\$0	\$1,100	\$1,157
2020	3	0.0%	\$1,130	\$0	\$1,130	\$1,187
2020	4	0.0%	\$1,245	\$0	\$1,245	\$1,302
2021	1	N/A	\$1,245	\$0	\$1,245	\$1,302

Trend: Comments

- 3Q19 The contact reported that the relatively high vacancy rate is due to the number of military households at the property.
- 3Q20 The contact reported that the relatively high vacancy rate is due to the number of military households at the property. The contact noted that the property has not experienced a significant impact to leasing due to COVID-19.
- 4Q20 The contact noted little impact from COVID-19.
- 1Q21 The property manager reported all vacant units are currently being held vacant for typical turnover upgrades such as new floors and paint. Further, The property manager stated the minor renovations will not increase the rent, done in bulk to save money, and to improve marketability. Any unit can be upgraded with a washer and dryer, microwave, and new appliances for a \$150 premium. The rents profiled above are base rents. During the COVID-19 pandemic, a few residents have been unable to pay their rent on time. However, payment plans are in place for the delinquent tenants. The property manager reported a strong demand for rental housing in the area.

Photos



PROPERTY PROFILE REPORT

Stuart Towne Apartments

Effective Rent Date	3/31/2021
Location	100 Stuart Towne Lane Port Royal, SC 29902 Beaufort County
Distance	13.6 miles
Units	94
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1968 / 2014
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Dawn
Phone	843-524-6000



Market Information

Program	Market
Annual Turnover Rate	13%
Units/Month Absorbed	N/A
HCV Tenants	9%
Leasing Pace	Within one month
Annual Chg. in Rent	Increased up to eight percent
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	4	850	\$954	\$0	Market	No	0	0.0%	N/A	None
2	1.5	Garden (2 stories)	38	1,178	\$1,050	\$0	Market	No	0	0.0%	N/A	None
2	1.5	Townhouse (2 stories)	37	1,243	\$1,050	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (2 stories)	4	1,300	\$1,250	\$0	Market	No	0	0.0%	N/A	None
3	2	Townhouse (2 stories)	11	1,325	\$1,250	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$954	\$0	\$954	\$44	\$998
2BR / 1.5BA	\$1,050	\$0	\$1,050	\$48	\$1,098
3BR / 2BA	\$1,250	\$0	\$1,250	\$57	\$1,307

Stuart Towne Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C	Perimeter Fencing	
Coat Closet	Dishwasher		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
On-Site Management	Swimming Pool		

Comments

The property manager reported a strong demand for rental housing in the area. The property manager reported typical occupancy is 100 percent. During the COVID-19 pandemic, four residents have been unable to pay their rent on time. However, payment plans are in place for the delinquent tenants. Further, the property manager reported a steady the amount of traffic and inquiries on units recently.

Stuart Towne Apartments, continued

Trend Report

Vacancy Rates

3Q19	3Q20	4Q20	1Q21
4.3%	0.0%	0.0%	0.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$850	\$0	\$850	\$894
2020	3	0.0%	\$850	\$0	\$850	\$894
2020	4	0.0%	\$875	\$0	\$875	\$919
2021	1	0.0%	\$954	\$0	\$954	\$998

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	5.3%	\$1,050	\$0	\$1,050	\$1,098
2020	3	0.0%	\$950	\$0	\$950	\$998
2020	4	0.0%	\$1,025 - \$1,050	\$0	\$1,025 - \$1,050	\$1,073 - \$1,098
2021	1	0.0%	\$1,050	\$0	\$1,050	\$1,098

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	3	0.0%	\$1,200	\$0	\$1,200	\$1,257
2020	3	0.0%	\$1,200	\$0	\$1,200	\$1,257
2020	4	0.0%	\$1,225 - \$1,250	\$0	\$1,225 - \$1,250	\$1,282 - \$1,307
2021	1	0.0%	\$1,250	\$0	\$1,250	\$1,307

Trend: Comments

3Q19	The contact had no additional comments.
3Q20	Washer/dryer hookups are available in three-bedroom units and select two-bedroom units. The contact reported that the property has not experienced a significant impact on leasing, as the property is 100 percent occupied.
4Q20	Washer/dryer hookups are available in two-bedroom townhouse units and in all three-bedroom units, which is not reflected in the profile. The contact reported that COVID-19 has not had a significant impact on leasing at the property, as the property is 100 percent occupied.
1Q21	The property manager reported a strong demand for rental housing in the area. The property manager reported typical occupancy is 100 percent. During the COVID-19 pandemic, four residents have been unable to pay their rent on time. However, payment plans are in place for the delinquent tenants. Further, the property manager reported a steady the amount of traffic and inquiries on units recently.

Photos



PROPERTY PROFILE REPORT

The Oaks At Broad River Landing

Effective Rent Date	4/05/2021
Location	100 Riverchase Boulevard Beaufort, SC 29906 Beaufort County
Distance	13.3 miles
Units	248
Vacant Units	5
Vacancy Rate	2.0%
Type	Garden (3 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Brittney
Phone	843-470-9090



Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	Increased 3-7% since 4Q20
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	24	660	\$1,085	\$0	Market	No	2	8.3%	N/A	None
1	1	Garden (3 stories)	24	771	\$1,160	\$0	Market	No	3	12.5%	N/A	None
1	1	Garden (3 stories)	24	934	\$1,229	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	60	1,070	\$1,265	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	60	1,192	\$1,275	\$0	Market	No	0	0.0%	N/A	None
3	2	Garden (3 stories)	56	1,414	\$1,356	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,085 - \$1,229	\$0	\$1,085 - \$1,229	\$44	\$1,129 - \$1,273
2BR / 2BA	\$1,265 - \$1,275	\$0	\$1,265 - \$1,275	\$48	\$1,313 - \$1,323
3BR / 2BA	\$1,356	\$0	\$1,356	\$57	\$1,413

The Oaks At Broad River Landing, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage(\$50.00)	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Jogging trails
Exercise Facility	Garage(\$120.00)		
Off-Street Parking	On-Site Management		
Picnic Area	Playground		
Swimming Pool			

Comments

The property does not accept Housing Choice Vouchers. Storage units and garage parking are available to tenants for additional monthly fees of \$50 and \$120, respectively. The property utilizes a LRO pricing system; therefore, rents change daily. The contact reported that the property has not experienced a significant impact on operations due to COVID-19.

The Oaks At Broad River Landing, continued

Trend Report

Vacancy Rates

4Q19	3Q20	4Q20	2Q21
0.0%	0.0%	1.2%	2.0%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$944 - \$984	\$0	\$944 - \$984	\$988 - \$1,028
2020	3	0.0%	\$1,109 - \$1,173	\$0	\$1,109 - \$1,173	\$1,153 - \$1,217
2020	4	4.2%	\$1,006 - \$1,163	\$0	\$1,006 - \$1,163	\$1,050 - \$1,207
2021	2	6.9%	\$1,085 - \$1,229	\$0	\$1,085 - \$1,229	\$1,129 - \$1,273

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$1,001 - \$1,126	\$0	\$1,001 - \$1,126	\$1,049 - \$1,174
2020	3	0.0%	\$1,128 - \$1,164	\$0	\$1,128 - \$1,164	\$1,176 - \$1,212
2020	4	0.0%	\$1,176 - \$1,206	\$0	\$1,176 - \$1,206	\$1,224 - \$1,254
2021	2	0.0%	\$1,265 - \$1,275	\$0	\$1,265 - \$1,275	\$1,313 - \$1,323

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$1,245	\$0	\$1,245	\$1,302
2020	3	0.0%	\$1,257	\$0	\$1,257	\$1,314
2020	4	0.0%	\$1,312	\$0	\$1,312	\$1,369
2021	2	0.0%	\$1,356	\$0	\$1,356	\$1,413

Trend: Comments

4Q19	The property manager was unable to provide a current price for the 1,192 square foot two-bedroom units as none are currently available and the property uses an LRO pricing system. The manager stated that the majority of tenants work with the military and in the healthcare industry.
3Q20	The property does not accept Housing Choice Vouchers. The contact reported that the property has not experienced a significant impact on operations due to COVID-19, as the property is 100 percent occupied.
4Q20	The property does not accept Housing Choice Vouchers. Storage units and garage parking are available to tenants for additional monthly fees of \$50 and \$120, respectively. The property utilizes a LRO pricing system; therefore, rents change daily. The contact reported that the property has not experienced a significant impact on operations due to COVID-19.
2Q21	N/A

Photos



COMPARABLE PROPERTY ANALYSIS

Following are relevant characteristics of comparable properties surveyed:

Location

The following table illustrates the Subject and comparable property household incomes, crime indices, walk scores, percentage of vacant housing, and percentage of renter households.

LOCATION COMPARISON SUMMARY

#	Property Name	City	Tenancy	Rent Structure	Distance to Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Vacant Housing	% Renter HH
S	Hilton Head Gardens	Hilton Head Island	Family	Section 8	-	\$44,262	\$427,500	\$1,148	189	55	18.4%	45.3%
1	90 Dillon Apartments	Hilton Head Island	Family	LIHTC	1.3 miles	\$79,294	\$427,500	\$1,148	222	14	17.8%	26.9%
2	Ashley Pointe Apartments*	Beaufort	Family	LIHTC	16.0 miles	\$43,407	\$198,500	\$909	279	42	10.7%	33.0%
3	Cross Creek*	Beaufort	Family	LIHTC/ Market	14.9 miles	\$47,462	\$126,700	\$1,000	162	37	10.6%	42.6%
4	Magnolia Park Apartments*	Beaufort	Family	LIHTC	17.0 miles	\$43,966	\$126,700	\$1,000	87	21	26.4%	21.8%
5	May River Village	Bluffton	Family	LIHTC	8.7 miles	\$60,351	\$269,200	\$1,224	140	43	15.3%	19.7%
6	Vista View	Bluffton	Family	LIHTC	10.4 miles	\$63,385	\$269,200	\$1,224	151	21	7.6%	27.6%
7	29 Edgewater	Bluffton	Family	Market	6.5 miles	\$61,292	\$269,200	\$1,224	176	33	17.9%	35.8%
8	Bluestone Apartments	Bluffton	Family	Market	8.6 miles	\$53,673	\$269,200	\$1,224	161	32	17.0%	42.0%
9	Marsh Point	Hilton Head Island	Family	Market	2.1 miles	\$50,000	\$614,100	\$0	166	19	17.5%	29.2%
10	Oak Tree Village*	Port Royal	Family	Market	12.7 miles	\$39,244	\$198,500	\$909	188	57	22.0%	42.4%
11	Stuart Towne Apartments*	Port Royal	Family	Market	13.6 miles	\$54,822	\$198,500	\$909	235	35	14.6%	26.9%
12	The Oaks At Broad River Landing*	Beaufort	Family	Market	13.3 miles	\$67,223	\$126,700	\$1,000	170	13	4.5%	34.5%

*Located outside of the PMA

The Subject is located in a mixed-use neighborhood in the northeastern portion of Hilton Head Island. The neighborhood is characterized by heavily wooded land, single-family homes, educational uses, commercial/retail uses, and Hilton Head Island Airport. Land use adjacent to the north of the Subject consists of The Oaks, a 114-unit multifamily property. This property was previously an affordable long-term rental property, but has been converted to a short-term rental property for vacationers. Land use to the south of the Subject consists of single-family homes in average to good condition. Land use to the west of the Subject consists of Hilton Head Christian Academy in good condition, as well as Sandalwood Terrace, a 145-unit Public Housing property in average condition. Sandalwood Terrace has not been utilized as a comparable due to its rent structure. Land use adjacent to the east of the Subject consists of commercial/retail uses in average to good condition.

Overall, the Subject’s neighborhood is considered similar to superior relative to the comparable properties. The most similar comparables in terms of location are 90 Dillon Apartments, May River Village, Vista View, Bluestone Apartments, Marsh Point, and The Oaks At Broad River Landing. None of the comparables are located in neighborhoods considered dramatically superior to the Subject.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject’s unit size and the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON

Bedroom Type	0BR	1BR	2BR	3BR
Subject	467	676	832	1,092
Average	-	754	1,044	1,257
Min	-	645	884	1,092
Max	-	934	1,243	1,510
Advantage/Disadvantage	-	-10%	-20%	-13%

As shown, none of the comparables offer studio units. The Subject’s one, two, and three-bedroom unit sizes are below the comparable averages. The one and three-bedroom units are within the comparable ranges, while two-bedroom units are below the comparable range. The Subject has historically performed well, despite offering smaller than average unit sizes. However, we have considered the Subject’s unit sizes in determining our achievable market rents.

Vacancy

The following table summarizes overall weighted vacancy trends at the surveyed properties.

OVERALL VACANCY

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
90 Dillon Apartments	LIHTC	Family	48	0	0.0%
Ashley Pointe Apartments*	LIHTC	Family	56	0	0.0%
Cross Creek*	LIHTC/ Market	Family	144	2	1.4%
Magnolia Park Apartments*	LIHTC	Family	56	0	0.0%
May River Village	LIHTC	Family	108	0	0.0%
Vista View	LIHTC	Family	72	2	2.8%
29 Edgewater	Market	Family	300	3	1.0%
Bluestone Apartments	Market	Family	360	4	1.1%
Marsh Point	Market	Family	140	0	0.0%
Oak Tree Village*	Market	Family	98	47	48.0%
Stuart Towne Apartments*	Market	Family	94	0	0.0%
The Oaks At Broad River Landing*	Market	Family	248	5	2.0%
Total LIHTC			484	4	0.8%
Total Market Rate			1,240	59	4.8%
Market Rate (excluding Oak Tree Village)			1,142	12	1.1%
Overall Total			1,724	63	3.7%
Overall Total (excluding Oak Tree Village)			1,626	16	1.0%

*Located outside of the PMA

As shown, Oak Tree Village reported an elevated vacancy rate of 48.0 percent. However, according to the contact, all vacant units are being held offline for updates, which include new flooring and paint. The remaining comparables reported vacancy rates ranging from zero to 2.8 percent, with an overall average vacancy rate of just 1.0 percent. Managers at four of the six LIHTC properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was 0.8 percent, just below the 1.0 percent average reported by the market rate properties, excluding Oak Tree Village. The average LIHTC vacancy rate of 0.8 percent is considered low, and indicative of supply constrained conditions. Further, five of the six LIHTC comparables maintain waiting lists.

According to the Subject’s rent roll dated December 29, 2020 (most recent available), the Subject is currently 100 percent occupied. Further, the Subject’s historical financials indicated vacancy and collection loss between 0.5 and 5.3 percent between 2017 and 2019. Based on the performance of the LIHTC comparables, we expect the Subject will operate with a vacancy and collection loss of three percent or less. As an existing subsidized affordable property, we believe the impact on operations due to COVID-19 will be less severe for the Subject. Overall, the market has fared relatively well.

LIHTC Vacancy – All LIHTC Properties in PMA

There are 228 total LIHTC units in the PMA that we included in this comparable analysis. There are just two total vacant units among these three properties, and all three maintain waiting lists. This indicates strong demand for affordable rental housing in the PMA.

REASONABILITY OF RENTS

This report is written to South Carolina State Housing Finance and Development Authority (SC Housing) guidelines. Therefore, the conclusions contained herein may not be replicated by a more stringent analysis. We recommend that the sponsor understand the guidelines of all those underwriting the Subject development to ensure the proposed rents are acceptable to all.

Rents provided by property managers at some properties may include all utilities while others may require tenants to pay all utilities. To make a fair comparison of the Subject rent levels to comparable properties, rents at comparable properties are typically adjusted to be consistent with the Subject. Adjustments are made using the Beaufort County Housing Authority utility allowance schedule, effective May 1, 2020, which is the most recent available. The rent analysis is based on net rents at the Subject as well as surveyed properties.

The following table summarizes the Subject’s proposed 60 percent AMI net rents (absent subsidy) compared to the maximum allowable 60 percent AMI rents, and the net 60 percent AMI rents at the comparables.

LIHTC RENT COMPARISON @60%							
Property Name	County	Tenancy	OBR	1BR	2BR	3BR	Rents at Max?
Subject Proposed Rents (Absent Subsidy)	Beaufort	Family	\$783	\$842	\$992	\$1,142	Yes
LIHTC Maximum Rent (Net)	Beaufort		\$783	\$842	\$992	\$1,142	
90 Dillon Apartments	Beaufort	Family	-	-	\$830	\$930	No
Ashley Pointe Apartments	Beaufort	Family	-	-	\$1,000	\$1,149	Yes
Cross Creek	Beaufort	Family	-	\$795	\$935	\$1,055	No
Magnolia Park Apartments	Beaufort	Family	-	-	\$995	\$1,155	Yes
May River Village	Beaufort	Family	-	\$830	\$990	\$1,139	Yes
Vista View	Beaufort	Family	-	-	-	\$1,076	No
Average	Beaufort	Family	-	\$813	\$950	\$1,084	
Achievable LIHTC Rent (Absent Subsidy)	Beaufort	Family	\$750	\$825	\$950	\$1,050	No

The Subject’s proposed 60 percent AMI rents are set at the 2020 maximum allowable levels, given the subsidy in place for all units. As show, three of the LIHTC comparables, Ashley Pointe Apartments, Magnolia Park Apartments, and May River Village, reported rents at the maximum allowable levels. These three properties are all 100 percent occupied, and two of the three maintain extensive waiting lists. However, these three properties offer a generally superior product relative to the Subject, with larger unit sizes and superior amenities. Further, Ashley Pointe Apartments and May River Village are the two most recently built LIHTC comparables. Based on the comparable data, we believe the Subject would achieve LIHTC rents below the maximum allowable levels if it were to lose subsidy. Upon completion of renovations, the Subject will be most similar to **90 Dillon Apartments** and **May River Village** in terms of condition and design.

90 Dillon Apartments is a 48-unit LIHTC development located 1.3 miles northeast of the Subject in a similar neighborhood. The property was built in 1992 and renovated in 2017 and exhibits slightly inferior condition to the Subject post-renovation. Further, this property offers similar curb appeal to the Subject. However, this

property offers superior amenities, which include patios/balconies, exterior storage, washer/dryer hookups, dishwashers, garbage disposals, and a business center, all of which the Subject lacks. 90 Dillon Apartments is currently 100 percent occupied and maintains a waiting list, indicating rents are well received. In overall terms, we believe the Subject is a similar product to 90 Dillon Apartments.

May River Village is a 108-unit LIHTC development located 8.7 miles west of the Subject in Bluffton. The neighborhood surrounding this comparable is similar to the Subject. This property was built in 2011 and exhibits similar condition to the Subject, post-renovation. However, it should be noted that this property exhibits superior curb appeal to the Subject, with a stand-alone clubhouse and manicured green spaces. Further, this property offers superior amenities, which include in-unit washer/dryers, dishwashers, disposals, and a computer lab, all of which the Subject lacks. May River Village is currently 100 percent occupied and maintains a waiting list, indicating rents are well received. In overall terms, we believe the Subject is a slightly inferior product to this comparable.

Based on the above, absent subsidy, we believe the Subject would be able to achieve LIHTC rents slightly below the maximum allowable levels. Further, the Subject offers a generally inferior product relative to the three LIHTC comparables achieving maximum allowable rents. Therefore, we have concluded to achievable LIHTC rents (below the 2020 maximum allowable levels) of **\$750, \$825, \$950, and \$1,050**, for the Subject’s studio, one, two, and three-bedroom units, respectively, without subsidy. However, it is important to note that all of the Subject’s units will continue to benefit from Section 8 subsidy post-renovation. As such, tenants will continue to pay just 30 percent of their income towards rent, and an analysis of achievable LIHTC rents is moot.

Achievable Market Rents

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the Subject’s rental rates are below the achievable market rates for the Subject’s area. The following table shows both adjusted market rent comparisons and achievable market rents. It should be noted that we previously completed a HUD RCS effective January 7, 2021, and the post-renovation grids from this report have been included in *Addendum B*. However, the following table only reflects rent adjustments for differences in utilities, and does not include the full scope of adjustments from the RCS report.

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Rent Level	Subject Pro Forma Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Adv. to AMR	2021 HUD FMR	Subject Rent Adv. to HUD FMR
OBR / 1BA	@60% (Section 8)	\$783	-	-	-	\$1,025	24%	\$1,032	24%
1BR / 1BA	@60% (Section 8)	\$842	\$880	\$1,384	\$1,141	\$1,160	27%	\$1,056	20%
2BR / 1BA	@60% (Section 8)	\$992	\$1,035	\$1,493	\$1,275	\$1,250	21%	\$1,204	18%
3BR / 1.5BA	@60% (Section 8)	\$1,142	\$1,100	\$1,944	\$1,446	\$1,450	21%	\$1,564	27%

The Subject’s proposed LIHTC rents (absent subsidy) are well below the achievable market rents, and are well below the comparable averages. The Subject’s proposed LIHTC rents represent a rent advantage of 21 to 27 percent over the achievable market rents. Further, the Subject’s proposed LIHTC rents represent an advantage of at least 18 percent compared to the 2021 HUD Fair Market Rents. We compared the Subject to **Marsh Point** and **Stuart Towne Apartments**, as they are the most similar comparables to the Subject as proposed.

Marsh Point is a 140-unit market rate development located 2.1 miles west of the Subject, in a similar neighborhood. The property was built in 1991 and renovated in 2018, and exhibits similar condition to the Subject post-renovation. Marsh Point offers superior in-unit and common area amenities relative to the Subject, offering features such as balconies/patios, in-unit washer/dryers, dishwashers, garbage disposals, a fitness center, and swimming pool, all of which the Subject lacks. The property is currently 100 percent occupied, indicating rents are well received. Overall, we have placed the Subject’s achievable rents below this property. The following table compares the Subject with Marsh Point.

SUBJECT COMPARISON TO MARSH POINT

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Marsh Point Rent	Square Feet	Marsh Point RPSF	Subject Rent Advantage
1BR / 1BA	\$1,160	676	\$1.72	\$1,225	790	\$1.55	5.3%
2BR / 1BA	\$1,250	832	\$1.50	\$1,400	980	\$1.43	10.7%

Stuart Towne Apartments is a 94-unit market rate development located 13.6 miles west of the Subject, in an inferior neighborhood. The property was built in 1968 and renovated in 2014, and exhibits slightly inferior condition to the Subject post-renovation. This comparable offers superior in-unit and common area amenities relative to the Subject, offering features such as balconies/patios, walk-in closets, dishwashers, garbage disposals, and a swimming pool, all of which the Subject lacks. The property is currently 100 percent occupied, indicating rents are well received. Given the Subject’s slightly superior condition and superior location, we have placed the Subject’s rents above this property. The following table compares the Subject with Stuart Towne Apartments.

SUBJECT COMPARISON TO STUART TOWNE APARTMENTS

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Stuart Towne Apartments Rent	Square Feet	Stuart Towne Apartments RPSF	Subject Rent Advantage
1BR / 1BA	\$1,160	676	\$1.72	\$998	850	\$1.17	-16.2%
2BR / 1BA	\$1,250	832	\$1.50	\$1,098	1,178	\$0.93	-13.8%
3BR / 1.5BA	\$1,450	1,092	\$1.33	\$1,307	1,300	\$1.01	-10.9%

In conclusion, we believe that the Subject’s achievable market rents are **\$1,025, \$1,160, \$1,250, and \$1,450**, for its studio, one, two, and three-bedroom units, respectively. The maximum allowable LIHTC rents provide an advantage between 21 and 27 percent relative to the achievable market rent conclusions.

Impact of Subject on Other Affordable Units in Market

Managers at four of the six LIHTC comparables reported being fully occupied, and all but one maintains a waiting list. Further, both LIHTC comparables located in the PMA (90 Dillon Apartments and May River Village) reported 100 percent occupancy. With a limited supply of affordable housing options in the PMA, and a stable and growing base of low-income tenants, we believe the Subject’s rehabilitation will have no long-term impact on the existing area LIHTC developments. In addition, no new units will be added to the market. Since the Subject will continue to operate with a subsidy, we do not expect any impact on the existing low-income rental assisted housing in the market.

Rent versus Buy Analysis

We performed a rent/buy analysis. The following analysis is hypothetical and assumes the Subject operates absent subsidy. In reality, all of the Subject’s units will continue to benefit from Section 8 subsidy, post-renovation. As such, tenants will continue to pay just 30 percent of their income towards rent.

Our inputs assume a three-bedroom single-family home listing on Zillow in the Subject’s neighborhood with a purchase price of \$200,000 and an interest rate of 3.25 percent for a 30-year fixed mortgage with a 10 percent down payment. This was compared to the cost to rent the Subject’s three-bedroom unit. This analysis indicates that with a monthly differential of \$199, indicating it is more affordable to rent the Subject’s three-bedroom unit rather than to purchase a home. The rent buy analysis is illustrated in the following table.

RENT BUY ANALYSIS			
Property Type:	Three-Bedroom Single Family Home		
Sale Price			\$200,000
Down Payment at 10%			\$20,000
Mortgage Amount			\$180,000
Current Interest Rate			3.25%
	<i>Homeownership Costs</i>	<i>Monthly</i>	<i>% of Home Value</i>
Mortgage Payment		\$783	\$9,400
Property Taxes		\$208	1.25%
Private Mortgage Insurance ¹		\$75	0.50%
Maintenance		\$333	2.00%
Utility Costs ²		\$114	\$1,368
Tax Savings		-\$173	-\$2,074
Cost Comparison			
		<i>Monthly</i>	<i>Annual</i>
Costs of Homeownership		\$1,341	\$16,094
Cost of Renting At Subject	-	\$1,142	\$13,704
Differential		\$199	\$2,390
Cost of Occupancy			
	<i>Homeownership</i>		
Closing Costs		3.0%	\$6,000
Down Payment at 10%		10.0%	\$20,000
Total			\$26,000
	<i>Subject Rental</i>		
First Month's Rent		\$1,142	
Security Deposit		<u>\$1,142</u>	
Total		\$2,284	

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

As illustrated, the “cash due at occupancy” category adds to \$26,000 for the down payment and closing costs. The cash necessary for homeownership is still a barrier to many families. In general, first-time homebuyers have difficulty saving for a down payment. For this reason, we believe that the Subject will face limited competition from homeownership if it were to lose subsidy.

Availability of Affordable Housing Options

There are just four vacant LIHTC units among the six LIHTC comparables surveyed, and five of the LIHTC comparables maintain waiting lists. Within the PMA, there are just nine existing affordable properties, totaling just 633 affordable units. Further, other than the Subject, there is just one subsidized affordable property, Sandalwood Terrace. Therefore, the availability of LIHTC housing targeting low and moderate incomes is considered constrained given the demographic growth of the PMA, and the availability of subsidized housing is further limited. The renovation of the Subject will improve the existing affordable housing stock in the PMA, and will preserve subsidized units for low-income families.

Summary Evaluation of the Proposed Project

Overall, the local multifamily market is performing well with a 3.7 percent vacancy rate among all of the surveyed comparable projects. Four of the six LIHTC properties are fully occupied and five properties maintain waiting lists, suggesting pent-up demand for affordable housing. Three of the six LIHTC comparables are achieving maximum allowable rents; however, the Subject represents a slightly inferior product relative to these properties due to its inferior amenities. As such, we have concluded to achievable LIHTC rents (absent

subsidy) below the maximum allowable levels at **\$750, \$825, \$950, and \$1,050**, for the Subject's studio, one, two, and three-bedroom units, respectively. These conclusions provide rent advantages between 21 and 27 percent relative to our market rent conclusions. It is important to note that the Subject will continue to benefit from Section 8 subsidy post-renovation for all 112 units. As such, tenants will continue to pay just 30 percent of their income towards rent. Overall, we believe that the Subject will continue to be successful in the local market as proposed.

H. INTERVIEWS

INTERVIEWS

The following section details interviews with local market participants regarding the housing market.

Planning

New Supply

We spoke with Nicole Dixon, Development Review Administrator of the Town of Hilton Head Island Community Development Department, but were unable to reach a contact with the Bluffton Growth Management Department regarding planned, proposed, or under construction developments in the PMA. Ms. Dixon said that there is one currently property currently approved for construction on Hilton Head Island:

- 55 Gardner is a 260-unit market rate development scheduled to begin construction in Spring 2021. The project is the redevelopment of a former school and will consist of four two and three-story buildings. The project will offer one, two, and three-bedroom units. A construction timeline was not provided.

We also conducted online research and utilized a CoStar new construction report. The results of our findings are detailed below.

- Legends North of Broad is an under construction 200-unit market rate development to be located at 100 Pinckney Marsh Lane in Beaufort. The development will offer 90 one-bedroom units, 82, two-bedroom units, and 28 three-bedroom units targeted towards the general population. Amenities will include central laundry facilities, a pool, grill, pet play area, and walking/biking trails. Construction is expected to be completed in 2021. As a market rate development, this property will not directly compete with the Subject.
- Habersham Row is an under construction, 48-unit market rate development located at 1 Village Row in Beaufort. The development will offer 16 one-bedroom units and 32 two-bedroom units targeted towards the general population. Amenities will include a playground, pool, tennis court, waterfront, pet play area, walking/biking trails, and on-site maintenance. Construction is expected to be completed in 2021. As a market rate development, this property will not directly compete with the Subject.

LIHTC Competition / Recent and Proposed Construction

According to the South Carolina State Housing Finance and Development Authority (SC Housing) LIHTC allocation lists from 2017 to 2020 year-to-date, there have been no properties allocated tax credits in the PMA within the last three years.

Section 8/Public Housing

We interviewed Mr. David Lavendol with the Beaufort Housing Authority (843-525-7059) for information regarding the local voucher program. Mr. Lavendol indicated that the authority is authorized to distribute 599 tenant-based Housing Choice Vouchers. Of those vouchers, 573 are currently in use. The remaining vouchers are not in use due to a lack of housing. According to Mr. Lavendol, the waiting list is currently closed. The following table illustrates the current payment standards for the program as of November 1, 2020.

PAYMENT STANDARDS

Bedroom Type	Standard	Subject Highest Proposed Gross LIHTC Rent
OBR	\$1,135	\$856
1BR	\$1,161	\$917
2BR	\$1,324	\$1,101
3BR	\$1,720	\$1,272

As indicated in the previous table, payment standards all units are above the Subject's highest proposed LIHTC rents, indicating tenants in these units would not have to pay additional money out of pocket. However, as the Subject's units will continue to benefit from Section 8 subsidy post-renovation, tenants will continue to pay 30 percent of their income towards rent and portable vouchers will not be necessary.

Property Managers

The results from our interviews with property managers are included in the comments section of the property profile reports.

I. RECOMMENDATIONS

Recommendations

We believe there is ample demand for the Subject in the PMA and the market supports the renovation of the Subject development as proposed. The overall capture rates for the Subject's units as proposed and absent subsidy are 5.7 and 13.9 percent, respectively, both of which are well within the acceptable demand threshold and are considered excellent. Individual capture rates by bedroom type range from 2.8 to 8.6 percent as proposed, and from 4.9 to 14.9 percent absent subsidy, which are all considered excellent. Between 2020 and market entry, the total number of households is expected to increase at a rate of 2.2 percent annually in the PMA. The Subject is located within 1.7 miles of most community services and facilities that tenants would utilize on a consistent basis.

Three of the six LIHTC comparables are achieving maximum allowable rents; however, the Subject represents a slightly inferior product relative to these properties. As such, we have concluded to achievable LIHTC rents (absent subsidy) below the maximum allowable levels at **\$750, \$825, \$950, and \$1,050**, for the Subject's studio, one, two, and three-bedroom units, respectively. These conclusions provide rent advantages between 21 and 27 percent relative to our market rent conclusions. It is important to note that the Subject will continue to benefit from Section 8 subsidy post-renovation for all 112 units. As such, tenants will continue to pay just 30 percent of their income towards rent. Overall, we believe that the Subject will continue to be successful in the local market as proposed.

Further, there are several apparent strengths of the Subject's site, development scheme, and market, which include:

- Rehabilitation of the Subject's units will positively impact the surrounding area by improving the Subject's condition and street appeal, and thus representing an improvement to the neighborhood.
- All of the Subject's 112 units will continue to benefit Section 8 subsidy post-renovation; thus, these tenants will continue to pay 30 percent of their income towards rent.
- The Subject is an existing property that is 100 percent occupied and maintains a waiting list, and all tenants are expected to remain income qualified post-renovation.
- The Subject will be in good condition upon completion and will fill a need for good quality/newly renovated affordable housing in Hilton Head Island and the surrounding areas.

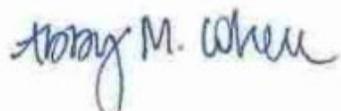
As such, we recommend the Subject as proposed, with no suggested modifications.

J. SIGNED STATEMENT REQUIREMENTS

I affirm that I have made a physical inspection of the market and surrounding area and the information obtained in the field has been used to determine the need and demand for new rental LIHTC units. I understand that any misrepresentation of this statement may result in denial of further participation in the South Carolina State 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 South Carolina State Housing Finance and Development Authority (SC Housing) market study requirements. The information included is accurate and can be relied upon by South Carolina State Housing Finance and Development Authority (SC Housing) to present a true assessment of the low-income housing rental market.

Respectfully submitted,
Novogradac Consulting LLP

Date: April 20, 2021



Abby Cohen
Partner
Abby.Cohen@novoco.com

ADDENDUM A
Qualifications of Consultants

**STATEMENT OF PROFESSIONAL QUALIFICATIONS
RACHEL BARNES DENTON, MAI**

I. EDUCATION

Cornell University, Ithaca, NY
School of Architecture, Art & Planning, Bachelor of Science in City & Regional Planning

II. LICENSING AND PROFESSIONAL AFFILIATION

Designated Member of the Appraisal Institute
Member of National Council of Housing Market Analysts (NCHMA)
Member of Commercial Real Estate Women (CREW) Network
 2011 and 2012 Communications Committee Co-Chair for the Kansas City CREW Chapter
 2013 Director of Communications and Board Member for Kansas City CREW
 2014 Secretary and Board Member for Kansas City CREW
 2015 and 2016 Treasurer and Board Member for Kansas City CREW

State of Arkansas Certified General Real Estate Appraiser No. CG3527
State of California Certified General Real Estate Appraiser No. AG044228
State of Colorado Certified General Real Estate Appraiser No. 100031319
State of Georgia Certified General Real Estate Appraiser No. 391113
State of Hawaii Certified General Real Estate Appraiser No. CGA1048
State of Illinois Certified General Real Estate Appraiser No. 553.002012
State of Kansas Certified General Real Estate Appraiser No. G-2501
State of Minnesota Certified General Real Estate Appraiser No. 40420897
State of Missouri Certified General Real Estate Appraiser No. 2007035992
State of Nebraska Certified General Real Estate Appraiser No. CG2017030R
State of New Mexico Certified General Real Estate Appraiser No. 03424-G
State of North Dakota Certified General Real Estate Appraiser No. CG-219110
State of Oklahoma Certified General Real Estate Appraiser No. 13085CGA
State of Oregon Certified General Real Estate Appraiser No. C000951
State of South Dakota Certified General Real Estate Appraiser No. 1488CG
State of Texas Certified General Real Estate Appraiser No. 1380396

III. PROFESSIONAL EXPERIENCE

Novogradac & Company LLP, Partner
Novogradac & Company LLP, Principal
Novogradac & Company LLP, Manager
Novogradac & Company LLP, Senior Real Estate Analyst

IV. PROFESSIONAL TRAINING

Educational requirements successfully completed for the Appraisal Institute:
 Appraisal Principals, September 2004
 Basic Income Capitalization, April 2005
 Uniform Standards of Professional Appraisal Practice, various
 Advanced Income Capitalization, August 2006
 General Market Analysis and Highest & Best Use, July 2008
 Advanced Sales Comparison and Cost Approaches, June 2009
 Advanced Applications, June 2010
 General Appraiser Report Writing and Case Studies, July 2014
 Standards and Ethics (USPAP and Business Practices and Ethics)
 MAI Designation General Comprehensive Examination, January 2015
 MAI Demonstration of Knowledge Report, April 2016

Completed HUD MAP Training, Columbus, Ohio, May 2010

V. SPEAKING ENGAGEMENTS

Have presented and spoken at both national Novogradac conferences and other industry events, including the National Council of Housing Market Analysts (NCHMA) Annual Meetings and FHA Symposia, National Housing and Rehabilitation Association Conferences, Institute for Professional and Executive Development (IPED) conferences, and state housing conferences, such as Housing Colorado, Idaho Conference on Housing and Economic Development, and Missouri Workforce Housing Association.

VI. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2003, with an emphasis on affordable multifamily housing.

Conducted and managed appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, HUD MAP Section 221(d)(4) and 223(f) properties, USDA Rural Development, and market rate multifamily developments on a national basis. Analysis includes property screenings, economic and demographic analysis, determination of the Highest and Best Use, consideration and application of the three traditional approaches to value, and reconciliation to a final value estimate. Both tangible real estate values and intangible values in terms of tax credit valuation, beneficial financing, and PILOT are considered. Additional appraisal assignments completed include commercial land valuation, industrial properties for estate purposes, office buildings for governmental agencies, and leasehold interest valuation. Typical clients include developers, lenders, investors, and state agencies.

Managed and conducted market studies for proposed Low-Income Housing Tax Credit, HUD MAP, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis. Property types include proposed multifamily, senior independent living, large family, acquisition/rehabilitation, historic rehabilitation, adaptive reuse, and single family developments. Typical clients include developers, state agencies, syndicators, investors, and lenders.

Completed and have overseen numerous Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Performed and managed market studies and appraisals of proposed new construction and existing properties insured and processed under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.

Performed and have overseen numerous market study/appraisal assignments for USDA RD properties in several states in conjunction with acquisition/rehabilitation redevelopments. Documents are used by states, lenders, USDA, and the developer in the underwriting process. Market studies are compliant to State, lender, and USDA requirements. Appraisals are compliant to lender requirements and USDA HB-1-3560 Chapter 7 and Attachments.

Performed appraisals for estate valuation and/or donation purposes for various types of real estate, including commercial office, industrial, and multifamily assets. These engagements were conducted in accordance with the Internal Revenue Service's Real Property Valuation Guidelines, Section 4.48.6 of the Internal Revenue Manual.

Performed analyses of various real estate asset types subject to USDA 4279-B, Business and Industry Guaranteed Loans, Section 4279.150 guidelines.

Conducted various Highest and Best Use Analyses for proposed development sites nationwide. Completed an analysis of existing and proposed senior supply of all types of real estate, and conducted various demand and feasibility analyses in order to determine level of need and ultimate highest and best use of the site.

Prepared a three-year Asset Management tracking report for a 16-property portfolio in the southern United States. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.

Performed various community-wide affordable housing market analyses and needs assessments for communities and counties throughout the Midwest and Western states. Analysis included demographic and demand forecasts, interviews with local stakeholders, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.

Managed a large portfolio of Asset Management reports for a national real estate investor. Properties were located throughout the nation, and were diverse in terms of financing, design, tenancy, and size. Information compiled included income and expenses, vacancy, and analysis of property's overall position in the market.

Performed appraisals of LIHTC assets for Year 15 purposes; valuations of both the underlying real estate asset and partnership interests have been completed. These reports were utilized to assist in potential disposition options for the property, including sale of the asset, buyout of one or more partners, or potential conversion to market rate.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

ABBY M. COHEN

I. Education

The Pennsylvania State University, University Park, PA
Bachelor of Arts

II. Licensing and Professional Affiliation

Certified General Appraiser, FL License #RZ4143
Certified General Appraiser, MD License #40032823
Certified General Appraiser, NC License #A8127
Certified General Appraiser, NJ License #42RG00255000
Certified General Appraiser, SC License #7487

Designated Member of the National Council of Housing Market Analysts (NCHMA)
Member of Commercial Real Estate Women (CREW) Network

III. Professional Experience

Novogradac & Company LLP, Partner
Novogradac & Company LLP, Principal
Novogradac & Company LLP, Manager
Novogradac & Company LLP, Senior Real Estate Analyst

IV. Professional Training

7-Hour National USPAP Update for 2020-2021, February 2020
Appraisal of Fast Food Facilities, February 2020
Appraisal of Self-Storage Facilities, February 2020
The Odd Side of Appraisal, February 2020
Basic Hotel Appraising – Limited Service Hotels, October 2019
Advanced Hotel Appraising – Full Service Hotels, October 2019
Appraisal of REO and Foreclosure Properties, October 2019
Appraisal of Land Subject to Ground Leases, December 2017
Business Practices and Ethics, January 2017
General Appraiser Report Writing and Case Studies, February 2015
General Appraiser Sales Comparison Approach, February 2015
General Appraiser Site Valuation and Cost Approach, February 2015
Expert Witness for Commercial Appraisers, January 2015
Commercial Appraisal Review, January 2015
Real Estate Finance Statistics and Valuation Modeling, December 2014
General Appraiser Income Approach Part II, December 2014
General Appraiser Income Approach Part I, November 2014
General Appraiser Market Analysis and Highest & Best Use, November 2014
IRS Valuation Summit, October 2014
15-Hour National USPAP Equivalent, April 2013
Basic Appraisal Procedures, March 2013
Basic Appraisal Principles, January 2013

V. Publications

Co-authored “Post Rev. Proc. 2014-12 Trend Emerges: Developer Fee Reasonableness Opinions,” Novogradac Journal of Tax Credits, March 2016

VI. Real Estate Assignments

A representative sample of Asset Management, Due Diligence, and Valuation Engagements includes:

- Performed a variety of asset management services for a lender including monitoring and reporting property performance on a monthly basis. Data points monitored include economic vacancy, levels of concessions, income and expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.
- Performed asset management services for lenders and syndicators on underperforming assets to identify significant issues facing the property and recommend solutions. Scope of work included analysis of deferred maintenance and property condition, security issues, signage, marketing strategy, condition of units upon turnover and staffing plan. Performed a physical inspection of the assets, to include interior and exterior of property and assessed how the property compares to competition. Analyzed operating expense results.
- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation. Completed market studies in all states.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies and appraisals for projects under the HUD Multifamily Accelerated Processing program.
- Prepared Rent Comparability Studies for expiring Section 8 contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Completed numerous reasonableness opinions related to Revenue Procedure 2014-12. Transactions analyzed include projects involving the use of Historic Tax Credits, New Markets Tax Credits and Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, property management fees, asset management fees, various leasing-related payments and overall master lease terms.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

SARA N. NACHBAR

I. EDUCATION

Missouri State University – Springfield, MO
Bachelor of Science – Finance

II. PROFESSIONAL EXPERIENCE

Manager, Novogradac & Company LLP
Executive Assistant, Helzberg Entrepreneurial Mentoring Program
Claims Associate, Farmers Insurance Group

III. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low Income Housing Tax Credit properties. Analysis included property screenings, valuation analysis, capitalization rate analysis, expense comparability analysis, determination of market rents, and general market analysis.
- Prepared market studies and assisted in appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7/Appendix 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.
- Conducted more than 40 site inspections for market studies and appraisals throughout the United States for various reports including proposed new construction and rehabilitation multifamily projects.

STATEMENT OF PROFESSIONAL QUALIFICATIONS
Matthew Egerstrom

I. Education

University of Missouri – Columbia, MO
Bachelor of Science in Finance

II. Professional Experience

Novogradac & Company LLP – October 2017 - Present
Analyst

Kforce, Inc – November 2014 – September 2017
Senior Client Relationship Manager

Datasphere Technologies, Inc – February 2014 – October 2014
Senior Account Executive

III. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Conducted physical inspections of subject properties and comparables to determine condition and evaluate surrounding markets.
- Employed discount cash flow analysis (utilizing Excel) to value income-producing properties and prepare to analyze cash flow forecasts.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.

ADDENDUM B
Rent Comparability Grids

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #6	
Hilton Head Gardens		Bluestone Apartments		Marsh Point		Oak Tree Village		Stuart Towne Apartments		The Oaks At Broad River Landing	
380 Southwood Park Drive		4921 Bluffton Parkway		100 Marsh Point Drive		2208 Southside Boulevard		100 Stuart Towne Lane		100 Riverchase Boulevard	
Hilton Head Island, Beaufort		Bluffton, Beaufort County, SC		Hilton Head Island, Beaufort County, SC		Port Royal, Beaufort County, SC		Port Royal, Beaufort County, SC		Beaufort, Beaufort County, SC	
A. Rents Charged											
		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,360	N	\$1,225	N	\$890	N	\$875	N	\$1,006	N
2	Date Last Leased (mo/yr)	Jan-21		Dec-20		Dec-20		Dec-20		Dec-20	
3	Rent Concessions	N		N		N		N		N	
4	Occupancy for Unit Type	98.1%		100.0%		93.8%		100.0%		87.5%	
5	Effective Rent & Rent / sq. ft	\$1,360	\$1.87	\$1,225	\$1.55	\$890	\$1.38	\$875	\$1.03	\$1,006	\$1.52
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition											
		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	G/2		G / 3		G / 2		G / 2		G / 3	
7	Yr. Built / Yr. Renovated	1980 / 2019 / Proposed		2004	(\$50)	1991 / 2018		1977 / 1997		1968 / 2014	
8	Condition / Street Appeal	G		G		G		A	\$200	A	\$200
9	Neighborhood	G		G		G		A	\$50	A	\$50
10	Same Market? Miles to Subj.			Yes/8.6		Yes/2.1		Yes/12.7		Yes/13.6	
C. Unit Equipment / Amenities											
		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	0	(\$50)	1	(\$50)	1	(\$50)	1	(\$50)	1	(\$50)
12	# Bathrooms	1		1		1		1		1	
13	Unit Interior Sq. Ft.	467	(\$122)	728	(\$122)	790	(\$125)	645	(\$61)	850	(\$99)
14	Balcony / Patio	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
15	AC: Central / Wall	C		C		C		C		C	
16	Range / Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave / Dishwasher	M	(\$10)	D	(\$10)	M / D	(\$10)	D	(\$10)	M / D	(\$10)
18	Washer / Dryer	L	(\$30)	WD	(\$30)	WD	(\$30)	L/HU	(\$15)	L	(\$30)
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Cable / Satellite / Internet	N		N		N		N		N	
22	Special Features	N		N		N		N		N	
23											
D. Site Equipment / Amenities											
		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L		L/G(\$120)		L		L		L/G(\$120)	
25	Extra Storage	N		N		N		N		Y (\$50)	
26	Security	Y	\$5	N		Y	\$5	Y		N	\$5
27	Clubhouse / Meeting Rooms	N		N		MR	(\$10)	N		MR	(\$10)
28	Pool / Recreation Areas	R	(\$5)	E/R	(\$5)	P/E/R	(\$10)	P	(\$5)	P/E/R	(\$15)
29	Business Ctr / Nbdh Network	N		N		N		N		BC	(\$10)
30	Service Coordination	N		N		N		N		N	
31	Non-shelter Services	N		N		N		N		N	
32	Neighborhood Network	N		N		N		N		N	
E. Utilities											
		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent? / type)	N/C		N/C		N/C		N/C		N/C	
35	Cooking (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
36	Hot water (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water / Sewer	Y/Y	\$39	N/N		Y/Y	\$39	N/N	\$39	N/N	\$39
39	Trash / Recycling	Y		Y		Y		Y		Y	
F. Adjustments Recap											
		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	1	(7)	1	(6)	2	(7)	2	(5)	2	(8)
41	Sum Adjustments B to D	\$5	(\$272)	\$5	(\$230)	\$250	(\$166)	\$250	(\$169)	\$205	(\$204)
42	Sum Utility Adjustments	\$39		\$39		\$39		\$39		\$39	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net / Gross Adjustments B to E	(\$228)	\$316	(\$225)	\$235	\$123	\$455	\$120	\$458	\$40	\$448
G. Adjusted & Market Rents											
		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5 + 43)	\$1,132		\$1,000		\$1,013		\$995		\$1,046	
45	Adj Rent / Last rent		83%		82%		114%		114%		104%
46	Estimated Market Rent	\$1,025		\$2.19 Estimated Market Rent / Sq. Ft.							

Tracy M. Whelan

January 8, 2021
Date **Attached are explanations of:**

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Grid was prepared: [] Manually [X] Using HUD's Excel form

form HUD-92273-S8 (04/2002)

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #6	
Hilton Head Gardens		Bluestone Apartments		Marsh Point		Oak Tree Village		Stuart Towne Apartments		The Oaks At Broad River Landing	
380 Southwood Park Drive		4921 Bluffton Parkway		100 Marsh Point Drive		2208 Southside Boulevard		100 Stuart Towne Lane		100 Riverchase Boulevard	
Hilton Head Island, Beaufort		Bluffton, Beaufort County, SC		Hilton Head Island, Beaufort County, SC		Port Royal, Beaufort County, SC		Port Royal, Beaufort County, SC		Beaufort, Beaufort County, SC	
A. Rents Charged											
1	\$ Last Rent / Restricted?	\$1,360	N	\$1,225	N	\$890	N	\$875	N	\$1,006	N
2	Date Last Leased (molyr)	Jan-21		Dec-20		Dec-20		Dec-20		Dec-20	
3	Rent Concessions	N		N		N		N		N	
4	Occupancy for Unit Type	98.1%		100.0%		93.8%		100.0%		87.5%	
5	Effective Rent & Rent /sq. ft	\$1,360	\$1.87	\$1,225	\$1.55	\$890	\$1.38	\$875	\$1.03	\$1,006	\$1.52
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition											
6	Structure / Stories	G/2	G / 3	G / 2	G / 2	G / 2	G / 2	G / 2	G / 2	G / 3	G / 3
7	Yr. Built / Yr. Renovated	1980 / 2019 / Proposed	2004	1991 / 2018	1977 / 1997	1968 / 2014		1968 / 2014		2001	
8	Condition / Street Appeal	G	G	G	A	\$200	A	\$200	A	\$200	
9	Neighborhood	G	G	G	A	\$50	A	\$50	A	\$50	
10	Same Market? Miles to Subj.		Yes/8.6	Yes/2.1	Yes/12.7	Yes/13.6		Yes/13.6		Yes/13.3	
C. Unit Equipment / Amenities											
11	# Bedrooms	1	1	1	1	1	1	1	1	1	1
12	# Bathrooms	1	1	1	1	1	1	1	1	1	1
13	Unit Interior Sq. Ft.	676	728 (\$24)	790 (\$44)	645	\$11	850 (\$45)	660	\$6		
14	Balcony / Patio	N	Y (\$5)	Y (\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y (\$5)
15	AC: Central / Wall	C	C	C	C	C	C	C	C	C	C
16	Range / Refrigerator	R/F	R/F	R/F	R/F	R/F	R/F	R/F	R/F	R/F	R/F
17	Microwave / Dishwasher	M	D (\$10)	M / D (\$10)	D	(\$10)	D	(\$10)	M / D	(\$10)	(\$10)
18	Washer / Dryer	L	WD (\$30)	WD (\$30)	L/HU	(\$15)	L	WD	(\$30)	(\$30)	(\$30)
19	Floor Coverings	C	C	C	C	C	C	C	C	C	C
20	Window Coverings	B	B	B	B	B	B	B	B	B	B
21	Cable / Satellite / Internet	N	N	N	N	N	N	N	N	N	N
22	Special Features	N	N	N	N	N	N	N	N	N	N
23											
D. Site Equipment / Amenities											
24	Parking (\$ Fee)	L	UG(\$120)	L	L	L	L	L	L	L/G(\$120)	
25	Extra Storage	N	N	N	N	N	N	N	N	Y (\$50)	
26	Security	Y	N \$5	N \$5	Y		Y		N	\$5	
27	Clubhouse / Meeting Rooms	N	N	N	MR	(\$10)	N		MR	(\$10)	
28	Pool / Recreation Areas	R	E/R (\$5)	P/E (\$10)	P/E/R	(\$15)	P	(\$5)	P/E/R	(\$15)	
29	Business Ctr / Nbnhd Network	N	N	N	N	N	N	N	N	BC	(\$10)
30	Service Coordination	N	N	N	N	N	N	N	N	N	
31	Non-shelter Services	N	N	N	N	N	N	N	N	N	
32	Neighborhood Network	N	N	N	N	N	N	N	N	N	
E. Utilities											
33	Heat (in rent? / type)	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E
34	Cooling (in rent? / type)	N/C	N/C	N/C	N/C	N/C	N/C	N/C	N/C	N/C	N/C
35	Cooking (in rent? / type)	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E
36	Hot water (in rent? / type)	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E	N/E
37	Other Electric	N	N	N	N	N	N	N	N	N	N
38	Cold Water / Sewer	Y/Y	N/N \$44	Y/Y	N/N	\$44	N/N	\$44	N/N	\$44	\$44
39	Trash / Recycling	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
F. Adjustments Recap											
40	# Adjustments B to D	1	(6)	1	(5)	3	(5)	2	(4)	3	(6)
41	Sum Adjustments B to D	\$5	(\$124)	\$5	(\$99)	\$261	(\$55)	\$250	(\$65)	\$211	(\$80)
42	Sum Utility Adjustments	\$44		\$44		\$44		\$44		\$44	
43	Net / Gross Adjustments B to E	(\$75)	\$173	(\$94)	\$104	\$250	\$360	\$229	\$359	\$175	\$335
G. Adjusted & Market Rents											
44	Adjusted Rent (5 + 43)	\$1,295		\$1,131		\$1,140		\$1,104		\$1,181	
45	Adj Rent / Last rent		94%		92%		128%		126%		117%
46	Estimated Market Rent	\$1,160	\$1.72 Estimated Market Rent / Sq. Ft.								

Tracy M. Cohen

January 8, 2021
Date

Attached are explanations of:

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #6	
Hilton Head Gardens		Bluestone Apartments		Marsh Point		Oak Tree Village		Stuart Towne Apartments		The Oaks At Broad River Landing	
380 Southwood Park Drive		4921 Bluffton Parkway		100 Marsh Point Drive		2208 Southside Boulevard		100 Stuart Towne Lane		100 Riverchase Boulevard	
Hilton Head Island, Beaufort		Bluffton, Beaufort County, SC		Hilton Head Island, Beaufort County, SC		Port Royal, Beaufort County, SC		Port Royal, Beaufort County, SC		Beaufort, Beaufort County, SC	
A. Rents Charged											
1	\$ Last Rent / Restricted?	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
		\$1,454	N	\$1,400	N	\$1,015	N	\$1,025	N	\$1,176	N
2	Date Last Leased (mo/yr)	Jan-21		Dec-20		Dec-20		Dec-20		Dec-20	
3	Rent Concessions	N		N		N		N		N	
4	Occupancy for Unit Type	98.1%		100.0%		96.9%		100.0%		100.0%	
5	Effective Rent & Rent / sq. ft	\$1,454	\$1.32	\$1,400	\$1.43	\$1,015	\$1.15	\$1,025	\$0.87	\$1,176	\$1.10
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition											
6	Structure / Stories	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
		G / 2		G / 2		G / 2		G / 2		G / 2	
7	Yr. Built / Yr. Renovated	1980 / 2019 / Proposed		2004	(\$50)	1991 / 2018		1977 / 1997		1968 / 2014	
8	Condition / Street Appeal	G		G		A	\$200	A	\$200	A	\$200
9	Neighborhood	G		G		A	\$50	A	\$50	G	
10	Same Market? Miles to Subj.	Yes/8.6		Yes/2.1		Yes/12.7		Yes/13.6		Yes/13.3	
C. Unit Equipment / Amenities											
11	# Bedrooms	2		2		2		2		2	
12	# Bathrooms	1		2	(\$30)	2	(\$30)	1.5	(\$15)	1.5	(\$15)
13	Unit Interior Sq. Ft.	832		1,105	(\$90)	980	(\$53)	884	(\$15)	1,178	(\$75)
14	Balcony / Patio	N		Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
15	AC: Central / Wall	C		C		C		C		C	
16	Range / Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave / Dishwasher	M		D	(\$10)	M / D	(\$10)	D	(\$10)	D	(\$10)
18	Washer / Dryer	L		WD	(\$30)	WD	(\$30)	L/HU	(\$15)	L	(\$30)
19	Floor Coverings	C		C		C		C		C	
20	Window Coverings	B		B		B		B		B	
21	Cable / Satellite / Internet	N		N		N		N		N	
22	Special Features	N		N		N		N		N	
23											
D. Site Equipment / Amenities											
24	Parking (\$ Fee)	L		L/G(\$120)		L		L		L/G(\$120)	
25	Extra Storage	N		N		N		N		N	
26	Security	Y		N	\$5	N	\$5	Y		Y	\$5
27	Clubhouse / Meeting Rooms	N		N		MR	(\$10)	N		MR	(\$10)
28	Pool / Recreation Areas	R		E/R	(\$5)	P/E	(\$10)	P/E/R	(\$15)	P/E/R	(\$15)
29	Business Ctr / Nbdh Network	N		N		N		N		BC	(\$10)
30	Service Coordination	N		N		N		N		N	
31	Non-shelter Services	N		N		N		N		N	
32	Neighborhood Network	N		N		N		N		N	
E. Utilities											
33	Heat (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent? / type)	N/C		N/C		N/C		N/C		N/C	
35	Cooking (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
36	Hot water (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water / Sewer	Y/Y		N/N	\$48	Y/Y		N/N	\$48	N/N	\$48
39	Trash / Recycling	Y		Y		Y		Y		Y	
F. Adjustments Recap											
40	# Adjustments B to D	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
		1	(7)	1	(6)	2	(7)	2	(5)	2	(8)
41	Sum Adjustments B to D	\$5	(\$220)	\$5	(\$138)	\$250	(\$85)	\$250	(\$110)	\$205	(\$175)
42	Sum Utility Adjustments	\$48		\$48		\$48		\$48		\$48	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net / Gross Adjustments B to E	(\$167)	\$273	(\$133)	\$143	\$213	\$383	\$188	\$408	\$78	\$428
G. Adjusted & Market Rents											
44	Adjusted Rent (5 + 43)	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
		\$1,287		\$1,267		\$1,228		\$1,213		\$1,254	
45	Adj Rent / Last rent		89%		91%		121%		118%		107%
46	Estimated Market Rent	\$1,250		\$1.50 Estimated Market Rent / Sq. Ft.							

Tracy M. Whelan

January 8, 2021

Date

Attached are explanations of:

a. why & how each adjustment was made

b. how market rent was derived from adjusted rents

c. how this analysis was used for a similar unit type

Subject		Comp #1		Comp #3		Comp #4		Comp #5		Comp #6	
Hilton Head Gardens		Bluestone Apartments		Oak Tree Village		Stuart Towne Apartments		The Lakes At Edgewater		The Oaks At Broad River Landing	
380 Southwood Park Drive		4921 Bluffton Parkway		2208 Southside Boulevard		100 Stuart Towne Lane		29 Edgewater Circle		100 Riverchase Boulevard	
Hilton Head Island, Beaufort		Bluffton, Beaufort County, SC		Port Royal, Beaufort County, SC		Port Royal, Beaufort County, SC		Bluffton, Beaufort County, SC		Beaufort, Beaufort County, SC	
A. Rents Charged											
1	\$ Last Rent / Restricted?	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
2	Date Last Leased (mo/yr)	\$1,695	N	\$1,245	N	\$1,225	N	\$1,730	N	\$1,312	N
3	Rent Concessions	Jan-21		Dec-20		Dec-20		Dec-20		Dec-20	
4	Occupancy for Unit Type	N		N		N		N		N	
5	Effective Rent & Rent / sq. ft	98.1%		100.0%		100.0%		96.4%		100.0%	
		\$1,695	\$1.12	\$1,245	\$1.04	\$1,225	\$0.94	\$1,730	\$1.21	\$1,312	\$0.93
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition											
6	Structure / Stories	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
7	Yr. Built / Yr. Renovated	G / 2		G / 2		G / 2		T / 2		G / 3	
8	Condition / Street Appeal	1980 / 2019 / Proposed		2004	(\$50)	1977 / 1997		1968 / 2014		1998 / 2018	
9	Neighborhood	G		G		A	\$200	A	\$200	G	
10	Same Market? Miles to Subj.	G		G		A	\$50	A	\$50	G	
		Yes/8.6		Yes/12.7		Yes/13.6		Yes/6.5		Yes/13.3	
C. Unit Equipment / Amenities											
11	# Bedrooms	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
12	# Bathrooms	3		3		3		3		3	
13	Unit Interior Sq. Ft.	1.5	(\$45)	2	(\$15)	2	(\$15)	2.5	(\$30)	2	(\$15)
14	Balcony / Patio	1,092	(\$117)	1,180	(\$23)	1,300	(\$49)	1,428	(\$102)	1,414	(\$75)
15	AC: Central / Wall	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
16	Range / Refrigerator	C		C		C		C		C	
17	Microwave / Dishwasher	R/F		R/F		R/F		R/F		R/F	
18	Washer / Dryer	M	(\$10)	D	(\$10)	D	(\$10)	D	(\$10)	M / D	(\$10)
19	Floor Coverings	L	(\$30)	L/HU	(\$15)	L/HU	(\$15)	WD	(\$30)	WD	(\$30)
20	Window Coverings	C		C		C		C		C	
21	Cable / Satellite / Internet	B		B		B		B		B	
22	Special Features	N		N		N		N		N	
23		N		N		N		N		N	
D. Site Equipment / Amenities											
24	Parking (\$ Fee)	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
25	Extra Storage	L		L/G(\$120)		L		L/G(\$125)		L/G(\$120)	
26	Security	N		N		N		Y(\$60)		Y(\$50)	
27	Clubhouse / Meeting Rooms	Y	\$5	Y		Y		Y		N	\$5
28	Pool / Recreation Areas	N		MR	(\$10)	N		MR	(\$10)	MR	(\$10)
29	Business Ctr / Nbnhd Network	R	(\$5)	P/E/R	(\$15)	P	(\$5)	P/E/R	(\$15)	P/E/R	(\$15)
30	Service Coordination	N		N		N		BC	(\$10)	BC	(\$10)
31	Non-shelter Services	N		N		N		N		N	
32	Neighborhood Network	N		N		N		N		N	
E. Utilities											
33	Heat (in rent? / type)	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
34	Cooling (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent? / type)	N/C		N/C		N/C		N/C		N/C	
36	Hot water (in rent? / type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water / Sewer	Y/Y		N/N	\$57	N/N	\$57	N/N	\$57	Y/Y	
39	Trash / Recycling	Y		Y		Y		Y		Y	
F. Adjustments Recap											
40	# Adjustments B to D	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
41	Sum Adjustments B to D	1	(7)	2	(7)	2	(6)	(9)		2	(8)
42	Sum Utility Adjustments	\$5	(\$262)	\$250	(\$93)	\$250	(\$99)	(\$227)		\$205	(\$170)
43	Net / Gross Adjustments B to E	\$57		\$57		\$57		\$57		\$57	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
		(\$200)	\$324	\$214	\$400	\$208	\$406	(\$227)	\$227	\$92	\$432
G. Adjusted & Market Rents											
44	Adjusted Rent (5 + 43)	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
45	Adj Rent / Last rent	\$1,495		\$1,459		\$1,433		\$1,503		\$1,404	
46	Estimated Market Rent		88%		117%		117%		87%		107%
		\$1,450		\$1.33 Estimated Market Rent / Sq. Ft.							

Tracy M. Cohen

January 8, 2021
Date

Attached are
explanations of:

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

ADDENDUM C
Utility Allowance Schedule

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 8, EXISTING HOUSING ALLOWANCES FOR
TENANT FURNISHED UTILITIES AND OTHER SERVICES

DATE

5/1/2020

LOCALITY	MONTHLY DOLLAR ALLOWANCE					
Beaufort Housing Authority	Multi-Family					
UTILITY OR SERVICE	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR
HEATING						
a. Natural Gas	\$11	\$13	\$16	\$18	\$22	\$26
b. Electric (SC E&G)	\$14	\$18	\$23	\$27	\$33	\$43
c. Electric (Palmetto)	\$12	\$16	\$20	\$24	\$29	\$38
d. Propane	\$32	\$38	\$45	\$52	\$61	\$76
AIR CONDITIONING						
a. SC E&G	\$19	\$20	\$23	\$27	\$30	\$34
b. Palmetto	\$14	\$15	\$18	\$20	\$23	\$26
COOKING						
a. Natural Gas	\$6	\$6	\$7	\$8	\$9	\$9
b. Electric (SC E&G)	\$10	\$10	\$12	\$13	\$14	\$15
c. Electric (Palmetto)	\$8	\$9	\$10	\$11	\$12	\$12
d. Propane	\$16	\$17	\$20	\$21	\$23	\$24
OTHER ELECTRIC						
a. Electric (SC E&G)	\$35	\$38	\$43	\$49	\$53	\$63
b. Electric (Palmetto)	\$39	\$42	\$46	\$51	\$54	\$63
WATER HEATING						
a. Natural Gas	\$9	\$13	\$16	\$23	\$29	\$36
b. Electric (SC E&G)	\$11	\$18	\$26	\$41	\$56	\$72
c. Electric (Palmetto)	\$9	\$15	\$22	\$36	\$47	\$61
d. Propane	\$24	\$32	\$40	\$57	\$73	\$91
WATER						
a. BJWSA	\$13	\$18	\$22	\$32	\$41	\$50
b. Hilton Head PSD	\$18	\$20	\$22	\$26	\$30	\$34
c. Low Country - Yemassee	\$18	\$23	\$27	\$36	\$46	\$56
SEWER						
a. BJWSA	\$20	\$29	\$37	\$54	\$57	\$57
b. Hilton Head PSD	\$21	\$24	\$26	\$31	\$37	\$39
c. Low Country - Yemassee	\$25	\$33	\$41	\$57	\$73	\$88
TRASH COLLECTION						
a. Beaufort	\$16	\$16	\$16	\$16	\$16	\$16
b. Port Royal	\$18	\$18	\$18	\$18	\$18	\$18
c. Yemassee	\$12	\$12	\$12	\$12	\$12	\$12
d. Private - Hilton Head	\$57	\$57	\$57	\$57	\$57	\$57
e. Private - Outside Beaufort	\$32	\$32	\$32	\$32	\$32	\$32
RANGE	\$3	\$3	\$3	\$3	\$3	\$3
REFRIGERATOR	\$4	\$4	\$4	\$4	\$4	\$4
BASE CHARGES*						
a. Natural Gas	\$11	\$11	\$11	\$11	\$11	\$11

*Electric Base Charge included in Other Electric Category

ACTUAL FAMILY ALLOWANCES: (To be used by family to complete allowance. Complete below for Actual Unit Rented)		UTILITY OR SERVICE	PER MONTH
NAME OF FAMILY		HEATING	\$
ADDRESS OF UNIT		AIR CONDITIONING	\$
		COOKING	\$
		OTHER ELECTRIC	\$
		WATER HEATING	\$
		WATER	\$
		SEWER	\$
		TRASH COLLECTION	\$
		RANGE	\$
		REFRIGERATOR	\$
		BASE CHARGES	\$
NUMBER OF BEDROOMS		TOTAL	\$

ADDENDUM D
Floor Plans N/Av

ADDENDUM E
NCHMA Certification & Checklist

Certificate of Professional Designation

This certificate verifies that

Rachel Denton
Novogradac & Company LLP

*Has completed NCHMA's Professional Designation Requirements
and is hence an approved member in good standing of:*



Formerly known as
NCAHMA

National Council of Housing Market Analysts
1400 16th St. NW
Suite 420
Washington, DC 20036
202-939-1750

Membership Term
1/1/2021 to 12/31/2021



A handwritten signature in black ink, appearing to read 'Thomas Amdur'.

Thomas Amdur
President, NCHMA

NCHMA Market Study Index

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

		Section(s)
Executive Summary		
1	Executive Summary	Section I
Scope of Work		
2	Scope of Work	Section I
Project Description		
3	Unit mix including bedrooms, bathrooms, square footage, rents, and income targeting	Section II
4	Utilities (and utility sources) included in rent	Section II
5	Target market/population description	Section II
6	Project description including unit features and community amenities	Section II
7	Date of construction/preliminary completion	Section II
8	If rehabilitation, scope of work, existing rents, and existing vacancies	N/Ap
Location		
9	Concise description of the site and adjacent parcels	Section III
10	Site photos/maps	Section III
11	Map of community services	Section III
12	Site evaluation/neighborhood including visibility, accessibility, and crime	Section III
Market Area		
13	PMA description	Section IV
14	PMA Map	Section IV
Employment and Economy		
15	At-Place employment trends	Section V
16	Employment by sector	Section V
17	Unemployment rates	Section V
18	Area major employers/employment centers and proximity to site	Section V
19	Recent or planned employment expansions/reductions	Section V
Demographic Characteristic		
20	Population and household estimates and projections	Section VI
21	Area building permits	Section VI
22	Population and household characteristics including income, tenure, and size	Section VI
23	For senior or special needs projects, provide data specific to target market	N/Ap
Competitive Environment		
24	Comparable property profiles and photos	Section VI
25	Map of comparable properties	Section VI
26	Existing rental housing evaluation including vacancy and rents	Section VI
27	Comparison of subject property to comparable properties	Section VI
28	Discussion of availability and cost of other affordable housing options including homeownership, if applicable	Section VI
29	Rental communities under construction, approved, or proposed	Section VII
30	For senior or special needs populations, provide data specific to target market	N/Ap

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

		Section(s)
Affordability, Demand, and Penetration Rate Analysis		
31	Estimate of demand	Section VII
32	Affordability analysis with capture rate	Section VII
33	Penetration rate analysis with capture rate	Section VII
Analysis/Conclusions		
34	Absorption rate and estimated stabilized occupancy for subject	Section V
35	Evaluation of proposed rent levels including estimate of market/achievable rents.	Section V
36	Precise statement of key conclusions	Section III
37	Market strengths and weaknesses impacting project	Section III
38	Product recommendations and/or suggested modifications to subject	Section III
39	Discussion of subject property's impact on existing housing	Section III
40	Discussion of risks or other mitigating circumstances impacting subject	Section III
41	Interviews with area housing stakeholders	Section II
Other Requirements		
42	Certifications	Addendum A
43	Statement of qualifications	Addendum C
44	Sources of data not otherwise identified	N/A

2021 Exhibit S-2 SCSHFDA Primary Market Area Analysis Summary:

Development Name: Hilton Head Gardens Total of # Units: 112
 Address: 380 Southwood Park Drive # of LIHTC Units: 112
 PMA Boundary: Port Royal and Laurel Bay to the north, the Atlantic Ocean to the east, and the Georgia state border to the south and west.
 Development Type: Family Older Persons Farthest Boundary Distance to Subject: 17.9 Miles

Rental Housing Stock (found on page 63-65)

Type	# of Properties	Total Units	Vacant Units	Average Occupancy
All Rental Housing	25	1,869	63	96.63%
Market-Rate Housing	6	1,240	59	95.24%
Assisted/Subsidized Housing not to include LIHTC	1	145	0	100%
LIHTC (All that are stabilized)*	8	484	4	99.17%
Stabilized Comparables**	11	1,626	16	99.02%
Non Stabilized Comparables	1	98	47	52.04%

* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).

** Comparables - 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 Comparable Rent	
Units	Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage (%)	Per Unit	Per SF
16	0	1	467	\$783.00	\$1,032.00	\$2.21	24.13%	\$249.00	\$0.53
16	1	1	676	\$842.00	\$1,056.00	\$1.56	20.27%	\$214.00	\$0.32
64	2	1	832	\$992.00	\$1,204.00	\$1.45	17.61%	\$212.00	\$0.25
16	3	1.5	1,092	\$1,142.00	\$1,564.00	\$1.43	26.98%	\$422.00	\$0.39
							100%		
Gross Potential Rent Monthly*				\$3,759.00	\$4,856.00		188.98%		

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

Demographic Data (found on page 44-47)

	2012		2020		2023	
Renter Households	7,793	28.4%	9,595	23.5%	10,125	23.5%
Income-Qualified Renter HHs (LIHTC)	3,905	50.1%	4,377	45.6%	4,516	44.6%
Income-Qualified Renter HHs (MR)	0	0%	0	0%	0	0%

Targeted Income-Qualified Renter Household Demand (found on page 49-60)

Type of Demand	50%	60%	Market-rate	Other:	Other:	Overall
Renter Household Growth		116				116
Existing Households (Overburd + Substand)		1,135				1,135
Homeowner conversion (Seniors)		0				0
Other:		0				0
Less Comparable/Competitive Supply		0				0
Net Income-qualified Renters HHs		1,251				1,251

Capture Rates (found on page 60)

Targeted Population	50%	60%	Market-rate	Other:	Other:	Overall
Capture Rate		9.9%				

Absorption Rate (found on page 60)

Absorption Period 5-6 months.

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 LIHTC units. I understand that any misrepresentation of this statement may result in the denial of further participation in the South Carolina State Housing Finance & Development Authority's programs. I also affirm that I have no financial interest in the project or current business relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written according to the SCSHFDA's market study requirements. The information included is accurate and can be relied upon by SCSHFDA to present a true assessment of the low-income housing rental market.

Market Analyst Author: Rachel Denton Company: Novogradac Consulting LLP

Signature: **Rachel Denton** Digitally signed by Rachel Denton
Date: 2021.05.10 10:58:05 -05'00' Date: 5/10/2021

2021 S-2 RENT CALCULATION WORKSHEET

# Units	Bedroom Type	Proposed Tenant Paid Rent	Net Proposed Tenant Rent	Gross HUD FMR	Gross HUD FMR Total	Tax Credit Gross Rent Advantage
16	0 BR	\$783	\$12,528	\$1,032	\$16,512	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
16	1 BR	\$842	\$13,472	\$1,056	\$16,896	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
64	2 BR	\$992	\$63,488	\$1,204	\$77,056	
	2 BR		\$0		\$0	
	2 BR		\$0		\$0	
16	3 BR	\$1,142	\$18,272	\$1,564	\$25,024	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals	112		\$107,760		\$135,488	20.47%